

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2020-16

ORDINANCE CREATING BUDGET AMENDMENT #3 TO THE FISCAL YEAR 2021 BUDGET, CREATING AN APPROPRIATION FOR COSTS ASSOCIATED WITH THE CITY RESPONSE TO THE COVID-19 PANDEMIC

WHEREAS, the City of Unalaska, with Resolution 2020-16 declared a local emergency authorizing the City Manager to take necessary actions to reduce the impact and spread of the coronavirus known as COVID-19 throughout the City of Unalaska; and

WHEREAS, the use of CARES Act funds will expire on December 30, 2020 and no additional Federal or State relief has been provided to the City Unalaska; and

WHEREAS, the City of Unalaska, with Resolution 2020-71 extended the declaration of a local emergency through June 30, 2021; and

WHEREAS, it is expected that the need for City of Unalaska to continue their response and prevention efforts beyond December 30, 2020.

NOW THEREFORE, BE IT ENACTED BY THE UNALASKA CITY COUNCIL:

- Section 1. Classification: This is a non-code ordinance.
Section 2. Effective Date: This ordinance becomes effective upon adoption.
Section 3. Content: The City of Unalaska FY21 Budget is amended as follows:

A. That the following sums of money are hereby accepted and the following sums of money are hereby authorized for expenditure.

B. The following are the changes by account line item:

	Amendment #3 to Ordinance #2020-10		
	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
I. OPERATING BUDGETS			
A. General Fund			
Sources:			
Appropriated Fund Balance	\$ -	\$ 1,000,000	\$ 1,000,000
Uses:			
Response Personnel Expenditures	\$ -	\$ 51,188	\$ 51,188
Response Operating Expenditures	\$ -	\$ 208,998	\$ 208,998
City Closure Personnel Expenditures	\$ -	\$ 739,814	\$ 739,814
	\$ -	\$ 1,000,000	\$ 1,000,000

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on January 12, 2021.

Vincent M. Tutiakoff, Sr.
Mayor

ATTEST:

Marjie Veeder, CMC
City Clerk

City of Unalaska
Summary of Budget Amendment and Schedule of Proposed Accounts
Budget Amendment 3 to the FY21 Budget

- 1) General Fund - Operating Budget
 Add \$51,188 to COVID-19 Emergency Response Personnel Expenditures
 Add \$739,814 to COVID-19 City Closure Personnel Expenditures
 Add \$208,998 to COVID-19 Response Operating Expenditures
 Add \$1,000,000 to Appropriated Fund Balance

	Org	Object	Project	Current	Requested	Revised
1) General Fund - Operating Budget						
Sources:						
Appropriated Fund Balance	01010049	49900		\$ -	\$ 1,000,000	\$ 1,000,000
Uses:						
<i>Response Personnel</i>						
Salaries and Wages	01020051	51100	EM002	\$ -	\$ 26,406	\$ 26,406
Temporary Employees	01020051	51200	EM002	\$ -	\$ 12,438	\$ 12,438
Overtime	01020051	51300	EM002	\$ -	\$ 1,000	\$ 1,000
Health Insurance Benefit	01020051	52100	EM002	\$ -	\$ 2,000	\$ 2,000
FICA/Medicare Employer Match	01020051	52200	EM002	\$ -	\$ 2,787	\$ 2,787
PERS Employer Benefit	01020051	52300	EM002	\$ -	\$ 5,811	\$ 5,811
Unemployment Ins Benefit	01020051	52400	EM002	\$ -	\$ 126	\$ 126
Workers Compensation Ins	01020051	52500	EM002	\$ -	\$ 600	\$ 600
Other Employee Benefits	01020051	52900	EM002	\$ -	\$ 20	\$ 20
				\$ -	\$ 51,188.00	\$ 51,188
<i>City Closure Personnel</i>						
Salaries and Wages	01020051	51100	EM004	\$ -	\$ 489,555	\$ 489,555
Health Insurance Benefit	01020051	52100	EM004	\$ -	\$ 100,000	\$ 100,000
FICA/Medicare Employer Match	01020051	52200	EM004	\$ -	\$ 37,452	\$ 37,452
PERS Employer Benefit	01020051	52300	EM004	\$ -	\$ 103,200	\$ 103,200
Unemployment Ins Benefit	01020051	52400	EM004	\$ -	\$ 4,107	\$ 4,107
Workers Compensation Ins	01020051	52500	EM004	\$ -	\$ 5,000	\$ 5,000
Other Employee Benefits	01020051	52900	EM004	\$ -	\$ 500	\$ 500
				\$ -	\$ 739,814.00	\$ 739,814
<i>Response Operating</i>						
Buildings/Land Rental	01020052	54410	EM002	\$ -	\$ 17,000	\$ 17,000
Electricity	01020052	56220	EM002	\$ -	\$ 2,000	\$ 2,000
General Supplies	01020052	56100	EM002	\$ -	\$ 129,348	\$ 129,348
Heating Oil	01020052	56240	EM002	\$ -	\$ 600	\$ 600
Legal	01020052	53230	EM002	\$ -	\$ 10,000	\$ 10,000
Network / Internet	01020052	55320	EM002	\$ -	\$ 19,000	\$ 19,000
Other Professional	01020052	53300	EM002	\$ -	\$ 30,000	\$ 30,000
Solid Waste	01020052	54210	EM002	\$ -	\$ 250	\$ 250
Telephone / Fax / TV	01020052	55310	EM002	\$ -	\$ 400	\$ 400
Water / Sewerage	01020052	54110	EM002	\$ -	\$ 400	\$ 400
				\$ -	\$ 208,998.00	\$ 208,998

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Jim Sharpe, Interim Finance Director
Through: Erin Reinders, City Manager
Date: January 12, 2021
Re: Ordinance 2020-16: Creating Budget Amendment #3 to the Fiscal Year 2021 Budget, Creating an Appropriation for Costs Associated with the City Response to the COVID-19 Pandemic

SUMMARY: This amendment to the City's budget will appropriate funds to cover ongoing costs of the City's COVID-19 response as a result of the exhaustion of the CARES Act funding.

PREVIOUS COUNCIL ACTION: Council adopted the Fiscal Year 2021 budget on June 9, 2020 with Ordinance 2019-10. There have been two prior amendments to the FY21 budget.

On March 18, 2020 council adopted Resolution 2020-16, declaring a local emergency and authorizing the city manager to take necessary actions to reduce the impact and spread of the coronavirus known as COVID-19 throughout the City of Unalaska. This expired on November 15, 2020 when the State's original emergency declaration expired.

On May 26, 2020 Council approved Resolution 2020-37 receiving the CARES Act grant award.

On November 10, 2020 Council approved Resolution 2020-71, and extended the local declaration of emergency and authorizing the city manager to take necessary action to reduce the impact and spread of COVID-19 through June 30, 2021.

This ordinance was originally crafted the Budget Amendment as an Emergency Ordinance for the December 15 Council Meeting. At that meeting, Council changed this to Regular Ordinance, and set the second reading and public hearing for January 12, 2021.

BACKGROUND: On March 11, 2020, the World Health Organization declared a pandemic related to COVID-19. State and local emergencies were then declared. On March 12, 2020, the City of Unalaska stood up the Emergency Operations Center (EOC) to provide a framework for coordinated communications, preparedness and response.

Federal funding became available through the State of Alaska in the form of CARES Act. Originally, the use of the CARES Act grant monies was set to expire on December 30, 2020 and the City planned to fully exhaust funds by that date. While an extension to December 31, 2021 was recently approved, the City expects to exhaust their unspent funds early in 2021. There is a possibility that additional federal and/or state relief will be provided to the City at some point in the future; however, it is likely that there will be a gap between the time the new funding is approved and when the City receives it. Furthermore, until that funding and related guidance is received, the City is unable to determine what costs will be covered by the funding.

DISCUSSION: This budget amendment will appropriate funds to enable the City to continue to provide response and prevention measures to the City and its employees. Based on costs

associated with the items listed above, this request is for \$1,000,000 to be distributed between personnel and operating costs. Staff has identified areas that fall into this category as:

- Personnel costs associated with emergency hires to aid in response efforts or permanent employees' time spent working outside their regular job duties aiding in response efforts.
- Personnel costs associated with employee's staying home and hunkering down; while these costs are already budgeted within each department, it is staff's goal to track these costs for potential reimbursement, if additional aid is received.
- Costs associated with leasing and maintaining the isolation sites.
- Legal costs associated with ongoing COVID-19 related topics.
- Additional cleaning costs of City owned and leased buildings.
- Ongoing supplies to reduce the spread of COVID-19.

Staff also recommends that the costs associated with this request be accounted for using a non-departmental organization within the City's accounting system. Therefore, it will not impact any specific departmental budget.

While the CARES Act funding will cover a portion of expenses in 2021, based on the current state of COVID-19's impact on the City of Unalaska, there is no way to avoid the fact that the City will continue to incur expenses. If and when additional relief funds are available, any eligible costs will be paid for from that new funding source.

Even though the City has been in this state of Emergency since March 2020, the scope, magnitude and duration of the coronavirus pandemic's effects in Unalaska continue to remain unknown at this time, so it is not possible to ascertain what the total cost of the City's response will be. Additionally, given the relative uncertainty regarding the timing and amount of relief funds, there may be an additional need to come before Council requesting additional funds related to the City's response to COVID-19.

While the appropriation of these funds will technically come from the City's reserves, the full amount of the reserves appropriated for this request were made available through movement of Public Safety personnel costs from the General Fund to the CARES Act for the time period March 1, 2020 to June 30, 2020.

As an example, CARES Act guidance specifically stated that all public safety personnel costs were eligible costs. Therefore, the costs from March through June 30, 2020 were moved from the Public Safety and Fire budgets to the CARES Act budget. By doing so, those General Fund departments experienced relief in the amount of \$1,238,494, which ultimately went into the General Funds reserves on June 30, 2020.

Additional budgetary relief was provided by the CARES Act through its coverage of personnel costs related to the following:

- City closure from mid-March through the end of May
- Response related personnel costs, not public safety related
- Personnel costs associated with Federally mandated leave programs

The total of those three items is approximately \$1,800,000 and is spread throughout the City's governmental and business-type activities. Therefore, it would be extremely difficult to identify what specific budgets received budgetary relief through the use of CARES Act funds.

ALTERNATIVES:

Option 1: Not approve the ordinance, which would reduce the City's ability to respond to further needs throughout the City related to the COVID-19 pandemic and potentially limit the amount of health services available on island.

Option 2: Amend and approve an ordinance that includes different amounts or allocations

Option 3: Approve the ordinance as presented

FINANCIAL IMPLICATIONS: A non-departmental budget in the amount of \$1,000,000 would be created specifically for the purpose of providing continued COVID-19 related relief to the community and City employee's. The personnel funds associated with this budget amendment, totaling \$791,002, will allow for us to better track personnel related costs, and does not necessarily result in an increase to the City's overall spending for the fiscal year. However, the additional funds allow for limited emergency hires if needed as part of our response efforts. The operational funds associated with this budget amendment, totaling \$208,998, are additional costs but are offset by last year's CARES Act relief, as described above.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends adopting Ordinance 2020-16.

PROPOSED MOTION: I move to approve Ordinance 2020-16 creating an amendment to the fiscal year 2021 budget, creating an appropriation for costs associated with the City continued response to the COVID-19 pandemic.

CITY MANAGER'S COMMENTS: I support staff's recommendation. I also thank our team for their dedication in responding to this emergency and continued efforts to do so in a responsible and transparent manor.