



Homer City Hall

491 E. Pioneer Avenue

Homer, Alaska 99603

www.cityofhomer-ak.gov

City of Homer Agenda

City Council Worksession

Monday, June 22, 2020 at 4:00 PM

Cowles Council Chambers via Zoom Webinar

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

Webinar ID: 965 8631 4135 Password: 792566

CALL TO ORDER, 4:00 P.M.

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

DISCUSSION TOPIC(S)

- a. [Allocation](#) of future CARES Act Payments
 - i. Memorandum 20-078 from Councilmembers Lord and Aderhold re: City of Homer AK CARES Act Funds

COMMENTS OF THE AUDIENCE (3 minutes)

ADJOURNMENT NO LATER THAN 4:50 P.M.

Next Regular Meeting is Monday, July 27, 2020 at 6:00 p.m. Committee of the Whole at 5:00 p.m. and a Special Meeting at 5:00 p.m. on July 1, 2020. All meetings scheduled to be held virtually in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.



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Homer City Council

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Memorandum 20-078

TO: MAYOR CASTNER AND HOMER CITY COUNCIL
FROM: COUNCIL MEMBERS LORD AND ADERHOLD
DATE: JUNE 17, 2020
SUBJECT: CITY OF HOMER AK CARES ACT FUNDS

The City of Homer is slated to receive \$7,899,085 from the State of Alaska as our portion of state CARES Act funds. City Council appropriated the first distribution (\$3,867,759) via Ordinance 20-25 and established a Small Business Economic Relief Grant (SBERG) program via Resolution 20-057. The City must spend 80% of the first distribution before receiving the next distribution of \$2,015,663. The third distribution of \$2,015,663 is slated for October 2020, and 80% of previous distributions must be spent before the city receives this final sum. Unspent funds must be returned to the state if not spent by the end of the year.

During worksessions and discussion during City Council meetings, Council has expressed interest in distributing funds not needed to reimburse the city for COVID-related expenses to households/individuals and non-profits in addition to the SBERG program. We put thought into various potential programs and made numerous phone calls to organizations that could support the city in distributing funds where they are needed most by those negatively impacted by the COVID response.

The list below outlines the sectors Council has identified to-date and the possible support/grant mechanisms, as well as additional questions and considerations. The accompanying spreadsheet provides a list for each sector with an opportunity for Council members to think about their prioritization for funding with CARES Act funding.

Recommendation: Review list and spreadsheet, identify priorities before worksession, discuss during worksession, and provide direction to Council Members Lord and Aderhold to further develop a policy and resolution for the July 27, 2020 City Council meeting.

City Services

- EOC staffing & overtime already appropriated
- Ongoing EOC staffing & overtime
- Additional staffing (janitorial for parks, port & harbor, etc)
- Direct expenses (PPE, alterations to work spaces and public buildings, etc)
- Potential absentee ballot envelopes (pending KPB actions)
- Communications (PSA development & editing @ KBBI, etc)
- Administration of CARES Act funding grant program(s) and finances. All of this funding needs to be managed and tracked very carefully at City Hall, and all external funding (i.e. SBERG) requires program management. We have appropriated \$90k for administration of the SBERG program. Ensure funding for program management **and** finance/accounting assistance within the Finance Department for all CARES funding received by the City throughout the course of funding.

Business Community

- SBERG established through Resolution 20-057
- \$3,000 grants available to businesses operating within the City of Homer and collecting sales tax on file with the Borough
- Simple application (online or paper), rolling applications, self-certification
- The State grant program is still in some limbo, with the Legislature potentially reconvening to allow funding to businesses who have received other sources of CARES Act funding. Depending on the timing of this, it may slow down the disbursement of City SBERG grants. The City Manager has signed a contract for additional staffing to help manage this program, which should get the ball rolling!

Households/Individuals

- Childcare Facility direct assistance. Consider the added costs and risks with opening childcare facilities. Necessary service for economic stability in working households, and fully compromised by Covid mandates. The City of Homer has four State-licensed child care facilities in City limits. One licensed Child Care Center (licensed for 56 kids per day, currently closed and slated to re-open with more limited capacity in early-July), two Group facilities (12 kids each), and one home facility (8 kids). There are numerous other child care providers who are legally exempt from state licensing providing in-home care for small groups (under 4 kids who don't reside in the home). There will be more information on child care facilities and needs in the City provided for Council in the supplemental packet.
<https://www.ktoo.org/2020/05/23/juneau-assembly-poised-to-commit-1m-to-child-care-providers/>
- Rent/mortgage assistance. Currently the Alaska Housing Finance Corporation is providing \$1,200 grants, payable directly to the bank or landlord, for rent/mortgage assistance. Applications open for two weeks at the end of June.
- Utility assistance (W/S, natural gas/fuel oil/propane, electricity). Per a conversation with Lisa at AML, an allowable way to go about this (which stays in a safe zone that isn't considered 'revenue replacement' for the City) is to create a voucher or subsidy system for residents who are not able to pay their utility bills due to economic hardship.
- Improve internet access equity city-wide. When schools went online in late March, unequal access to the internet and devices to connect to the internet impacted student access to learning. Could AK CARES Act funds be used to improve internet access for everyone in the city? The Homer library

provides laptop computers for check out and is seeking to extend guest internet access into the parking lot. Is that enough? What other opportunities exist?

- Timing: consider the early PFD (\$992 in July), and that households may be struggling in the fall. Unknown what's going to happen with schools.
- South Peninsula Haven House and the Homer Community Food Pantry work together to support individuals and families in need of healthy nutrition, support with rent and utilities, and to provide temporary housing for those who do not have shelter or are on the verge of losing housing. Consider separate from the proposed nonprofit grant pot, a "Community Support" grant as a specific funding stream to assist the most vulnerable in the community. Require reporting. NOTE: It's unclear if third-party pass-through grants are allowable under the CARES Act requirements. If it's not allowable, or desired by Council, consider working closely with both organizations to make sure individuals/households are referred to the City for funding assistance for needs resulting from COVID.
- According to the US Census, we have appx. 2,260 households in the City (<https://www.census.gov/quickfacts/fact/table/homercityalaska/PST045219#qf-flag-X>)

Nonprofits

- Possibly similar parameters to the SBERG: located within the City of Homer, established nonprofit (501c3) with a state license, self-certified economic harm from COVID. Note this can include lost revenue as an impact, as that is a primary driver of economic hardship. CARES Act funds may not be used for *governments* to replace lost revenue. All of this economic stabilization is due to lost revenue and added expenses as a result of COVID.
- Consider running through the Homer Foundation, or possibly if it's similar enough to SBERG just run with the same staffing from City Hall. See similar question under the Household assistance regarding pass-through grant funding.
- Chamber of Commerce support for their additional COVID-related expenses. Can we provide funds to 501(c)6 organizations (i.e. the Chamber) using CARES Act funding? Lisa at AML hasn't heard of any restrictions to that end, and we believe that is allowable for the City under the Treasury guidance.
- AML support per their funding request that we received and supported via Resolution
- According to <https://www.taxexemptworld.com/organizations/homer-ak-alaska.asp> there are 183 registered nonprofits in the 99603 zip code. This includes 501c6 and c4 organizations of all shapes and sizes.

Tracking Impact

- Consider reporting (voluntary or mandatory) and/or some other metrics to try and gauge some level of impact from all of this funding. How do we want to evaluate our efforts?

Other Resources

CBJ Covid-19 Legislation <https://beta.juneau.org/covid-19-mandates-cbj>

CBJ Childcare Assistance memos

<https://packet.cbjak.org/CoverSheet.aspx?ItemID=8430&MeetingID=1314>

Coronavirus Relief Fund
Guidance for State, Territorial, Local, and Tribal Governments
April 22, 2020

The purpose of this document is to provide guidance to recipients of the funding available under section 601(a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The CARES Act established the Coronavirus Relief Fund (the “Fund”) and appropriated \$150 billion to the Fund. Under the CARES Act, the Fund is to be used to make payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories (consisting of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands); and Tribal governments.

The CARES Act provides that payments from the Fund may only be used to cover 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 (the date of enactment of the CARES Act) for the State or government; and
3. were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.¹

The guidance that follows sets forth the Department of the Treasury’s interpretation of these limitations on the permissible use of Fund payments.

Necessary expenditures incurred due to the public health emergency

The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs, as well as expenditures incurred to respond to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.

Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.

The statute also specifies that expenditures using Fund payments must be “necessary.” The Department of the Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.

Costs not accounted for in the budget most recently approved as of March 27, 2020

The CARES Act also requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. A cost meets this requirement if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget *or* (b) the cost

¹ See Section 601(d) of the Social Security Act, as added by section 5001 of the CARES Act.

is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

The “most recently approved” budget refers to the enacted budget for the relevant fiscal period for the particular government, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency. A cost is not considered to have been accounted for in a budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account.

Costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020

A cost is “incurred” when the responsible unit of government has expended funds to cover the cost.

Nonexclusive examples of eligible expenditures

Eligible expenditures include, but are not limited to, payment for:

1. Medical expenses such as:
 - COVID-19-related expenses of public hospitals, clinics, and similar facilities.
 - Expenses of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs.
 - Costs of providing COVID-19 testing, including serological testing.
 - Emergency medical response expenses, including emergency medical transportation, related to COVID-19.
 - Expenses for establishing and operating public telemedicine capabilities for COVID-19-related treatment.
2. Public health expenses such as:
 - Expenses for communication and enforcement by State, territorial, local, and Tribal governments of public health orders related to COVID-19.
 - Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment, for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers in connection with the COVID-19 public health emergency.
 - Expenses for disinfection of public areas and other facilities, *e.g.*, nursing homes, in response to the COVID-19 public health emergency.
 - Expenses for technical assistance to local authorities or other entities on mitigation of COVID-19-related threats to public health and safety.
 - Expenses for public safety measures undertaken in response to COVID-19.
 - Expenses for quarantining individuals.
3. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

4. Expenses of actions to facilitate compliance with COVID-19-related public health measures, such as:
 - Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
 - Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.
 - Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.
 - Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.
 - COVID-19-related expenses of maintaining state prisons and county jails, including as relates to sanitation and improvement of social distancing measures, to enable compliance with COVID-19 public health precautions.
 - Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.
5. Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, such as:
 - Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
 - Expenditures related to a State, territorial, local, or Tribal government payroll support program.
 - Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.
6. Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund’s eligibility criteria.

Nonexclusive examples of ineligible expenditures²

The following is a list of examples of costs that would *not* be eligible expenditures of payments from the Fund.

1. Expenses for the State share of Medicaid.³
2. Damages covered by insurance.
3. Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

² In addition, pursuant to section 5001(b) of the CARES Act, payments from the Fund may not be expended for an elective abortion or on research in which a human embryo is destroyed, discarded, or knowingly subjected to risk of injury or death. The prohibition on payment for abortions does not apply to an abortion if the pregnancy is the result of an act of rape or incest; or in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed. Furthermore, no government which receives payments from the Fund may discriminate against a health care entity on the basis that the entity does not provide, pay for, provide coverage of, or refer for abortions.

³ See 42 C.F.R. § 433.51 and 45 C.F.R. § 75.306.

4. Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds.
5. Reimbursement to donors for donated items or services.
6. Workforce bonuses other than hazard pay or overtime.
7. Severance pay.
8. Legal settlements.

**Coronavirus Relief Fund
Frequently Asked Questions
Updated as of May 28, 2020**

The following answers to frequently asked questions supplement Treasury’s Coronavirus Relief Fund (“Fund”) Guidance for State, Territorial, Local, and Tribal Governments, dated April 22, 2020, (“Guidance”).¹ Amounts paid from the Fund are subject to the restrictions outlined in the Guidance and set forth in section 601(d) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”).

Eligible Expenditures

Are governments required to submit proposed expenditures to Treasury for approval?

No. Governments are responsible for making determinations as to what expenditures are necessary due to the public health emergency with respect to COVID-19 and do not need to submit any proposed expenditures to Treasury.

The Guidance says that funding can be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. How does a government determine whether payroll expenses for a given employee satisfy the “substantially dedicated” condition?

The Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. For this reason, and as a matter of administrative convenience in light of the emergency nature of this program, a State, territorial, local, or Tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.

The Guidance says that a cost was not accounted for in the most recently approved budget if the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation. What would qualify as a “substantially different use” for purposes of the Fund eligibility?

Costs incurred for a “substantially different use” include, but are not necessarily limited to, costs of personnel and services that were budgeted for in the most recently approved budget but which, due entirely to the COVID-19 public health emergency, have been diverted to substantially different functions. This would include, for example, the costs of redeploying corrections facility staff to enable compliance with COVID-19 public health precautions through work such as enhanced sanitation or enforcing social distancing measures; the costs of redeploying police to support management and enforcement of stay-at-home orders; or the costs of diverting educational support staff or faculty to develop online learning capabilities, such as through providing information technology support that is not part of the staff or faculty’s ordinary responsibilities.

Note that a public function does not become a “substantially different use” merely because it is provided from a different location or through a different manner. For example, although developing online instruction capabilities may be a substantially different use of funds, online instruction itself is not a substantially different use of public funds than classroom instruction.

¹ The Guidance is available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

May a State receiving a payment transfer funds to a local government?

Yes, provided that the transfer qualifies as a necessary expenditure incurred due to the public health emergency and meets the other criteria of section 601(d) of the Social Security Act. Such funds would be subject to recoupment by the Treasury Department if they have not been used in a manner consistent with section 601(d) of the Social Security Act.

May a unit of local government receiving a Fund payment transfer funds to another unit of government?

Yes. For example, a county may transfer funds to a city, town, or school district within the county and a county or city may transfer funds to its State, provided that the transfer qualifies as a necessary expenditure incurred due to the public health emergency and meets the other criteria of section 601(d) of the Social Security Act outlined in the Guidance. For example, a transfer from a county to a constituent city would not be permissible if the funds were intended to be used simply to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify as an eligible expenditure.

Is a Fund payment recipient required to transfer funds to a smaller, constituent unit of government within its borders?

No. For example, a county recipient is not required to transfer funds to smaller cities within the county's borders.

Are recipients required to use other federal funds or seek reimbursement under other federal programs before using Fund payments to satisfy eligible expenses?

No. Recipients may use Fund payments for any expenses eligible under section 601(d) of the Social Security Act outlined in the Guidance. Fund payments are not required to be used as the source of funding of last resort. However, as noted below, recipients may not use payments from the Fund to cover expenditures for which they will receive reimbursement.

Are there prohibitions on combining a transaction supported with Fund payments with other CARES Act funding or COVID-19 relief Federal funding?

Recipients will need to consider the applicable restrictions and limitations of such other sources of funding. In addition, expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds, are not eligible uses of Fund payments.

Are States permitted to use Fund payments to support state unemployment insurance funds generally?

To the extent that the costs incurred by a state unemployment insurance fund are incurred due to the COVID-19 public health emergency, a State may use Fund payments to make payments to its respective state unemployment insurance fund, separate and apart from such State's obligation to the unemployment insurance fund as an employer. This will permit States to use Fund payments to prevent expenses related to the public health emergency from causing their state unemployment insurance funds to become insolvent.

Are recipients permitted to use Fund payments to pay for unemployment insurance costs incurred by the recipient as an employer?

Yes, Fund payments may be used for unemployment insurance costs incurred by the recipient as an employer (for example, as a reimbursing employer) related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.

The Guidance states that the Fund may support a “broad range of uses” including payroll expenses for several classes of employees whose services are “substantially dedicated to mitigating or responding to the COVID-19 public health emergency.” What are some examples of types of covered employees?

The Guidance provides examples of broad classes of employees whose payroll expenses would be eligible expenses under the Fund. These classes of employees include public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. Payroll and benefit costs associated with public employees who could have been furloughed or otherwise laid off but who were instead repurposed to perform previously unbudgeted functions substantially dedicated to mitigating or responding to the COVID-19 public health emergency are also covered. Other eligible expenditures include payroll and benefit costs of educational support staff or faculty responsible for developing online learning capabilities necessary to continue educational instruction in response to COVID-19-related school closures. Please see the Guidance for a discussion of what is meant by an expense that was not accounted for in the budget most recently approved as of March 27, 2020.

In some cases, first responders and critical health care workers that contract COVID-19 are eligible for workers’ compensation coverage. Is the cost of this expanded workers compensation coverage eligible?

Increased workers compensation cost to the government due to the COVID-19 public health emergency incurred during the period beginning March 1, 2020, and ending December 30, 2020, is an eligible expense.

If a recipient would have decommissioned equipment or not renewed a lease on particular office space or equipment but decides to continue to use the equipment or to renew the lease in order to respond to the public health emergency, are the costs associated with continuing to operate the equipment or the ongoing lease payments eligible expenses?

Yes. To the extent the expenses were previously unbudgeted and are otherwise consistent with section 601(d) of the Social Security Act outlined in the Guidance, such expenses would be eligible.

May recipients provide stipends to employees for eligible expenses (for example, a stipend to employees to improve telework capabilities) rather than require employees to incur the eligible cost and submit for reimbursement?

Expenditures paid for with payments from the Fund must be limited to those that are necessary due to the public health emergency. As such, unless the government were to determine that providing assistance in the form of a stipend is an administrative necessity, the government should provide such assistance on a reimbursement basis to ensure as much as possible that funds are used to cover only eligible expenses.

May Fund payments be used for COVID-19 public health emergency recovery planning?

Yes. Expenses associated with conducting a recovery planning project or operating a recovery coordination office would be eligible, if the expenses otherwise meet the criteria set forth in section 601(d) of the Social Security Act outlined in the Guidance.

Are expenses associated with contact tracing eligible?

Yes, expenses associated with contract tracing are eligible.

To what extent may a government use Fund payments to support the operations of private hospitals?

Governments may use Fund payments to support public or private hospitals to the extent that the costs are necessary expenditures incurred due to the COVID-19 public health emergency, but the form such assistance would take may differ. In particular, financial assistance to private hospitals could take the form of a grant or a short-term loan.

May payments from the Fund be used to assist individuals with enrolling in a government benefit program for those who have been laid off due to COVID-19 and thereby lost health insurance?

Yes. To the extent that the relevant government official determines that these expenses are necessary and they meet the other requirements set forth in section 601(d) of the Social Security Act outlined in the Guidance, these expenses are eligible.

May recipients use Fund payments to facilitate livestock depopulation incurred by producers due to supply chain disruptions?

Yes, to the extent these efforts are deemed necessary for public health reasons or as a form of economic support as a result of the COVID-19 health emergency.

Would providing a consumer grant program to prevent eviction and assist in preventing homelessness be considered an eligible expense?

Yes, assuming that the recipient considers the grants to be a necessary expense incurred due to the COVID-19 public health emergency and the grants meet the other requirements for the use of Fund payments under section 601(d) of the Social Security Act outlined in the Guidance. As a general matter, providing assistance to recipients to enable them to meet property tax requirements would not be an eligible use of funds, but exceptions may be made in the case of assistance designed to prevent foreclosures.

May recipients create a “payroll support program” for public employees?

Use of payments from the Fund to cover payroll or benefits expenses of public employees are limited to those employees whose work duties are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

May recipients use Fund payments to cover employment and training programs for employees that have been furloughed due to the public health emergency?

Yes, this would be an eligible expense if the government determined that the costs of such employment and training programs would be necessary due to the public health emergency.

May recipients use Fund payments to provide emergency financial assistance to individuals and families directly impacted by a loss of income due to the COVID-19 public health emergency?

Yes, if a government determines such assistance to be a necessary expenditure. Such assistance could include, for example, a program to assist individuals with payment of overdue rent or mortgage payments to avoid eviction or foreclosure or unforeseen financial costs for funerals and other emergency individual needs. Such assistance should be structured in a manner to ensure as much as possible, within the realm of what is administratively feasible, that such assistance is necessary.

The Guidance provides that eligible expenditures may include expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures. What is meant by a “small business,” and is the Guidance intended to refer only to expenditures to cover administrative expenses of such a grant program?

Governments have discretion to determine what payments are necessary. A program that is aimed at assisting small businesses with the costs of business interruption caused by required closures should be tailored to assist those businesses in need of such assistance. The amount of a grant to a small business to reimburse the costs of business interruption caused by required closures would also be an eligible expenditure under section 601(d) of the Social Security Act, as outlined in the Guidance.

The Guidance provides that expenses associated with the provision of economic support in connection with the public health emergency, such as expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures, would constitute eligible expenditures of Fund payments. Would such expenditures be eligible in the absence of a stay-at-home order?

Fund payments may be used for economic support in the absence of a stay-at-home order if such expenditures are determined by the government to be necessary. This may include, for example, a grant program to benefit small businesses that close voluntarily to promote social distancing measures or that are affected by decreased customer demand as a result of the COVID-19 public health emergency.

May Fund payments be used to assist impacted property owners with the payment of their property taxes?

Fund payments may not be used for government revenue replacement, including the provision of assistance to meet tax obligations.

May Fund payments be used to replace foregone utility fees? If not, can Fund payments be used as a direct subsidy payment to all utility account holders?

Fund payments may not be used for government revenue replacement, including the replacement of unpaid utility fees. Fund payments may be used for subsidy payments to electricity account holders to the extent that the subsidy payments are deemed by the recipient to be necessary expenditures incurred due to the COVID-19 public health emergency and meet the other criteria of section 601(d) of the Social Security Act outlined in the Guidance. For example, if determined to be a necessary expenditure, a government could provide grants to individuals facing economic hardship to allow them to pay their utility fees and thereby continue to receive essential services.

Could Fund payments be used for capital improvement projects that broadly provide potential economic development in a community?

In general, no. If capital improvement projects are not necessary expenditures incurred due to the COVID-19 public health emergency, then Fund payments may not be used for such projects.

However, Fund payments may be used for the expenses of, for example, establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity or improve mitigation measures, including related construction costs.

The Guidance includes workforce bonuses as an example of ineligible expenses but provides that hazard pay would be eligible if otherwise determined to be a necessary expense. Is there a specific definition of “hazard pay”?

Hazard pay means additional pay for performing hazardous duty or work involving physical hardship, in each case that is related to COVID-19.

The Guidance provides that ineligible expenditures include “[p]ayroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.” Is this intended to relate only to public employees?

Yes. This particular nonexclusive example of an ineligible expenditure relates to public employees. A recipient would not be permitted to pay for payroll or benefit expenses of private employees and any financial assistance (such as grants or short-term loans) to private employers are not subject to the restriction that the private employers’ employees must be substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

May counties pre-pay with CARES Act funds for expenses such as a one or two-year facility lease, such as to house staff hired in response to COVID-19?

A government should not make prepayments on contracts using payments from the Fund to the extent that doing so would not be consistent with its ordinary course policies and procedures.

Must a stay-at-home order or other public health mandate be in effect in order for a government to provide assistance to small businesses using payments from the Fund?

No. The Guidance provides, as an example of an eligible use of payments from the Fund, expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures. Such assistance may be provided using amounts received from the Fund in the absence of a requirement to close businesses if the relevant government determines that such expenditures are necessary in response to the public health emergency.

Should States receiving a payment transfer funds to local governments that did not receive payments directly from Treasury?

Yes, provided that the transferred funds are used by the local government for eligible expenditures under the statute. To facilitate prompt distribution of Title V funds, the CARES Act authorized Treasury to make direct payments to local governments with populations in excess of 500,000, in amounts equal to 45% of the local government's per capita share of the statewide allocation. This statutory structure was based on a recognition that it is more administratively feasible to rely on States, rather than the federal government, to manage the transfer of funds to smaller local governments. Consistent with the needs of all local governments for funding to address the public health emergency, States should transfer funds to local governments with populations of 500,000 or less, using as a benchmark the per capita allocation formula that governs payments to larger local governments. This approach will ensure equitable treatment among local governments of all sizes.

For example, a State received the minimum \$1.25 billion allocation and had one county with a population over 500,000 that received \$250 million directly. The State should distribute 45 percent of the \$1 billion it received, or \$450 million, to local governments within the State with a population of 500,000 or less.

May a State impose restrictions on transfers of funds to local governments?

Yes, to the extent that the restrictions facilitate the State's compliance with the requirements set forth in section 601(d) of the Social Security Act outlined in the Guidance and other applicable requirements such as the Single Audit Act, discussed below. Other restrictions are not permissible.

If a recipient must issue tax anticipation notes (TANs) to make up for tax due date deferrals or revenue shortfalls, are the expenses associated with the issuance eligible uses of Fund payments?

If a government determines that the issuance of TANs is necessary due to the COVID-19 public health emergency, the government may expend payments from the Fund on the accrued interest expense on TANs and unbudgeted administrative and transactional costs, such as necessary payments to advisors and underwriters, associated with the issuance of the TANs.

May recipients use Fund payments to expand rural broadband capacity to assist with distance learning and telework?

Such expenditures would only be permissible if they are necessary for the public health emergency. The cost of projects that would not be expected to increase capacity to a significant extent until the need for distance learning and telework have passed due to this public health emergency would not be necessary due to the public health emergency and thus would not be eligible uses of Fund payments.

Are costs associated with increased solid waste capacity an eligible use of payments from the Fund?

Yes, costs to address increase in solid waste as a result of the public health emergency, such as relates to the disposal of used personal protective equipment, would be an eligible expenditure.

May payments from the Fund be used to cover across-the-board hazard pay for employees working during a state of emergency?

No. The Guidance says that funding may be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. Hazard pay is a form of payroll expense and is subject to this limitation, so Fund payments may only be used to cover hazard pay for such individuals.

May Fund payments be used for expenditures related to the administration of Fund payments by a State, territorial, local, or Tribal government?

Yes, if the administrative expenses represent an increase over previously budgeted amounts and are limited to what is necessary. For example, a State may expend Fund payments on necessary administrative expenses incurred with respect to a new grant program established to disburse amounts received from the Fund.

May recipients use Fund payments to provide loans?

Yes, if the loans otherwise qualify as eligible expenditures under section 601(d) of the Social Security Act as implemented by the Guidance. Any amounts repaid by the borrower before December 30, 2020, must be either returned to Treasury upon receipt by the unit of government providing the loan or used for another expense that qualifies as an eligible expenditure under section 601(d) of the Social Security Act. Any amounts not repaid by the borrower until after December 30, 2020, must be returned to Treasury upon receipt by the unit of government lending the funds.

May Fund payments be used for expenditures necessary to prepare for a future COVID-19 outbreak?

Fund payments may be used only for expenditures necessary to address the current COVID-19 public health emergency. For example, a State may spend Fund payments to create a reserve of personal protective equipment or develop increased intensive care unit capacity to support regions in its jurisdiction not yet affected, but likely to be impacted by the current COVID-19 pandemic.

Questions Related to Administration of Fund Payments

Do governments have to return unspent funds to Treasury?

Yes. Section 601(f)(2) of the Social Security Act, as added by section 5001(a) of the CARES Act, provides for recoupment by the Department of the Treasury of amounts received from the Fund that have not been used in a manner consistent with section 601(d) of the Social Security Act. If a government has not used funds it has received to cover costs that were incurred by December 30, 2020, as required by the statute, those funds must be returned to the Department of the Treasury.

What records must be kept by governments receiving payment?

A government should keep records sufficient to demonstrate that the amount of Fund payments to the government has been used in accordance with section 601(d) of the Social Security Act.

May recipients deposit Fund payments into interest bearing accounts?

Yes, provided that if recipients separately invest amounts received from the Fund, they must use the interest earned or other proceeds of these investments only to cover expenditures incurred in accordance with section 601(d) of the Social Security Act and the Guidance on eligible expenses. If a government deposits Fund payments in a government's general account, it may use those funds to meet immediate cash management needs provided that the full amount of the payment is used to cover necessary expenditures. Fund payments are not subject to the Cash Management Improvement Act of 1990, as amended.

May governments retain assets purchased with payments from the Fund?

Yes, if the purchase of the asset was consistent with the limitations on the eligible use of funds provided by section 601(d) of the Social Security Act.

What rules apply to the proceeds of disposition or sale of assets acquired using payments from the Fund?

If such assets are disposed of prior to December 30, 2020, the proceeds would be subject to the restrictions on the eligible use of payments from the Fund provided by section 601(d) of the Social Security Act.

Are Fund payments to State, territorial, local, and tribal governments considered grants?

No. Fund payments made by Treasury to State, territorial, local, and Tribal governments are not considered to be grants but are “other financial assistance” under 2 C.F.R. § 200.40.

Are Fund payments considered federal financial assistance for purposes of the Single Audit Act?

Yes, Fund payments are considered to be federal financial assistance subject to the Single Audit Act (31 U.S.C. §§ 7501-7507) and the related provisions of the Uniform Guidance, 2 C.F.R. § 200.303 regarding internal controls, §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements.

Are Fund payments subject to other requirements of the Uniform Guidance?

Fund payments are subject to the following requirements in the Uniform Guidance (2 C.F.R. Part 200): 2 C.F.R. § 200.303 regarding internal controls, 2 C.F.R. §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements.

Is there a Catalog of Federal Domestic Assistance (CFDA) number assigned to the Fund?

Yes. The CFDA number assigned to the Fund is 21.019, pending completion of registration.

If a State transfers Fund payments to its political subdivisions, would the transferred funds count toward the subrecipients’ total funding received from the federal government for purposes of the Single Audit Act?

Yes. The Fund payments to subrecipients would count toward the threshold of the Single Audit Act and 2 C.F.R. part 200, subpart F re: audit requirements. Subrecipients are subject to a single audit or program-specific audit pursuant to 2 C.F.R. § 200.501(a) when the subrecipients spend \$750,000 or more in federal awards during their fiscal year.

Are recipients permitted to use payments from the Fund to cover the expenses of an audit conducted under the Single Audit Act?

Yes, such expenses would be eligible expenditures, subject to the limitations set forth in 2 C.F.R. § 200.425.

If a government has transferred funds to another entity, from which entity would the Treasury Department seek to recoup the funds if they have not been used in a manner consistent with section 601(d) of the Social Security Act?

The Treasury Department would seek to recoup the funds from the government that received the payment directly from the Treasury Department. State, territorial, local, and Tribal governments receiving funds from Treasury should ensure that funds transferred to other entities, whether pursuant to a grant program

or otherwise, are used in accordance with section 601(d) of the Social Security Act as implemented in the Guidance.

Provided by AML CARES Act Program Coordinator Lisa Fisher

When do CARES Act funds need to be spent by?

The CARES Act funds need to be spent, or expense incurred, by 12/30/2020. Incurred is when an invoice for a completed service is in hand; paying that invoice is not required by the 12/30 timeline. This includes wages for hours worked by 12/30, even if the pay date is 12/31.

What does it mean that CARES Act funds should be considered “federal financial assistance”?

Eligible expenditures of CARES Act funds will need to be reported as federal financial assistance in the fiscal year expended. If a government’s total federal expenditures exceed \$750K for that fiscal year, they will require a federal single audit in accordance with the Uniform Guidance, as well as a standard financial statement audit (which they may already have done). If the CARES Act funding alone exceeds \$750K, these funds will be required to be audited specifically under whatever requirements are specified in the 2020 compliance supplement for the program. As federal funds, federal procurement requirements will also apply.

Are funds that we distribute to residents or businesses taxable?

Government payments/grants to non-employees (whether businesses or individuals) that are reasonably related to the COVID-19 public health emergency are tax-free under Code Section 139 “qualified disaster relief payment.” Under the IRS, Section 139 payments are NOT reported anywhere. As such, a 1099 is not needed. As a best practice, having a non-employee recipient of CARES Act funding complete a W-9 helps in case there is ever a question regarding taxability at a later date (much easier to get the info up front). Much of what is found on the W-9 would be useful for any type of grant/aid application. Wage replacement to employees is included on the W-2 as income (similar to hazard pay). Reimbursements/payments to government employees that are directly “disaster related” would be tax-free under Code Section 139.

How do we know what to report in which field of the monthly reporting form?

The reporting fields are based on the formal Treasury guidance. Look there, first, and then at Treasury’s FAQs. We’ve provided an informal description below and will work with communities to think about proper allocation.

- **Medical** – public hospital & clinics including temporary facilities such as fire depts. Construction related expenses for temporary facilities is included, or a new health clinic. Expenses for telemedicine capability included.
- **Public Health** – purchasing and distribution of medical and protective supplies for medical personnel, police officers, social workers etc. Cost for disinfecting public areas and other facilities such as nursing homes.
- **Payroll** – payroll expenses for health care, public health, public safety employees; any other employee substantially dedicated to mitigating or responding to the COVID-19 emergency. This may extend to hospitals or schools, for significant disruptions or reallocation of staff time.
- **Compliance** – food delivery to residents such as vulnerable populations enabling compliance with public health precautions. Distance learning improvements. Paid sick leave to employees to enable compliance with public health compliance. Expenses for homeless populations.

- **Economic Support** – grants to small businesses for business interruption, nonprofits, or residents. Needs to be based on economic hardship.
- **Other** – other expenses necessary

What do I need to know about monthly filing?

If you have received CARES Act funding from DCRA then you should file a monthly report by the end of the following month. If you have no expenditures to report then indicate \$0 and complete the form as usual. If you have questions about how to categorize an expense, please feel free to use AML as a resource; utilize the “Other” category carefully for expenses that just don’t fit into the other categories. Any single expense above \$25k will require additional description in the report.

Can you share examples of what other communities are doing?

- Increased utility bills for a washeteria and treatment plant. Expenses may be eligible because the facilities were deemed necessary for sanitation and hygiene, and the portion potentially eligible is the increase in the utility expense from the same time in 2019. (i.e.; increased electric & fuel costs from April 2019 vs April 2020).
- Staffing for washeteria and water/sewer may be considered necessary for ability to improve or ensure sanitation and hygiene during the public health emergency.
- Subsidy for residents not able to pay their utility bills based on economic hardship – this can be a credit, check or voucher.
- Adding or renting a quarantine space for potentially affected residents or residents, to reside during the quarantine period. This includes adding bedding, water/sewer costs for the facility, food and medical supplies.
- Airport security – new position to screen people coming into the community
- Hiring local residents to make masks or perform other tasks in support of vulnerable populations.
- Purchase of additional cleaning supplies and additional staffing for the sanitation crews.
- Grants for local businesses. Businesses that had a decline in sales due to, or nonprofits that are impacted by, COVID-19 can compare financial statements from Q2 2019 to Q2 2020 showing their decline in revenue. AML has provided examples of different grant programs on its website.
- Hazard pay or stipend to fire department volunteers or health personnel.
- Purchase of a vehicle may be eligible if it were used in support of vulnerable population such as delivery of food to elderly and/or used for additional sanitation measures.
- Replace city faucets and water fountains to a touchless system.
- Upgrade radio dispatch equipment.
- Heating and ventilation upgrades at a Rec Center used as a shelter in a city emergency and City Hall
- Purchase spray and misting equipment to kill germs on surfaces.
- Improve equipment for virtual meetings between staff and the public.

Can we grant funds to other cities if they have needs?

Local governments that have more CARES Act funding than they can spend can grant funds to other local governments if they have identified needs. The local government recipient will still need to comply with Treasury guidance and treat these funds as federal financial assistance. Reporting requirements would apply to the final recipient, and the grantor should communicate to OMB the transfer.

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			

Scope of Work, Justification and Estimated Funds	ESTIMATED Funding Ranges		Public Safety	Community Resilience	Economic Recovery
Distribution to qualified businesses and nonprofits outside of city limits that demonstrate economic hardships based on previous sales tax history, 990, IRS Schedule C	\$15,000,000	\$8,000,000	✓	✓	✓
Provide waivers for borough sales tax penalties	\$25,000	\$20,000	✓	✓	✓
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)	\$2,800,000	\$2,000,000	✓	✓	✓
Reimburse borough emergency protective measures, personnel, supplies, software/hardware, sick leave, unemployment (FY20 ending 06/30/20)	500,000	\$300,000	✓		
Absentee vote by mail campaign: advertising, online application with signature verifications, database integration, GIS verification	600,000	\$400,000	✓	✓	
Public access through technology - Phase 1:					
Remote meeting integration in assembly chambers Granicus Streaming platform (Portable Encoder and Sound/Video System); closed captioning	\$80,000	\$60,000	✓	✓	
Support improved public access to internet through communications tower site development and through communications infrastructure grants	\$2,000,000	\$1,200,000	✓	✓	✓
Retrofit assembly chambers to accommodate physical and technological integrations.	\$200,000	\$150,000	✓		

Kenai Peninsula Borough School District response and preparedness measures.	\$1,700,000	\$1,000,000	✓	✓	✓
COVID19 testing equipment to provide mass testing capabilities on the central peninsula. Equipment to reside at Central Peninsula Hospital.	\$650,000	\$525,000	✓	✓	✓
Retrofit borough facilities, i.e. touchless sinks, bathroom doors, physical separation barriers, etc.	\$500,000	\$300,000	✓	✓	
Incident Management Team remote work/PC upgrades	\$67,000	\$60,000	✓		
Remote work kits for telework	\$116,000	\$100,000	✓		
GIS upgrades to complete remote assessment needs	\$600,000	\$500,000	✓	✓	✓
Public access through technology - Phase 2:					
9-1-1 Backup dispatch answering center	\$802,000	\$780,000	✓	✓	✓
Communications engineering analysis for redundant and emergency communications	\$100,000	\$75,000	✓	✓	
Second distribution to businesses/nonprofits	\$3,648,449	\$3,000,000	✓	✓	✓
Solid Waste woody debris, slash disposal four (4) sites	\$200,000	\$120,000	✓	✓	
FY21 KPB personnel, response, recover costs (07/01/20 - 12/30/20). Recoup projected loss revenue to restore the borough general fund, fund balance for 03/01/20 - 12/30/20 (pending amendment to the CARES Act).	\$7,000,000	\$5,000,000	✓	✓	✓
➤ ESTIMATES ONLY - RANGE TOTALS	\$37,458,449	\$24,310,000			



Kenai Peninsula Borough

CARES Act Coronavirus Relief Fund

Assembly Work Session Presentation ~ June 11, 2020 ~ 2:00 PM

Project Introduction: The Bullet Points

- 💰 Fund uses and restrictions**
- 💰 Payment Installments**
- 💰 Application Process**
- 💰 Transparency and Public Engagement**
- 💰 Program Demobilization**

CARES Act: Coronavirus Relief Fund

- ① **Social Security Act, Section 601**
- ① **OMB Unified Guidance 2 CFR 200**
- ① **Borough Code of Ordinances**
- ① **Alaska State Statutes**

Relief Fund Payments & Proposed Spending Plan



PAYMENT #1

- Businesses/Nonprofits
- Sales tax waivers
- Hospital Protective Measures
- Volunteer Fire Departments
- KPB Fire & EMS, Response, and Personnel costs
- Absentee Vote-by-Mail
- Public Access through Technology - Phase 1

PAYMENT #2

- School District Projects
- Mass Testing Equipment
- Building Retrofits
- IMT & Telework Remote Work Kits/Upgrades
- GIS Upgrades for Remote Assessments
- Public Access through Technology - Phase 2

PAYMENT #3

- Second Distribution to Businesses/Nonprofits
- Solid Waste Disposal Sites
- FY21 KPB personnel, response, recovery costs
- Lost Revenue*

PAYMENT #1 = \$21,325,715

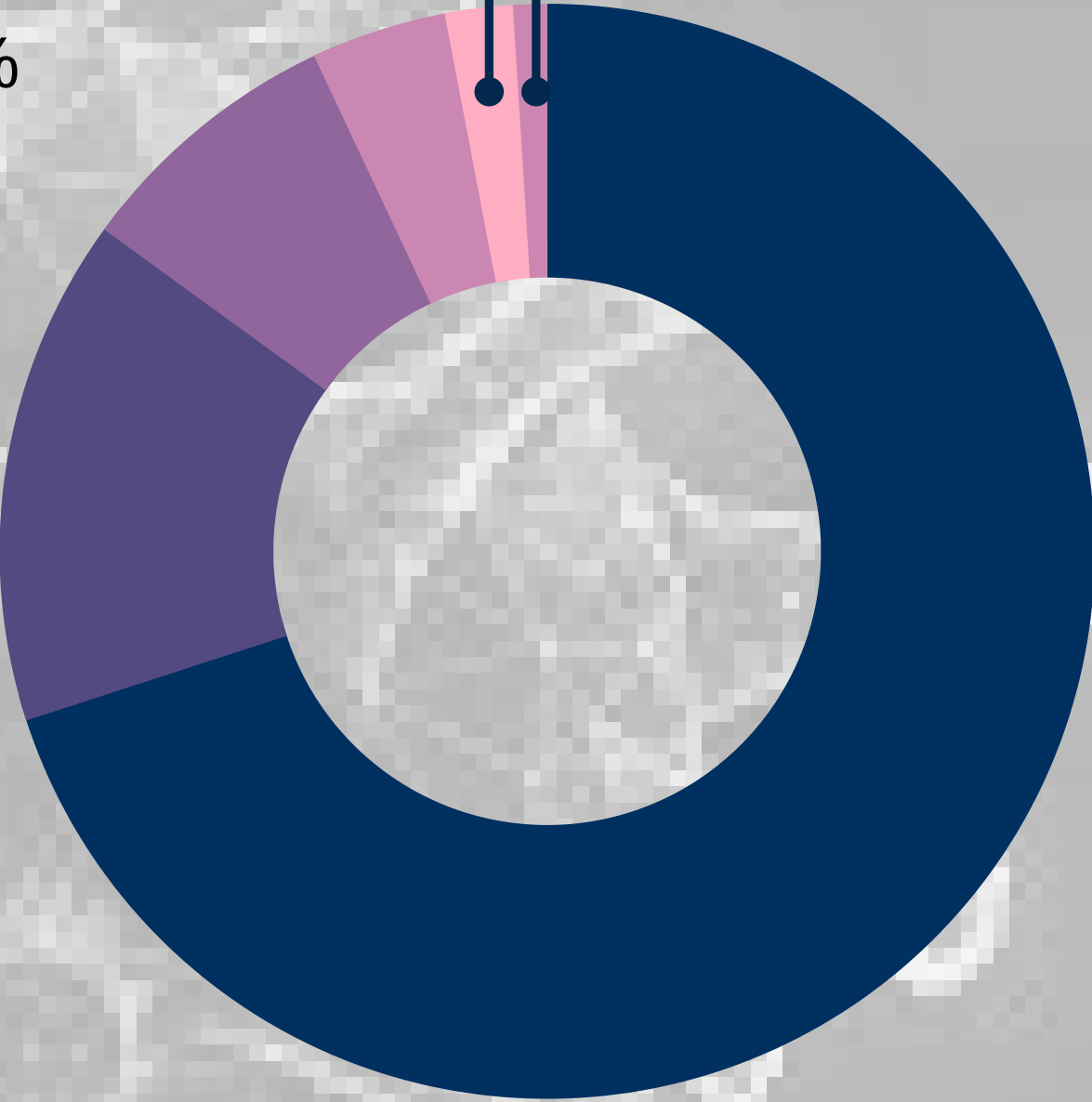
Public Access through Technology Phase 1

- Remote meeting integration in chambers, remote site public meeting hard/software
- Retrofit Chambers - physical distancing
- Improved public access to internet, i.e. towers and communication infrastructure grants.

KPB Departments, Service Areas response, supplies, and personnel Costs (06/30/20)
15%

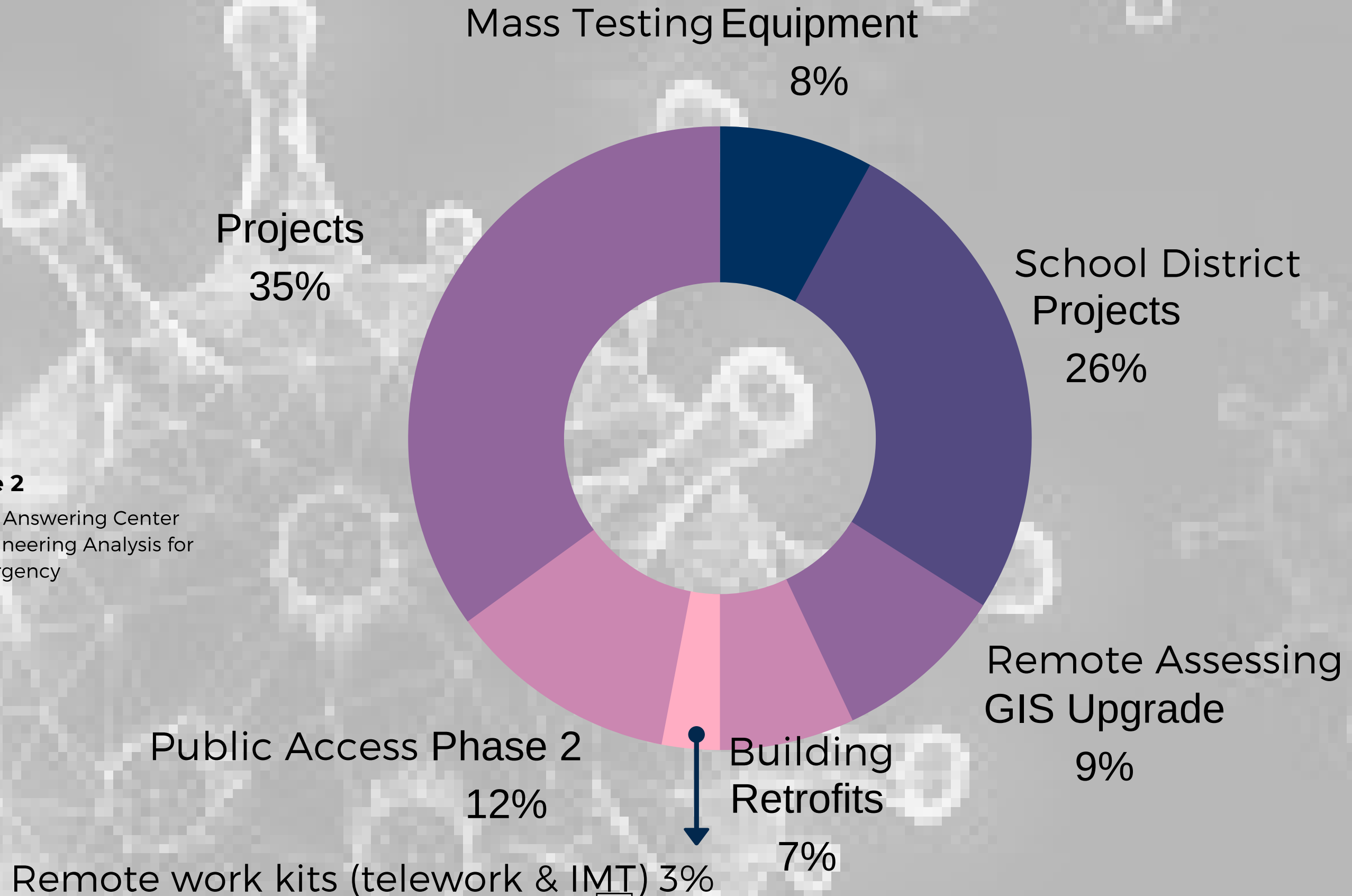
Public Access Phase 1
8%

Hospitals 4%
Absentee Vote Campaign 2%
Fund Reserve (~\$2M) 1%



Businesses/Nonprofits, KPB Sales Tax Penalty Waivers, and Volunteer Fire Departments
70%

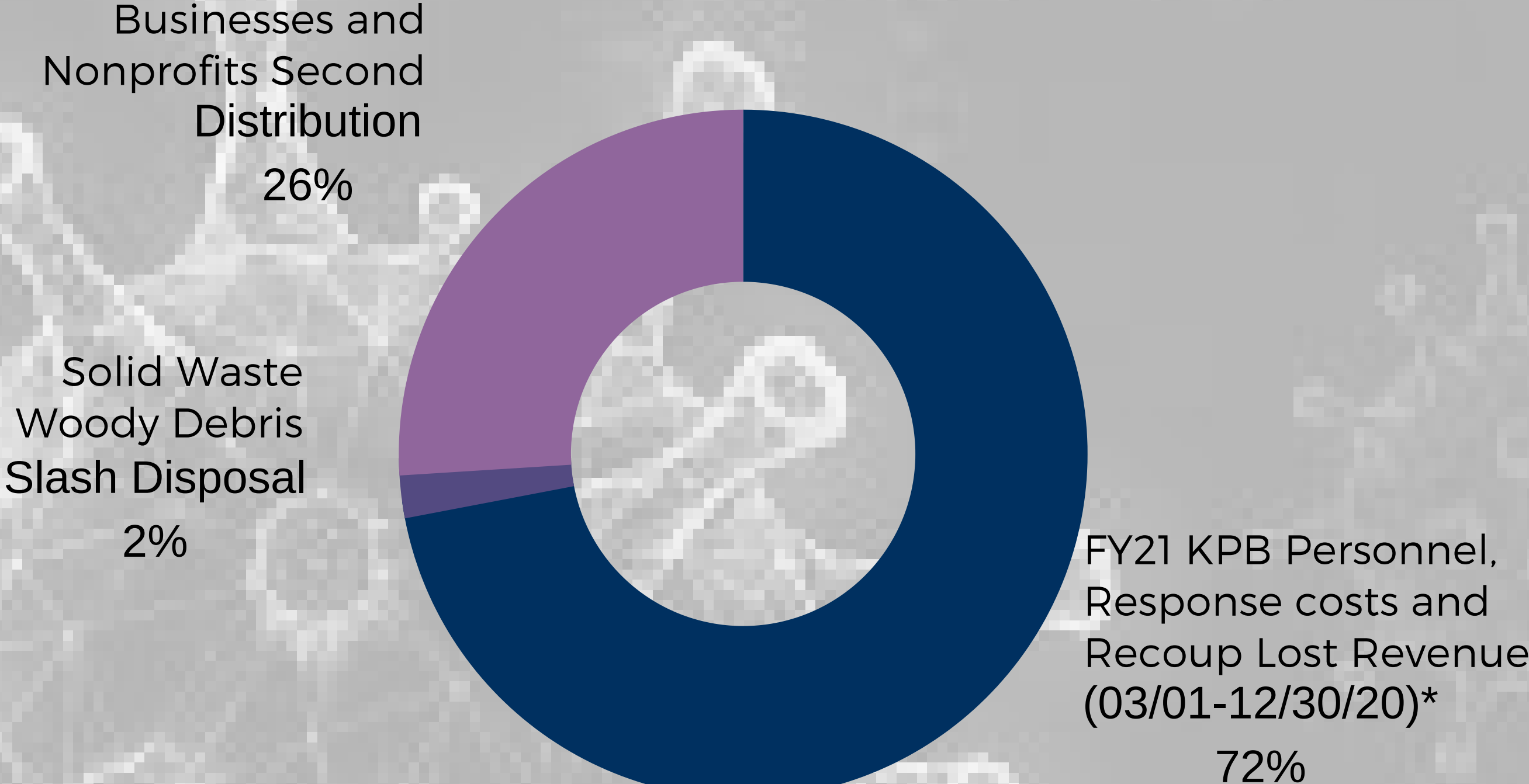
PAYMENT #2 = \$6,453,094 (80%)



Public Access Phase 2

- 9-1-1 Backup Dispatch Answering Center
- Communications Engineering Analysis for redundancy and emergency communications

PAYMENT #3 + 20% OF PAYMENT #2 = \$9,679,640



*Pending CARES Act amendment

BUSINESSES & NONPROFITS: Pre-award to Closeout



Eligibility and Verification

1. Sales Tax History, 990 and/or IRS Schedule C
2. KPB Compliance
3. Application (online option)
4. Certification & Self-attestation
5. Finance threshold verification
6. Grant Program Review
7. Payment Release



Award Thresholds

- \$20K - \$50K = up to \$1,500
- \$50K - \$100K = up to \$4,500
- \$100K - \$250K = up to \$11,250
- \$250K - \$500K = up to \$17,500
- >\$500K = up to \$28,000



Accountability and Closeout

1. Oversight and test awards
2. Issue grant agreements for large awards
3. Adhere to federal regulations
4. Adhere to KPB code and AK Statutes

PUBLIC TRUST: Project Tracking & Transparency

- SharePoint - Common Operation Picture**
- Informational Campaign**
- Facebook Live/Call Center Event(s)**
- GIS Dashboard - Life to Date Actions**
- In-person Application Sites**
- Communications w/ State Programs & Cities**

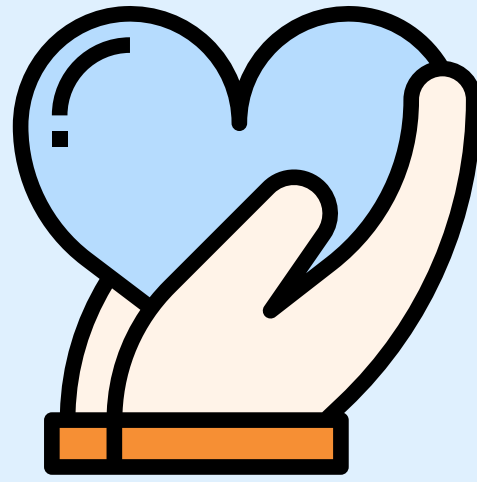
WHOLE TEAM: Project Engagement & Demobilization



POLICY MAKERS
and
ADMINISTRATION



DEPARTMENTS
DIVISIONS
and
SCHOOL
DISTRICT



SERVICE AREAS
First Responders
Hospitals
Recreation
Roads



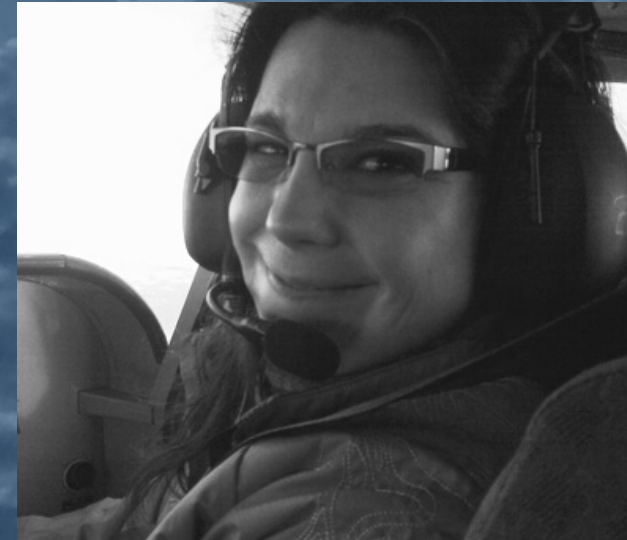
EMERGENCY
MANAGEMENT
and
DISPATCH
CENTER



CITIZENS
COMMUNITIES
CITIES
and
PARTNERS

10

Questions & Comments



BRENDA AHLBERG

Community & Fiscal Projects Manager

bahlberg@kpb.us

907-714-2153

Kenai Peninsula Borough Community & Fiscal Projects

MEMORANDUM

TO: Kelly Cooper, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Mayor *CP*

FROM: Brenda Ahlberg, Community & Fiscal Projects Manager *Bl*
Brandi Harbaugh, Finance Director *BH*
Colette Thompson, Borough Attorney *CT*

DATE: June 16, 2020

RE: Amendments to Ordinance 2019-19-39, Approving 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 (Mayor)

Following are two sets of amendments requested for this ordinance which include the amendment previously submitted in the packet and a new set of amendment. These are combined into one memo to avoid confusion in numbering the sections if the amendments are approved.

The first amendment authorizes the mayor to waive sovereign immunity which is required by the State of Alaska's Coronavirus Relief Grant Agreement. The second one relates to the business and nonprofit grant awards. It authorizes the mayor to temporarily waive a code prohibition against awarding contracts to entities that are out of compliance with the borough sales tax code as a result of the pandemic.

The second set of amendments would authorize the administration to partially waive a provision of the code. The funds to be appropriated in this ordinance are to respond to the public health emergency resulting from the coronavirus pandemic. While developing plans for the allowed expenditures of these funds it was determined that a section of the code, KPB 5.28.140, could prohibit awarding grants to Coronavirus Relief Fund applicants that are out of compliance with the borough tax codes as a result of the pandemic. Waiving a code provision must be done by ordinance.

This amendment would authorize the administration to waive that provision if a business or nonprofit applying for a grant funded with these funds is current in its

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June 16, 2020
Re: O2019-19-39 Amendments

sales tax payments through the filing period ending December 31, 2019. The applicant must also be current in its sales tax registration, all filings and all other sales tax requirements as of the date of the grant application. Returns and payments for December 31, 2019 were due February 1, 2020. Using this deadline treats monthly, quarterly and annual sales tax filers equally for grant eligibility purposes and is consistent with the time COVID19 began impacting the borough.

(Please note additions are in bold and underlined and deletions are in bold and stricken out.)

- Amend the title as follows:

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 AND AUTHORIZING A PARTIAL TEMPORARY WAIVER OF THE PROHIBITION AGAINST CONTRACTING WITH A CORONAVIRUS RELIEF FUND APPLICANT IF THE APPLICANT IS IN VIOLATION OF CERTAIN SALES TAXATION REQUIREMENTS

- Insert a new final whereas clause as follows:

WHEREAS, it would be consistent with the purposes of these grant funds to authorize the administration to temporarily waive the prohibition against awarding a contract to Coronavirus Relief Fund applicants (“Applicants”) found to be in violation of certain borough sales tax payment requirements solely for purposes of awarding a grant to an otherwise qualified Applicant under the program to be established using the funds appropriated in this ordinance;

- Insert the following new Sections 4 and 5, and renumber the existing sections 4 and 5 to Sections 6 and 7:

SECTION 4. The Kenai Peninsula Borough agrees that upon award of the CRF grant funds from the State of Alaska described above in this ordinance, it shall waive its sovereign immunity with respect to State enforcement of the Coronavirus Relief Fund Grant Agreement to the extent required by Article 37 of the Department of Commerce, Community, and Economic Development Division of Community and Regional Affairs.

SECTION 5. That the mayor is authorized to waive the prohibition in KPB 5.28.140 against contracting with an entity if it is in violation of any borough

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June 16, 2020
Re: O2019-19-39 Amendments

sales taxation ordinance, solely for purposes of issuing a grant under the borough Coronavirus Relief Fund Program subject to the following provisions:

To qualify for this waiver an otherwise qualified Applicant must be current in its sales tax payments through the filing period ending December 31, 2019 and otherwise current in its sales tax registration, all filings and all other sales tax requirements as of the date of the grant application. Additionally, an Applicant currently in bankruptcy or subject to a Borough lien for unpaid sales taxes is not eligible for this waiver. This waiver shall sunset on September 30, 2020 with the sales tax payments and returns due November 1, 2020. This applies to all Applicants, including businesses and nonprofit organizations.

- Amend the new Section 7 as follows:
- **SECTION [5]Z.** This ordinance shall become effective **retroactively on March 1, 2020 immediately upon its enactment.**

Your consideration of these amendment is appreciated.

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: