

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2020-12

CREATING BUDGET AMENDMENT #10 TO THE FISCAL YEAR 2020 BUDGET, RECOGNIZING CARES ACT REVENUE OF \$5,477,777 AND INCREASING COVID-19 RELATED BUDGETED EXPENDITURES BY \$5,477,777 IN THE CARES ACT SPECIAL REVENUE FUND

BE IT ENACTED BY THE UNALASKA CITY COUNCIL

Section 1. Classification: This is a non-code ordinance.

Section 2. Effective Date: This ordinance becomes effective upon adoption.

Section 3. Content: The City of Unalaska FY20 Budget is amended as follows:

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

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

Amendment No. 10 to Ordinance #2019-07

	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
I. OPERATING BUDGETS			
A. Governmental Funds			
Sources:			
CARES Act Special Revenue Fund - Grant revenue	\$ -	\$ 5,477,777	\$ 5,477,777
Uses:			
CARES Act Special Revenue Fund - COVID-19 expenditures	\$ -	\$ 5,477,777	\$ 5,477,777

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on July 28, 2020.



Dennis M. Robinson
Vice Mayor

ATTEST:



Marjie Veeder, CMC
City Clerk



CITY OF UNALASKA

**Summary of Budget Amendment and Schedule of Proposed Accounts
Budget Amendment 10 to the FY20 Budget**

- 1) CARES Act Special Revenue Fund - Operating Budget
 - Add \$5,477,777 to Federal Grants-Unrestricted revenue to recognize CARES Act grant revenue
 - Add \$5,477,777 to operating expenditures in the CARES Act fund to recognize COVID-19 related expenditures of CARES Act funds.

	Org	Object	Project	Current	Requested	Revised
1) CARES Act Fund - Operating Budget						
Sources:						
Federal Grants - Unrestricted	13010041	42310		\$ -	\$ 5,477,777.01	\$ 5,477,777.01
Uses:						
EM002 - COVID-19 Emergency Protective Measures						
Salaries and Wages	13020051	51100	EM002	\$ -	\$ 186,401.46	\$ 186,401.46
Temporary Employees	13020051	51200	EM002	\$ -	\$ 2,899.34	\$ 2,899.34
Overtime	13020051	51300	EM002	\$ -	\$ 4,699.78	\$ 4,699.78
Health Insurance Benefit	13020051	52100	EM002	\$ -	\$ 37,851.44	\$ 37,851.44
FICA/Medicare Employer Match	13020051	52200	EM002	\$ -	\$ 14,673.68	\$ 14,673.68
PERS Employer Benefit	13020051	52300	EM002	\$ -	\$ 37,817.24	\$ 37,817.24
Unemployment Ins Benefit	13020051	52400	EM002	\$ -	\$ 837.72	\$ 837.72
Workers Compensation Ins	13020051	52500	EM002	\$ -	\$ 3,027.11	\$ 3,027.11
Other Employee Benefits	13020051	52900	EM002	\$ -	\$ 70.90	\$ 70.90
Legal	13020052	53230	EM002	\$ -	\$ 63,352.00	\$ 63,352.00
Other Professional	13020052	53300	EM002	\$ -	\$ 364,003.00	\$ 364,003.00
Water / Sewerage	13020052	54110	EM002	\$ -	\$ 500.00	\$ 500.00
Solid Waste	13020052	54210	EM002	\$ -	\$ 500.00	\$ 500.00
Custodial Services/Supplies	13020052	54230	EM002	\$ -	\$ 275.00	\$ 275.00
General Insurance	13020052	55200	EM002	\$ -	\$ 20,000.00	\$ 20,000.00
Telephone / Fax / TV	13020052	55310	EM002	\$ -	\$ 800.00	\$ 800.00
Network / Internet	13020052	55320	EM002	\$ -	\$ 20,434.00	\$ 20,434.00
General Supplies	13020052	56100	EM002	\$ -	\$ 397,000.00	\$ 397,000.00
Computer Hardware / Software	13020052	56150	EM002	\$ -	\$ 2,000.00	\$ 2,000.00
Electricity	13020052	56220	EM002	\$ -	\$ 2,000.00	\$ 2,000.00
Heating Oil	13020052	56240	EM002	\$ -	\$ 800.00	\$ 800.00
Food/Bev/Related Emp Apprctn	13020052	56330	EM002	\$ -	\$ 3,500.00	\$ 3,500.00
Other	13020052	55999	EM002	\$ -	\$ 2,605,786.55	\$ 2,605,786.55
Community Grants	13020052	58400	EM002	\$ -	\$ 500,000.00	\$ 500,000.00
EM004- Stay at Home Personnel						
Salaries and Wages	13020051	51100	EM004	\$ -	\$ 743,414.73	\$ 743,414.73
Health Insurance Benefit	13020051	52100	EM004	\$ -	\$ 228,281.73	\$ 228,281.73
FICA/Medicare Employer Match	13020051	52200	EM004	\$ -	\$ 56,871.39	\$ 56,871.39
PERS Employer Benefit	13020051	52300	EM004	\$ -	\$ 157,790.01	\$ 157,790.01
Unemployment Ins Benefit	13020051	52400	EM004	\$ -	\$ 6,158.57	\$ 6,158.57
Workers Compensation Ins	13020051	52500	EM004	\$ -	\$ 13,755.73	\$ 13,755.73
Other Employee Benefits	13020051	52900	EM004	\$ -	\$ 2,275.63	\$ 2,275.63
					\$ 5,477,777.01	\$ 5,477,777.01

MEMORANDUM

To: Mayor and City Council Members
From: Jim Sharpe, Interim Finance Director
Through: Erin Reinders, City Manager
Date: July 14, 2020
Re: Ordinance 2020-12: Creating budget amendment #10 to the fiscal year 2020 budget, recognizing CARES Act revenue of \$5,477,777 and increasing COVID-19 related budgeted expenditures by \$5,477,777 in the CARES Act special revenue fund

SUMMARY: This ordinance will create a budget for the CARES Act special revenue fund that will recognize the portion of Unalaska's total anticipated CARES Act revenue that we received during June of 2020 and establish a budget for expenditures of those funds.

PREVIOUS COUNCIL ACTION: On April 2, 2020, Council adopted emergency Ordinance 2020-04 creating budget amendment #7 to the fiscal year 2020 budget, creating an appropriation for costs associated with the City's response to the COVID-19 pandemic; this was later converted into budget amendment #9 through Ordinance 2020-09 on May 6, 2020.

On May 26, 2020 council adopted Resolution 2020-37, authorizing the city manager to sign a grant agreement with the State of Alaska Department of Commerce, Community, and Economic Development and accepting coronavirus relief funds in the amount of \$13,453,952 for costs that are for necessary expenditures incurred due to the public health emergency with respect to the coronavirus disease 2019 (COVID-19).

BACKGROUND: On June 4, 2020, the City received \$5,477,777 from the Alaska DCCED, which was the first of 3 anticipated distributions of federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) money passed through the state of Alaska to Unalaska. The city must expend at least 80% of each distribution before the following distribution will be sent.

Budget amendments #7 and #9 were made to the City Manager's budget; CARES Act guidance recommends that costs be tracked separately. Therefore, staff has created a new fund in the accounting system to track costs. This will also assist in meeting reporting requirements as all CARES Act costs will be captured in one location in the City's accounting system.

The proposed budget amendment establishes a budget for the new fund and will allow staff to move COVID-19 related costs incurred to date from the City Manager's budget to the newly established fund. Any additional fiscal year 2020 costs recorded subsequent to budget amendment approval will be reflected in the newly established fund.

Communities receiving these payments are required to certify compliance with federal guidance regarding expenditures of CARES Act funds. Communities will be required to reimburse the state for any misspent funds.

The budget included with the proposed amendment differs from the allocations included in Resolution 2020-47 presented to Council at tonight's Council meeting due to the focus on response prior to June 30, 2020. Additionally, no grant funds were disbursed during FY 2020.

DISCUSSION: The city has been informed that they are eligible to receive up to \$13,453,952 in CARES Act funds during the grant period. The funds may only be used for expenses that are incurred between March 1 and December 30, 2020. Since the grant period spans the City's fiscal year a special revenue fund with a multi-year budget was created. This will allow the City to appropriately track and report grant revenues and expenditures.

This amendment to the FY20 budget will create a budget in the CARES Act special revenue fund for the grant money received during FY20 and the expenditures associated with those funds. The anticipated grant revenue expected during the first half of FY21 and the associated expenditures will be the subject of a second budget amendment at the beginning July that will amend the FY21 budget. Creating two separate budget amendments is strongly recommended because of the way that Munis treats the amounts budgeted in multi-year funds during the transition period between fiscal years.

ALTERNATIVES:

1. Council can approve the budget amendment as proposed
2. Council can alter the amounts included in the amendment and approve
3. Council can choose to delay adoption of the amendment to a future date

FINANCIAL IMPLICATIONS: The proposed amendment will move costs from the City Manager's budget into the new established fund and allow CARES Act eligible costs to be accounted for in one location on a go forward basis.

LEGAL: Not Applicable

STAFF RECOMMENDATION: Staff recommends Council adopt Ordinance 2020-13.

PROPOSED MOTION: I move to schedule Ordinance 2020-12 for second reading and public hearing on July 28, 2020.

CITY MANAGER COMMENTS: I support staff's recommendation.

ATTACHMENTS: None