



Homer City Hall

491 E. Pioneer Avenue

Homer, Alaska 99603

www.cityofhomer-ak.gov

City of Homer Agenda

City Council Committee of the Whole

Monday, June 08, 2020 at 5:00 PM

City Hall Cowles Council Chambers via Zoom Webinar

Webinar ID: 953 097 829 Password: 234969

Dial 1-669-900- 6833 or 1-253-215 8782; (Toll Free) 888-788-0099 or 877- 853-5247

CALL TO ORDER, 5:00 P.M.

AGENDA APPROVAL (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 6)

CONSENT AGENDA

REGULAR MEETING AGENDA

DISCUSSION TOPIC(S)

- [a.](#) City of Homer Group Benefits Renewal-Brandon Nyberg, USI Insurance Services
- [b.](#) CARES Act Funding
- c. Extending Emergency Order

COMMENTS OF THE AUDIENCE

ADJOURNMENT NO LATER THAN 5:50 P.M.

Next Regular Meeting is Monday, June 22, 2020 at 6:00 p.m., Worksession at 4:00 p.m. Committee of the Whole at 5:00 p.m. All meetings scheduled to be held virtually from the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.



GROUP BENEFITS RENEWAL REPORT City of Homer

Brandon Nyberg | Amanda Estocapio | James Kelley
www.usi.com





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Section I

Summaries



Executive Summary

The City of Homer's employee benefit plans are due to renew on August 1, 2020. This report provides illustrations of current in-force benefits and proposed renewal terms. A summary of August 2020 renewal actions is provided below along with a summary of August 1, 2019 renewal decisions, for reference.

Summary of August 1, 2020 Renewal Actions

- The 2019-20 renewal terms included Premera's commitment to a 9.5% rate increase cap for the August 1, 2020 medical and dental renewal. Based on large medical claims activity involving on-going claimants Premera's initial offer was a 9.5% rate cap increase for both medical and dental.
- Following renewal negotiations Premera agreed to no change in dental rates.
- USI secured Prudential's agreement to extend rate guarantee from January 1, 2021 to August 1, 2021 to align with new plan year. Life/AD&D rates guaranteed until August 1, 2021.
- VSP vision rates guaranteed until August 1, 2021.

Plans	Carrier	Rate Change
Medical	Premera BCBS of Alaska	9.5% rate cap increase.
Dental	Premera BCBS of Alaska	0.0% Negotiated no rate change. (9.5% Initial rate cap Increase)
Vision	VSP	Current rates guaranteed until 8/1/2021
Group Life & AD&D w/ Voluntary Life	Prudential	Current rates guaranteed until 8/1/2021

- As illustrated in cost summary, the combined change in benefits cost is 8.4% increase over the current plan year. However, the average increase for the August 1st current and renewal plan years is a *decrease* of 0.1% from the prior plan year effective January 1, 2019.



Summary of August 1, 2019 Renewal Decisions

Plans	Carrier	Rate Change
Medical	Premera BCBS of Alaska	3.7% Negotiated decrease with Premium Holiday (5.0% Initial Increase)
Dental	Premera BCBS of Alaska	3.7% Negotiated decrease with Premium Holiday (5.0% Initial Increase)
Vision	VSP	Current rates guaranteed until 8/1/2021
Group Life & AD&D w/ Voluntary Life	Prudential	Current rates guaranteed until 8/1/2021

Renewal results, accepted 5% increase of \$75,147 less \$131,453 premium credit for \$56,306 net savings

- The renewal analysis included Premera's proposal for a lower \$1,000 deductible plan using the same as current pharmacy terms. Including the premium holiday, option 1 rates represent a 2.7% decrease from current.
- The City decided to renew current plan for 3.7% increase and a premium holiday for the month January for both medical and dental benefits.



City of Homer
Cost Summary
August 1, 2020 Renewal Date

Carriers	Prior (2019)	Current (2019-20)	Renewal (2020-21)	Renewal Averages
Medical PPO	Premera BCBS of Alaska	Premera BCBS of Alaska	Premera BCBS of Alaska	Premera BCBS of Alaska
Dental PPO	Premera BCBS of Alaska	Premera BCBS of Alaska	Premera BCBS of Alaska	Premera BCBS of Alaska
Vision	Vision Service Plan	Vision Service Plan	Vision Service Plan	Vision Service Plan
Life and AD&D	Prudential	Prudential	Prudential	Prudential
FSA Administration	Premera BCBS of Alaska	Premera BCBS of Alaska	Premera BCBS of Alaska	Premera BCBS of Alaska

Total Annual Cost

Medical PPO	\$1,420,611	\$1,491,670	\$1,633,379	\$1,562,525
Dental PPO	\$81,683	\$85,771	\$85,771	\$85,771
Premium Credits	\$81,683	-\$131,453	\$0	-\$65,727
Vision	\$13,115	\$13,115	\$13,115	\$13,115
Life and AD&D	\$14,368	\$14,368	\$14,368	\$14,368
FSA Administration	\$1,950	\$1,950	\$1,950	\$1,950
Annual Total	\$1,613,411	\$1,475,421	\$1,748,584	\$1,612,003
Change from 2019 Plan Year		-\$137,989	\$135,173	-\$1,408
Percentage Change		-8.6%	8.4%	-0.1%



Section II

Medical Plan



City of Homer
Medical Plan
Benefit Outline and Cost Summary
August 1, 2020 Renewal Date

Benefit Outline	Prior (2019)	Current (2019-20)	Renewal (2020-21)
Carrier	Premiera BCBS of Alaska	Premiera BCBS of Alaska	Premiera BCBS of Alaska
Plan Type, Name, Network	PPO, Envoy, Heritage Plus	PPO, Envoy, Heritage Plus	PPO, Envoy, Heritage Plus
Deductible (Individual / Family)	\$1,500 / \$3,000	\$1,500 / \$3,000	\$1,500 / \$3,000
Non-Network Deductible (Individual / Family)	Shared w/ In-Net	Shared w/ In-Net	Shared w/ In-Net
Deductible Embedded / Non-Embedded	Embedded	Embedded	Embedded
Out-of-Pocket Maximum (Individual / Family)	\$4,000 / \$8,000	\$4,000 / \$8,000	\$4,000 / \$8,000
Non-Network OOP Max (Individual / Family)	Unlimited	Unlimited	Unlimited
Prescription OOP Max (Individual / Family)	Included w/Medical	Included w/Medical	Included w/Medical
Coinsurance (Pref. / Par. / Out)	80% / 60% / 40%	80% / 60% / 40%	80% / 60% / 40%
Wellness / Preventive Care	0%/100% (dw)	0%/100% (dw)	0%/100% (dw)
Primary Care Office Visit	First 6 Visits: \$25 / 100% (dw) 6+ Visits: Ded. & Coins.	First 6 Visits: \$25 / 100% (dw) 6+ Visits: Ded. & Coins.	First 6 Visits: \$25 / 100% (dw) 6+ Visits: Ded. & Coins.
Specialist Office Visit	First 6 Visits: \$25 / 100% (dw) 6+ Visits: Ded. & Coins.	First 6 Visits: \$25 / 100% (dw) 6+ Visits: Ded. & Coins.	First 6 Visits: \$25 / 100% (dw) 6+ Visits: Ded. & Coins.
Walk-In / Urgent Care Visit	\$25 / 100% (dw)	\$25 / 100% (dw)	\$25 / 100% (dw)
Emergency Room	\$100 / 80% after deductible	\$100 / 80% after deductible	\$100 / 80% after deductible
Outpatient Lab / X-Ray	80% after deductible	80% after deductible	80% after deductible
Complex Imaging (MRI, CAT, PET, et.al.)	80% after deductible	80% after deductible	80% after deductible
Outpatient Surgical Facility	80% after deductible	80% after deductible	80% after deductible
Inpatient Hospital Facility	80% after deductible	80% after deductible	80% after deductible
Retail Prescription Drug Copays	\$15 / \$30 / 30%	\$15 / \$30 / 30%	\$15 / \$30 / 30%
Mail Order Prescription Drug Copays	\$37.50 / \$75 / 30%	\$37.50 / \$75 / 30%	\$37.50 / \$75 / 30%
Specialty Prescription Drugs	\$50	\$50	\$50

Rates & Total Cost

Employee	21	\$894.81	\$939.57	\$1,028.83
Employee + Spouse	15	\$1,843.33	\$1,935.53	\$2,119.40
Employee + Child(ren)	12	\$1,655.41	\$1,738.21	\$1,903.34
Employee + Spouse & Child(ren)	20	\$2,603.92	\$2,734.17	\$2,993.92
Total Employees	68			
Annual Premium Total		\$1,420,611	\$1,491,670	\$1,633,379
Change from Prior Period			\$71,059	\$141,709
Percentage Change			5.0%	9.5%
Annual Premium Total (w/Premium Credit)		\$1,420,611	\$1,367,364	\$1,633,379

Notes

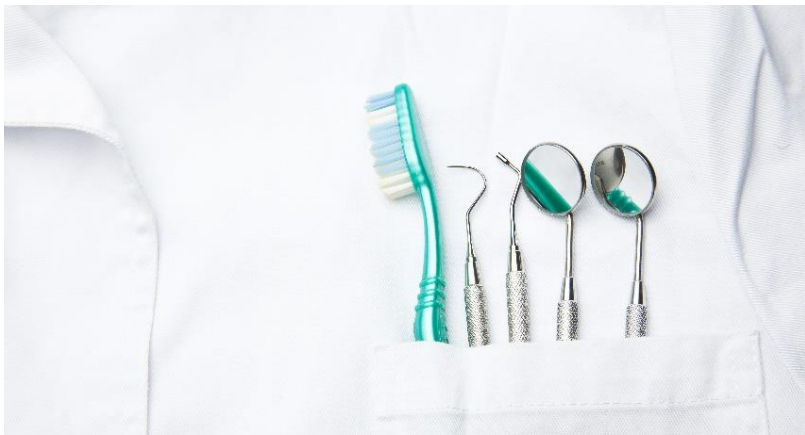
1. (dw) = deductible waived
2. In-network coinsurance shown for preferred, participating and out of network providers.



City of Homer
Medical Plan
Assumptions and Conditions
August 1, 2020 Renewal Date

General

1. Enrollment by tier provided by Premiera February, 2020. Final rates based on enrollment at effective date.
2. Carriers reserve the right to rerate if enrollment changes by +/- 10%.
3. If domestic partners are covered, please note the following considerations:
 - If the employer pays for domestic partner (DP) coverage and the DP does not qualify as a IRC Section 152 dependent, the value of that coverage is considered taxable income to the employee.
 - Employees who pay for DP coverage through payroll deduction must do so on an after-tax basis unless the DP qualifies as a IRC Section 152 dependent.
4. Embedded deductible - Benefits are payable when an individual satisfies the individual deductible.
5. The out of pocket (OOP) maximum includes the deductible, coinsurance, office visit copays, and prescription copays.
6. Benefits are based on a plan/contract year basis starting on the August 1, 2020 renewal date.
7. (dw) = deductible waived



Section III

Dental Plan



City of Homer
Dental Plan
Benefit Outline and Cost Summary
August 1, 2020 Renewal Date

Benefit Outline	Current	Renewal
Carrier	Premera BCBS of Alaska	Premera BCBS of Alaska
Plan Type	Participating	Participating
Deductible (Individual / Family)	\$50 / \$150	\$50 / \$150
Waived For Preventive	Yes	Yes
Annual Maximum	\$1,500	\$1,500
Max Rollover	Not Included	Not Included
Preventive Services	100%	100%
Basic Services	80%	80%
Major Services	50%	50%
Endodontics / Periodontics	Basic	Basic
Implants	Major	Major
Orthodontia	100%	100%
Eligibility	Adult and Child	Adult and Child
Lifetime Maximum	\$1,500	\$1,500
Waiting Periods (Prev. / Basic / Major)	0 / 0 / 0	0 / 0 / 0
Non-Network	80th Percentile UCR	80th Percentile UCR
Deductible (Individual / Family)	\$50 / \$150	\$50 / \$150
Annual Maximum	\$1,500	\$1,500
Prev. / Basic / Major	100% / 80% / 50%	100% / 80% / 50%
Participation (Req. / Actual)	68%/68%	68%/68%
Rate Guarantee	Until 8/1/2020	Until 8/1/2021

Rates & Total Cost

Employee	22	\$44.22	\$44.22
Employee + Spouse	18	\$94.86	\$94.86
Employee + Child(ren)	12	\$109.29	\$109.29
Employee + Spouse & Child(ren)	20	\$157.79	\$157.79
Total Employees	72		
Annual Total		\$85,771	\$85,771
Change		\$4,088	\$0
Percentage Change		5.0%	0.0%
Annual Total (w/Premium Holiday)		\$78,624	\$85,771

Notes

1. Enrollment provided by Premera February, 20



Section IV

Vision Plan



City of Homer
Vision Plan
Benefit Outline and Cost Summary
August 1, 2020 Renewal Date

Benefit Outline	Current / Renewal
Carrier	Vision Service Plan
Exam Copay	\$10
Materials Copay	\$25
Exam	\$10 / 100%
Lenses	\$25 / 100%
Single	\$25 / 100%
Bifocal	\$25 / 100%
Trifocal	\$25 / 100%
Lenticular	\$25 / 100%
Frames	\$130 allowance
Elective Contacts	\$130 allowance
Lasik Surgery Discount	Included
Benefit Frequencies (E / L / F / C)	12 / 12 / 24 / 12
Non-Network Benefits	Scheduled
Rate Guarantee	Until 8/1/2021

Rates & Total Cost

Employee	21	\$8.17
Employee + Spouse	20	\$13.07
Employee + Child(ren)	14	\$13.34
Employee + Spouse & Child(ren)	22	\$21.51
Total Employees	77	
Annual Total		\$13,115

Notes

1. Enrollment provided by VSP March, 2020.



Section V

Life and Disability Plans



City of Homer
Life / AD&D Plan
Benefit Outline and Cost Summary
August 1, 2020 Renewal Date

Benefit Outline	Current / Renewal
Carrier	Prudential
Definition of Earnings	W-2 Earnings
Contributory / Non-Contributory	Non-Contributory
Eligibility	FTE Working ≥ 40 HPW
Benefit Amount	1 x Earnings up to \$100,000
Benefit Maximum	\$100,000
Guarantee Issue	Full Benefit Amount
Benefit Reductions	Reduces To: 65% at Age 65; 50% at Age 70
Waiver of Premium	9 Mo. Elimination Period
Benefits Extend To	Age 65
If Disabled Prior To	Age 60
Accelerated Benefits	Included
Life Expectancy	Terminal Condition; <12 Mo.
Benefit Amount Accessible	90%
Portability	Not Included
Conversion	Included
Rate Guarantee	Until 8/1/2021

Volumes, Rates & Total Cost

Number of Employees	99
Benefit Volume	6,472,150
Life Rate Per \$1,000	\$0.166
AD&D Rate Per \$1,000	\$0.019
Annual Total	\$14,368

Notes

1. Enrollment provided by Prudential March, 2020.



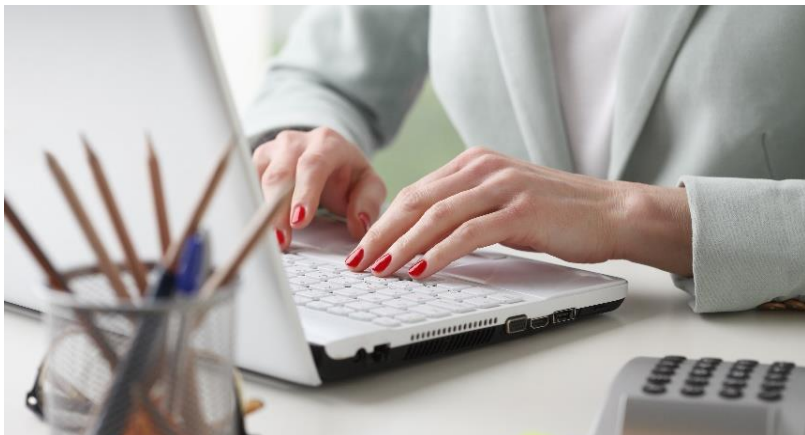
City of Homer
Voluntary Life
Benefit Outline and Cost Summary
August 1, 2020 Renewal Date

Benefit Outline	Current / Renewal
Carrier	Prudential
Definition of Earnings	W-2 Earnings
Eligibility	FTE Working ≥ 40 HPW
Child Age Requirement	14 Days to Age 19, 25 if FTS
Benefit Increments	
Employee	\$10,000
Spouse	\$5,000
Children	\$2,000
Benefit Maximums	
Employee	7x Earnings up to \$500,000
Spouse	50% Of EE Amt to \$150,000
Children	\$10,000
Guarantee Issue	
Employee	\$100,000
Spouse	\$20,000
Children	Full Benefit Amount
Benefit Reductions	Reduces To: 65% at Age 65; 50% at Age 70
Waiver of Premium	9 Mo. Elimination Period
Benefits Extend to Age	Until 8/1/2021
If Disabled Prior to	Age 60
Portability	Not Included
Conversion	Included
Rate Guarantee	Until 8/1/2021

Life Per \$1,000	Employee / Spouse
Under Age 25	\$0.120
25-29	\$0.120
30-34	\$0.130
35-39	\$0.170
40-44	\$0.220
45-49	\$0.340
50-54	\$0.600
55-59	\$1.010
60-64	\$1.360
65-69	\$2.110
70-74	\$3.950
75+	\$6.850
Child Life	\$0.180

Notes

1. See assumptions and conditions page for additional notes.
2. To avoid potential tax implications from the IRS imputed income



Section VI

Account Administration



City of Homer
Flexible Spending Account
Benefit Outline and Cost Summary
January 1, 2021 Renewal Date

Benefit Outline		Current
Administrator		Premiera BCBS of Alaska
Annual Contribution Maximum		
Section 125 Health Care	20	\$2,700
Section 129 Dependent Care	10	\$5,000
Reimbursement Method		Paper, Direct Deposit
Web Based Administration		Included
Preparation of Plan Document		Not Included
IRS Form 5500 Preparation		Included
Discrimination Testing		Not Included
2.5 Month Grace Period Extension?		Not Included
Rate Guarantee		To 1/1/2021

Fees & Total Cost

Per Participant/Account Per Month Fee	\$3.25
Debit Card Fee	Included
Renewal or Annual Fee	\$0
Per Participant Annual Fee	\$0.00
Total Annual Cost	\$1,950

Notes

1. Participants provided by Premiera March, 2020
2. 2020 IRS FSA limit is \$2,750
3. Employer charged \$25 per occurrence for any returned checks/ACH's



Section VII

Renewal Timeline



Benefits Renewal Timeline for City of Homer

August 01, 2020

Pre-Renewal

Action	Responsibility	Due Week of	Date Completed
Request Employee Census	USI	04/06/2020	04/06/2020
Receive Employee Census	City of Homer / USI	04/20/2020	
Pre-Renewal Meeting	City of Homer / USI	04/06/2020	04/09/2020

Marketing

Action	Responsibility	Due Week of	Date Completed
Carrier Renewals Due	Carriers / USI	05/04/2020	05/08/2020
Request for Proposal Sent to Market*	USI	05/04/2020	
Proposals Received from Market*	USI	05/18/2020	
Renewal / Analysis Meeting	City of Homer / USI	06/01/2020	06/09/2020

Implementation

Action	Responsibility	Due Week of	Date Completed
Carrier/Benefit Decisions Due	City of Homer	06/15/2020	
Enrollment Material	USI	06/22/2020	
Employee Meetings	USI	06/22/2020	
Open Enrollment Paperwork Complete	City of Homer / USI	07/06/2020	
Enrollment Complete	USI	07/13/2020	

Post-Renewal

Action	Responsibility	Due Week of	Date Completed
Post-Renewal Meeting	City of Homer / USI	09/28/2020	
Population Health Management Strategy	USI	09/28/2020	
Creditable Coverage Reminder	USI	09/28/2020	
Creditable Coverage Notification to CMS	City of Homer / USI	09/29/2020	

*If deemed to be necessary

Introduced by:	Mayor
Date:	06/02/20
Hearing:	06/16/20
Action:	
Vote:	

**KENAI PENINSULA BOROUGH
ORDINANCE 2019-19-39**

**AN ORDINANCE ACCEPTING AND APPROPRIATING FUNDING FROM THE
STATE OF ALASKA IN THE AMOUNT OF \$37,458,449.47 FOR A FEDERAL PASS-
THROUGH AWARD UNDER THE U.S. DEPARTMENT OF THE TREASURY,
CORONAVIRUS RELIEF FUND**

WHEREAS, the Alaska State Legislature has provided funding to municipalities through the Coronavirus Relief Fund (CRF), a federal pass-through program as approved under the Coronavirus Aid, Relief, and Economic Security Act (CARES); and

WHEREAS, the CRF program is governed by way of Section 601 of the Social Security Act as added by section 5001 of the CARES Act, Public Law 116-136; and

WHEREAS, Section 601(d) of the Social Security Act requires that units of local government use the funds received to cover only those costs that (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19), (2) were not accounted for in the budget most recently approved as of March 27, 2020, for the state or local government, and (3) were incurred during the performance period March 1, 2020 through December 30, 2020; and

WHEREAS, the borough will receive the first payment in the amount of \$21,325,715.47 after the grant agreement has been fully executed; and

WHEREAS, the second and third payments of \$8,066,367 will only be made when at least 80 percent of the prior payments have been expended; and

WHEREAS, it is in the best interest of the borough to accept these funds to help defray costs resulting from the impacts of the coronavirus pandemic;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the mayor is authorized to accept \$37,458,449.47 from the State of Alaska to respond to the public health emergency resulting from the coronavirus pandemic.

SECTION 2. That the mayor is authorized to execute any documents deemed necessary to accept and expend the Coronavirus Relief Fund funds and to fulfill the intents and purposes of this ordinance.

SECTION 3. That the federal pass-through funds in the amount of \$37,458,449.47 are appropriated to account 271.94910.20CAR.49999.

SECTION 4. That due to the length and nature of the grant performance period, the borough will return funds not liquidated within thirty (30) days following the completion of the grant or before January 30, 2021 whichever comes first.

SECTION 5. This ordinance shall become effective immediately upon its enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY OF *, 2020.

Kelly Cooper, Assembly President

ATTEST:

Johni Blankenship, MMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough

Community & Fiscal Projects

MEMORANDUM

TO: President Cooper and Assembly Members

THRU: Charlie Pierce, Mayor 

FROM: Brandi Harbaugh, Finance Director 
Brenda Ahlberg, Community & Fiscal Projects Manager 

DATE: June 2, 2020

Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Coronavirus Relief Fund – Federal Pass Through Allocation

Assumptions

The Relief Fund is distributed from the State of Alaska to the Kenai Peninsula Borough as a federal pass-through, subrecipient grant agreement. The borough will receive \$37,458,449.47 in three payments: payment one of \$21,325,715.47; payment two of \$8,066,367; and payment three of \$8,066,367. The State of Alaska will release each payment after 80 percent of the prior payment has been expended (\$17,060,572 equals 80 percent of the first payment). Funding is allocated using a combination of quantified economic activity metrics and other measures of commerce activity. All funds must be liquidated before December 30, 2020.

The Relief Fund provides the borough with the resources needed to respond to first and second order impacts of COVID-19. The borough will adhere to the federal authorized use of funds as governed by the Security Administration Act Title VI. The Borough will manage all distributions of the Coronavirus Relief Funds (Relief Funds) using the Federal Unified Guidance 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. When feasible, guidance from other federal programs will be employed to clearly define recipient eligibility and use of funds to demonstrate a reasonable and prudent decision process.

Guiding Principles

Public Safety: Reimburse costs for response, preparedness and mitigation measures

Community Resilience: Address needs in the unincorporated communities through community-specific programs and borough-wide programs

Economic Recovery: Leverage federal funds with local resources that creates equity to taxpayers

Loss Revenue: Recover losses from declined sales tax revenue and eliminate the need to increase mill rates (pending amendment to CARES Act/Relief Fund)

Funding Matrix

The proposed projects have been vetted to meet the federal regulations as introduced above. The funding range is presented as an estimate. The matrix is a working document to guide the administration and the assembly during the development of the funding plan, which will be formally introduced by way of resolution June 16, 2020 for the assembly's consideration and approval.

Scope of Work, Justification and Estimated Funds	ESTIMATED Funding Ranges		Public Safety	Community Resilience	Economic Recovery
Define funding thresholds and sliding scale contributions to small businesses and nonprofits outside of city limits that demonstrate economic hardships based on previous sales tax history	\$13,259,348	\$8,000,000	✓	✓	✓
Provide waivers for borough sales tax penalties	\$25,000	\$20,000	✓	✓	✓
COVID19 testing equipment to provide mass testing capabilities on the central peninsula. Equipment to reside at Central Peninsula Hospital.	\$650,000	\$525,000	✓	✓	✓
Reimburse Central Peninsula and South Peninsula hospitals' costs for emergency protective measures not reimbursed through other federal agencies.	\$800,000	\$650,000	✓	✓	
Support the volunteer fire & EMS departments' response, protective and preparedness measures (seven entities)	70,000	\$70,000	✓	✓	✓
Fire & EMS service area first responders: reimburse 75 percent of eligible personnel costs for COVID19-related response (FY20 costs ending 06/30/20)	\$2,000,000	\$1,750,000	✓	✓	✓
Kenai Peninsula Borough School District response and preparedness measures.	\$1,700,000	\$1,000,000	✓	✓	✓
Reimburse borough emergency protective measures, personnel, supplies, software/hardware, sick leave, unemployment (FY20 ending 06/30/20)	500,000	\$300,000	✓		
Solid Waste woody debris, slash disposal four (4) sites	\$200,000	\$120,000	✓	✓	
Retrofit borough facilities, i.e. touchless sinks, bathroom doors, physical separation barriers, etc.	\$500,000	\$300,000	✓	✓	

Scope of Work, Justification and Estimated Funds (continued)	ESTIMATED Funding Ranges		Public Safety	Community Resilience	Economic Recovery
Public access through technology:					
1. Remote meeting integration in assembly chambers	\$80,000	\$60,000	✓	✓	
2. Remote work kits for telework	\$116,000	\$100,000	✓		
3. Incident Management Team remote work/PC upgrades	\$67,000	\$60,000	✓		
4. 9-1-1 Backup dispatch answering center	\$802,000	\$800,000	✓	✓	✓
5. Communications engineering analysis for redundant and emergency communications	\$100,000	\$75,000	✓	✓	
Recoup projected loss revenue to restore the borough general fund, fund balance based upon historical data models. Recovered losses based upon performance period 03/01/20 - 12/30/20 (pending amendment to the CARES Act).	\$7,500,000	\$4,000,000		✓	✓
➤ ESTIMATES ONLY - RANGE TOTALS	\$28,369,348	\$17,830,000			



Sponsored by: Administration

CITY OF KENAI

RESOLUTION NO. 2020-39

A RESOLUTION OF THE CITY OF KENAI, ALASKA, APPROVING A GRANT DISBURSEMENT PROGRAM FOR SMALL BUSINESSES AND NON-PROFIT ORGANIZATIONS UTILIZING FUNDS FROM THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT.

WHEREAS, on April 9, 2020 President Donald J. Trump approved a Disaster Declaration for the State of Alaska; and,

WHEREAS, on May 20, 2020, the City Council enacted Ordinance 3130-2020 accepting Federal CARES ACT funding passed through the State of Alaska for expenditures in response to the COVID-19 Public Health Emergency; and,

WHEREAS, the administration developed a grant disbursement program (Attachment A) for small businesses and nonprofit organizations utilizing funds from the CARES Act to best support meaningful and long-term recovery of our local economy where help is needed due to impacts associated with the COVID-19 Public Health Emergency; and,

WHEREAS, the grant disbursement program meets the intent of the CARES Act to provide emergency assistance and health care response for individuals, families, and businesses affected by the 2020 coronavirus pandemic and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020; and,

WHEREAS, the grant disbursement program follows guidance for local governments issued by the federal government that requires expenditures provide economic support to those suffering from employment or business interruptions due to COVID-19-related business closures; and,

WHEREAS, it is in the best interests of the City of Kenai to approve a grant disbursement program to ensure that relief funds are granted to businesses and nonprofits in need of critical funding now.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA:

Section 1. That the Grant Disbursement Program for Small Businesses and Non-Profit Organizations Utilizing Funds from The Coronavirus Aid, Relief, and Economic Security (Cares) Act is Approved as Attached or modified in similar form.

Section 2. That this resolution takes effect immediately upon passage.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, this 3rd day of June, 2020.

BRIAN GABRIEL, SR., MAYOR

ATTEST:

Jamie Heinz, CMC, City Clerk



KENAI

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Establishing City of Kenai COVID-19 Relief and Recovery Grant Programs



CITY OF KENAI
CITY HALL
210 FIDALGO AVENUE
KENAI, AK 99611

PAUL OSTRANDER
CITY MANAGER
POSTRANDER@KENAI.CITY
907.283.8222

LARRY PERSILY
PROJECT LEAD
LPERSILY@KENAI.CITY
907.283.8222

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Introduction

The Kenai City Council on May 20 approved an approach to distributing CARES Act funds received by the City, identifying broad categories, governmental, private, and nonprofit to help provide economic relief due to the public health emergency. The Administration focused on developing the three grant programs outlined in this document to provide meaningful impact in the community in an expeditious manner.

Along with myself, the team included Project Lead Larry Persily (hired as a temporary employee for this effort), Finance Director Terry Eubank, City Attorney Scott Bloom, and Assistant to City Manager Christine Cunningham. We considered a wide range of programs and guidance along with the need for timely relief support with as few restrictions as possible to ensure relief funds can be spent as needed, balanced with accountability, and a simplified process that is in the best interests of both the City and applicant.

I believe we have assessed the requirements and needs of the City soundly, producing a set of responsive programs to ensure we, as a City, succeed in expending funds to best serve the citizens of Kenai with responsible management.

Paul Ostth

*We're
focused
on getting
relief funds
into the
community
we serve*



410
small
businesses in
Kenai*



106
nonprofits
serving the
community



3,117
individual
households

*Businesses with more than \$50,000 in gross revenues reported on 2019 sales tax returns

Overview

The City of Kenai expects to receive \$7,700,832 from the Federal Government passed through the State of Alaska for expenditures in response to and to aid in the economic recovery from the COVID-19 Public Health Emergency. The Administration has evaluated an approach to distributing the economic recovery funds identifying how to best support the long-term recovery of our local economy. This approach includes an allocation plan for expenditure of these funds approved by City Council and designed to identify broad categories, governmental, private, and nonprofit where help is needed due to impacts associated with the COVID-19 Public Health Emergency.

\$2,500,000 – First Responder and Incident Management Team Payroll. This allocation includes a reimbursement of City payroll expenses for Fire Department, Police Department, Public Safety Dispatch, and Incident Management Team.

\$3,000,000 – Business and Nonprofit Entity Recovery Grants. This allocation includes grant awards to qualifying City of Kenai businesses or nonprofits affected by COVID-19 to offset impacts or to provide mitigation. The City will administer a grant program to determine eligibility and requirements that may apply. The grant program guidelines are included in this document.

\$300,000 – CARES Act Administration & Non-Payroll Expenditures. This allocation includes reimbursement of City expenses related to COVID-19, which have been documented. These expenses include City purchases to ensure the health and safety of City employees and residents due to the disaster. All expenditures from this department will follow all City code requirements.

\$900,832 – Individual Assistance Grants. This allocation will include grants to nonprofits to assist Kenai households impacted by COVID-19. The City will administer a grant program to determine eligibility restrictions and requirements that may apply. Once fully developed, the grant program guidelines will be brought to Council in the form of a resolution for consideration.

\$1,000,000 – City Resiliency and Recovery. This allocation will include City of Kenai capital projects or expenses intended to mitigate the impacts of COVID-19. All expenditures from this department will follow all City code requirements.

Small Business



The grant categories for small businesses will be divided into four levels, based on each business' 2019 total gross sales for four quarters as reported on their tax returns to the Borough:

- Up to \$2,500 for businesses with 2019 revenues of \$50,000 to \$100,000
- Up to \$5,000 for businesses with 2019 revenues of \$100,000 to \$250,000
- Up to \$7,500 for businesses with 2019 sales of more than \$250,000
- Up to \$10,000 for businesses with 2019 sales of more than \$500,000

If the demand for grants exceeds the City's available funds, the City reserves the right to prorate the grants equally to all recipients to stay within available funding.

A business must have been in existence as of January 1, 2020, to qualify. That would not exclude an existing business with a state license, and that has previously filed tax returns with the Borough even though it may have reported no operations in January 2020 (such as a seasonal business).

For purposes of determining eligibility for a new business without a full year's tax returns for 2019, the City would take gross sales reported for any quarters in 2019 or the first quarter 2020 and extrapolate the numbers to estimate a full year's sales for the business.

Businesses that are not required to file sales tax returns with the Borough must provide a copy of their most recent federal income tax return or other proof of revenues as deemed suitable by the City review committee to determine the level of grant award they might qualify to receive.

The business must be located within the City of Kenai, with a valid state business license and be current in its sales tax registration with the Kenai Peninsula Borough. The business owner(s) does not have to be a resident of the City of Kenai.

The program is open to all qualifying businesses, regardless of whether they have applied for or have obtained any other state or federal COVID-19-related assistance.

The program will exclude from eligibility:

- C Corporations traded on a U.S. stock exchange or a corporate-equivalent entity traded on a foreign stock exchange, and businesses owned in whole or majority-owned by such a publicly traded corporation
- National chains that own and operate their premises in Kenai; franchise owned-and-operated businesses in Kenai would be eligible
- Businesses with a City lien for code enforcement
- Businesses with a Borough lien for unpaid sales taxes. A sales tax delinquency would not disqualify a business from the grant program unless the borough has initiated a lien on that debt. Businesses that have entered into a payment plan with the Borough and are adhering to that plan would be eligible for the grant, so long as the lien has been lifted
- Businesses currently in bankruptcy proceedings

(continued on next page)

Small Business

- Businesses that lack a permanent physical presence in the City for the sale of goods or the provision of services with at least one employee assigned to that facility
- Marijuana businesses

Businesses sharing physical quarters may each apply and qualify for their own grant, so long as each business has its own state license, files a sales tax return under its own name and does not share the same ownership with the other co-located businesses.

Applicants are required to self-certify that they have been affected by the COVID-19 public health emergency and resulting economic impacts. The intent of the federally funded CARES Act program is to assist communities and businesses that suffered economic harm from the public health emergency. Impacts could include, though are not limited to, loss of sales due to mandatory shutdown, inventory loss, additional operating expenses of reopening and protecting staff and customers, including funds already spent for those purposes.

Businesses will not be required to detail specifically (in dollars) how they have been affected.

Business will be asked how they might use the money, making clear that the application question is voluntary and for informational purposes only to gauge community need and effectiveness of the program.

Applicants will be required to check a box that states they intend to remain in business into 2021.

The grant funds must be fully expended by December 30, 2020.

The applicant must certify that the information provided is true and accurate and that they agree to assist in the verification of information provided in the application and to provide additional information to the City, if requested.

The application period will be open for two weeks. The City review committee will verify the information as the applications come in, but the City will hold off paying out any funds until after the deadline period has closed and the total amount of eligible requests is known.

The review committee will determine whether the application is complete and the business is eligible under the program requirements. The committee will not judge the need or use of the money.

An applicant denied by the review committee may appeal to the City Manager (in writing). Any appeal must be filed in writing by 5 p.m. the 10th calendar day after the day the applicant received notice from the City.

It is the City's intent, to the extent allowed by law, that the review committee's work and discussions, and the applications themselves, will not be available to the public. The names of businesses that receive grants and the amount each receives will be considered a public record.

The City reserves the right to amend any criteria or procedures as may be required if new state or federal guidelines are issued.

Nonprofits



The grants for nonprofits would be divided into three levels to help meet the needs of repairing the economic damage to nonprofits caused by the COVID-19 public health emergency:

- Up to \$10,000 for nonprofits of less than \$50,000 in annual income
- Up to \$25,000 for nonprofits of between \$50,000 and \$250,000 in annual income
- Up to \$50,000 for nonprofits of more than \$250,000 in annual income

If the demand for grants exceeds the City's available funds, the City reserves the right to prorate the grants equally to all recipients to stay within available funding.

Annual income will be determined by the nonprofit's most recent IRS Form 990 from 2018 or 2019. For those nonprofits that do not file with the IRS, the City will accept an audited financial statement or an unaudited statement by a third-party preparer.

The program is open to nonprofits that provide services to residents of the City, regardless of where the nonprofit has its main office — though the nonprofit must have a physical or service presence within the City of Kenai — and regardless of whether the local chapter or affiliate is part of a larger statewide or national organization.

Additional eligibility rules:

- The grants will be available only to IRS-certified 501 nonprofits (the full list of IRS 501 nonprofit categories will be on the application)
- The nonprofit must have been in operation serving City of Kenai residents since at least January 1, 2019
- A majority of the group's local board of directors or local advisory board and its officers must be Alaska residents. A local affiliate of a national organization must have a local advisory or governing board
- Faith-based nonprofits are eligible, so long as they provide services which are promoted and available to the general public without regard to religious affiliation.
- Nonprofit organizations "that are principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting, or primarily engaged in political or lobbying activities" are not eligible (as per 13 CFR § 120.110(k) in the Code of Federal Regulations)

The grant funds must be fully expended by December 30, 2020.

The program is limited to nonprofits economically damaged by the COVID-19 public health emergency. The nonprofit will be required to certify and briefly describe how it and/or its work has been affected, but will not be required to provide financial statements, budgets, receipts or other records detailing the financial damages.

Nonprofits

The program is open to all qualifying nonprofits, regardless of whether they applied or obtained any other state or federal COVID-19-related assistance.

Applicants will be asked to provide a brief report to the City no later than one year after receipt of the grant funds, reviewing the use of the money. This is voluntary and is requested to assist the City in evaluating the impact of the program.

A nonprofit cannot obtain a grant through the City's CARES Act-funded grant program for nonprofits while also receiving a grant as a small business, even if the nonprofit also operates a business enterprise in Kenai.

The applicant will need to certify that the information provided is true and accurate, and they agree to assist in the verification of information provided in the application and to provide additional information to the City, if requested.

The application period would be open for two weeks. The City review committee will verify the information as the applications come in, but the City will hold off paying out any funds until after the deadline period has closed and the total amount of eligible requests is known.

The review committee will determine whether the application is complete and the nonprofit is eligible under the program requirements. The committee will not judge the need or use of the money.

An applicant denied by the review committee may appeal to the City Manager (in writing). Any appeal must be filed in writing by 5 p.m. the 10th calendar day after the day the applicant received notice from the City.

It is the City's intent, to the extent allowed by law, that the review committee's work and discussions, and the applications themselves, will not be available to the public. The names of businesses that receive grants and the amount each receives will be considered a public record.

The City reserves the right to amend any criteria or procedures as may be required if new state or federal guidelines are issued.

Individual Assistance



Individual Assistance grants will include grants to nonprofits to assist City of Kenai households impacted by COVID-19. The City will administer a grant program to determine eligibility restrictions and requirements that may apply. Once fully developed, the grant program guidelines will be brought to Council in the form of a resolution for consideration.

This program is currently being developed by Administration.

Conclusion

The City of Kenai will administer the grant programs without incurring the additional cost of an outside group or foundation to screen, process or assist in administration of the grant program.

In order to reach the small businesses and nonprofit organizations in the City that may be eligible, a successful community outreach strategy is necessary. This strategy will include the following:

- Press Releases to local media
- Direct mail to small businesses and nonprofits
- Coordination with the Kenai Peninsula Economic Development District (KPEDD), Kenai Chamber of Commerce and Visitor Center (KCCVC), and Small Business Development Center (SBDC)
- Social Media posts

Information about the program as well as application forms, FAQs, a summary of the program and application process, and timetable will be provided on the City's website at www.kenai.city as well as a direct contact email and phone number for inquiries.