

Local Government CARES Act Expenditures

Alaska Municipal League

May 20, 2020

Disclaimer: It is not the intent of AML to provide legal or financial advice to local governments charged with executing the administration of State and Federal funds for the purposes of Coronavirus Relief. The content of this presentation is for discussion purposes only and it is not a substitute for obtaining your own legal and financial advice; action should only be taken in consultation with municipal attorneys and finance officers, and based on official U.S. Treasury guidance in accordance with the State grant agreement. Expenditures should be necessary and allowable.

Local Government Goals

- Making Communities Whole
 - Residents who have what they need to stay or become employed
 - Businesses that remain viable in the short and long term
 - Local governments that maintain services and avoid large tax increases
- Demonstrating Good Governance
 - Compliance – following U.S. Treasury guidance
 - Reporting – complete all reporting requirement of OMB
 - Outcomes – track the impact and net effect of their expenditures

Ultimately, together we want to say that “Alaska’s local governments have been good stewards of these funds, which have alleviated economic hardship, provided support for public health measures, and sustained the capacity of cities and boroughs to provide essential services to residents and businesses.”

Treasury Guidance

- “Necessary” expenditure is determined by local government official
- No lost revenue replacement, nor anything that appears as such
 - No utility payments or property tax relief, except in relation to individual circumstance
- Can include staff time even though already budgeted, if staff time applied to public health emergency
- State can transfer to local governments, and local governments to one another or the State, as needed to address the public health emergency
- Workers compensation and unemployment insurance coverage allowed
- Interest earned must be used consistent with original purpose
- Assets acquired for public health emergency purposes may be kept
- Recovery planning efforts are an allowable expense
- Hospital and school support allowed
- Record-keeping sufficient to demonstrate compliance

Short-term allowable expenditures

See official Treasury Guidance – this is only a snapshot and interpretation

- All staff time spent on public health emergency
 - Leave requirements of the FFCRA or implemented locally
 - All first responders and EOC personnel
- All responses to Federal or State Health Mandates
 - Arguably any closures of public facilities
- Plus additional costs of direct response – PPE, telework, outreach
- Hospitals, schools, vulnerable population support
- Economic recovery planning and business community support

Long-term allowable expenditures

See official Treasury Guidance – this is only a snapshot and interpretation

- Public Health Emergency
 - Preparation for additional surges in cases as reopening continues
 - Interstate travel restrictions will have biggest impact, potentially
 - Eight more months, at least, of crisis management and recovery
 - Vulnerable population support
- Social distancing, hygiene, and sanitizing
 - Water and wastewater improvements
 - Public building redesign and improvements
 - Additional staff needs for implementation
 - Rethinking service delivery
 - Crisis communications

Secondary impacts

See official Treasury Guidance – this is only a snapshot and interpretation

- All actions in support of businesses, residents, and nonprofits that have demonstrated economic hardship
 - Consider whether broader economic hardship statement can be made
- Local control of priority investments
 - Development and implementation of grant programs
 - Training programs for workforce or furloughs
 - Legal and consultant fees
 - Municipal owned airports, hospitals, school districts, ports, and utilities
 - Contract deferral costs; vendor replacement costs

Buckets + Timing

- Direct Expenses – PPE, sanitation, distancing, hygiene, comms
- Payroll – public health and safety, EOC, reallocated time
- Service delivery – redesign public facilities to meet public health need
- Community Support – food, schools, vulnerable populations
- Economic Support – grants to businesses, nonprofits, residents
- Reserves – potential need for response later in the year

Not use it or lose it (80% spent for access to next tranche) – strategic deployment of funds to meet different needs in different timescales

- Mar/Now July 1 October 1

Fill the Gap

- Childcare – identified by partners as the #1 impediment for return to work
- Rental relief – partnership with AHFC to augment State funding and collaborate on impact
- Businesses and nonprofits – meet or augment unmet need of Federal and State programs
- K-12 – separate CARES Act funds with different purposes; explore how to leverage funds
- University – separate CARES Act funds with different purposes; explore how to leverage funds
- Hospitals – separate CARES Act funds with different purposes; identify what needs remain

Potential Uses – Example #1

Expenditures for renovations of municipal buildings and/or procurement of equipment to enhance social distancing, protect against secondary COVID-19 virus transmission, and enhance remote access of Municipal services:

- Create 1-stop customer service centers;
- Renovate HVAC system to add HEPA filters
- Deep clean entire building & replace floor coverings
- Install key card access
- Purchase state-of-the-art IT equipment for better remote meeting capability
- Purchase IT software/equipment for greatly enhanced online access to municipal functions (online sales tax filing, building permit requests, etc.)

Expenditures for community centers and local education to enhance social distancing, protect against secondary COVID-19 virus transmission, enhance distance learning, and deal with emotional trauma in children:

- Purchase distance learning hardware for each student
- Purchase distance learning software and IT hardware
- Purchase food service equipment to permit dining in each classroom
- Hire a temporary mental health counselor for each school
- Remodel libraries, locker rooms, common areas to accommodate social distancing

Potential Uses – Example #1

Expenditures for direct financial assistance to business, nonprofits, and citizens to offset the adverse economic impacts of the COVID-19 pandemic;

- Direct payments by municipality into utility accounts of vulnerable citizens/businesses
- Direct payments by municipality into moorage accounts of vulnerable citizens/businesses
- Direct stimulus payments to residents

Expenditures for economic assistance to businesses, nonprofits, and residents to assist in recovery from loss of business or employment resulting from the COVID-19 pandemic;

- Direct business loans that turn into grants
- Direct payments by to pay off bad debts of citizens/businesses that can't repay the debts due to loss of jobs/business
- Purchase of fish from commercial fisherman for free distribution to citizens

Expenditures for new programs to identify or protect against COVID-19 virus transmission, or, protect vulnerable populations against COVID-19 virus transmission or poverty-related impacts of the pandemic.

- Create and operate municipal food pantry or essential food package distribution system
- Create and operate a homeless shelter
- Create and operate a job training/retraining program
- Create and operate a new business incubator

Potential Uses - Example #2

- 1.) Gym Rehabilitation: Fix facility for use as quarantine and/or displacement shelter for boat crews unable to secure housing including separation curtains, heating system and fire doors.
- 2.) City Hall Rehabilitation: Install key systems/panic bars to close off sections of the building access not permissible/open to public. Source physical barriers to create hallway for Post Office Access
- 3.) Airport Rehabilitation: Purchase professional signage and install for traffic flow. Signage should also include TSA screening room flow reductions.
- 4.) Facility Expense: Deep Clean Janitorial for City Hall & Airport Terminal above and beyond weekly tidying. Need labor and chemicals (including HazMat shipping). Need to purchase water heater for facility.
- 5.) Subsidize Expense: COVID Testing (now a billable charge); consider purchasing rapid test system and kits.
- 6.) Subsidize Expense: Provide reimbursement for purchase of medical evacuation insurance for "residents"?
- 7.) Direct Expense: EOC participation and City Manager Time
- 8.) Direct Expense: Conference system expenses for virtual City Council mtgs
- 9.) Direct Expense: Legal expenses - Health Mandates and enforcement prep

Potential Uses - Example #2

10.) Direct Expense: PPE for personnel and disposable masks for travelers

11.) Direct Expense: Reimburse difference in price for shipping goods.

12.) Needs: Need to formally setup EOC space - need equipment and permanent telecommunications

13.) Needs: Need to be able to provide information timely to residents besides texting - Establish a COA TV channel similar to MOA public channel

14.) Needs: IVR phone system - properly handle traffic management of calls and extensions needed for communication. Inability to forward calls to offsite employees or emergency "transfer" for potential Public Safety (VPSO) dispatch.

15.) Economic Stabilization: Local Telecommunications company (Private): Provide for "basic" (new package with just 360 North, ARCS, "Command Channel" and City Channel) w/one cable box to "residents" - one per household. Any service above responsibility of person.

16.) Economic Stabilization: Local Electric company (Private): Contribute to stabilizing the COPA (Fuel) "account" to offset rise in power costs (secondary impact of public health emergency).

17.) Reserve: Hold 20% for unanticipated emergency response.

Potential Uses - Example #3

- Election by Mail costs
- Upgrades to Granicus to allow for e-comments, and other upgrades to allow for a more transparent public process while supporting social distancing.
- New sales tax program for local businesses that allows businesses to file and pay online supporting social distancing.
- Public Bathrooms – Public Health
- HVAC maintenance for Public Buildings.
- Ad Space for Businesses to share their COVID-19 Safety policies (most of the public health requirements seem to be going out the window in phase 2-3)
- Reimbursing Canneries for their COVID-19 testing of workers.
- Utility subsidies to account holders that are deemed by the recipient to be necessary expenditures incurred due to the COVID-19 health emergency.
- Reimbursements to small businesses for extra safety precautions and cleaning supplies.
- When available, voluntary serological testing of all residents.
- Support for nonprofits involved in aiding vulnerable populations during Covid-19 (Older adults, homeless, food security, rental assistance, utility assistance) and cost of cleaning/disinfecting.
- Support of summer food program for 0-18, transportation costs.

Potential Uses - Example #3

- Internet access for at-risk kids for the upcoming school year.
- Handwashing/sanitizing stations downtown and harbors.
- No touch thermometers for businesses, nonprofits, public buildings etc.
- Stockpile of PPE for future
- Create/expand internet hotspots.
- Support for daycare
- Mental Health services for residents.
- Temporary Janitor of public restrooms
- All costs associated with Public Safety. Aquatic center deck shower/motion censored showers/soap dispensers.
- Parade barricades/fencing

Monthly Reporting

All the potential uses then need to fit within the following categories, which are straight from Treasury guidance

Totals for:

- Medical
 - Public Health
 - Payroll
 - Compliance
 - Economic Support
 - Other
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- Over \$25k requires additional description