

Local Government Impact

Alaska Municipal League

Emergency declarations

- Goal: Clear point of contact, budget flexibility, mobilize response
- Unified Command lists 87 declarations received
 - AML has collected 73 of those and passed them to Unified Command
- Process involves drafting, governing body passage
 - Amendments may be necessary, including to extend as the crisis continues
- Additional types of resolutions in response to State Health Mandates
 - Every change or addition at the State level requires adaptation at the local
- Municipal managers often have leadership roles
 - Elected officials have broader responsibility to set policy

Emergency management

- Goal: Emergency operations, state and federal communications
- Unified Command lists 20 active municipal EOCs
 - AML has provided points of contact for 165 cities and boroughs
- Incident commander in each community, with teams of public officials dedicated to managing crisis
- Responding to State and Federal emergency officials within the Unified Command – clarifying mandates and resources
- Implementing federal, state and local decisions effectively
- Coordinating response to resident concerns

Travel restrictions

- Goal: Avoid community spread and overwhelmed health facilities
- Implemented in majority of remote (off road system) communities, either by tribe or city, or both
- Manage incoming visitors to require quarantine or other protective measures
- Dissuading non-essential visits
- Communities overcoming general confusion about role and responsibilities, including in response to changes to State mandates
- Restricting inter-state travel perhaps most effective mitigation measure of state; local control of in-state travel ensures further community protection, especially where small or no health facilities

Responding to public health crisis

- Goal: Mitigation measures, active first responders, PPE, testing
- Implementing State Health Mandates and CDC guidance
- Implementing local actions that protect public health
 - Different by class and powers
 - what can we do vs. what can we ask public to do
- Requesting resources from State EOC
- Establishing continuity of operations
- Identifying essential and non-essential staff and reallocating staff time and overtime
- Working with business and nonprofit partners

Hunkered down

- Goal: Closed public facilities, operating remotely, continued service
 - Libraries - closed but some offering curbside pickup, online access
 - Pools – closed, maintenance required
 - Rec Centers – closed, maintenance required
 - Museums - closed
- City offices
 - Staff remote working except for essential services
 - Appointment only – reduce lines, total overall traffic
 - No physical transactions – deferred payments, no cash, online services
 - Council and Assembly meetings conducted virtually, with public participation

Budgets

- Goal: Addressing significant lost revenues
- Current Budget
 - Spending from savings – emergency management, uncertain reimbursement
 - Furloughs implemented, offset by overtime and reallocated staff time
 - Closed facilities plus lost tax revenue
- FY21 Budget
 - Tax increases – may be necessary, especially for school bond debt reimbursement; recognize challenges during economic crisis
 - Program reduction – least likely right now, with economic rebound needed
 - Spending from saving – less available for future emergencies
 - Significantly reduced as used to manage current crisis

Implementing business and resident support

- Goal: Alleviate resident and business economic crisis
- Implement grants, waivers and extensions
 - At least two communities have provided direct resident support
 - At least one community has provided grants or loans to businesses
 - A number of communities have been supporting nonprofits
 - All utilities have been kept connected, with payments extended and fees waived or extended
- Economic task forces launched in collaboration with local business community
- Leveraging technology – what's open and what's changed
- Resource- and information-sharing

Costs of COVID

- Short-term expenditures = \$150-250 million
 - Short-term lost revenues = \$250-400 million
 - Long-term expenditures = \$150-250 million
 - Long-term lost revenues = \$400-500 million
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- Short = March through May/June
 - Long = June/July through December

Short-term allowable expenditures

- All staff time spent on public health emergency
 - 7,691 employees affected – 20% majority of time
 - 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
- 20% to 50% variable impacts to \$2.5 billion budgets over a quarter
- Plus additional costs of direct response – PPE, telework, outreach
- Hospitals, schools, vulnerable population support
- Economic recovery planning and business community support

Snapshot

- 17 municipalities provided current estimates of costs
- Roughly accounted for \$87 million, even though many left expense side off
- \$640 average per capita expenditure on direct and secondary impacts (not including lost revenue) = \$528 million
- About equal to 45% with very early estimations by municipalities
- Varies widely by class and powers adopted – any per capita formula doesn't accurately differentiate by roles and responsibilities, thus miscalculating impacts and need

Long-term allowable expenditures

- 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

- All actions in support of businesses, residents, and nonprofits that have demonstrated need
- 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

Potential Uses

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

Expenditures for direct financial assistance to private business 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 mortgage accounts of vulnerable citizens/businesses
- Direct stimulus payments to residents

Expenditures for economic assistance to private businesses 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

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 State, as needed to address public health emergency
- Workers compensation coverage allowed for public facing personnel
- 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 support allowed
- Record-keeping sufficient to demonstrate compliance

Conclusions

- Local governments are currently undervaluing their allowable expenditures under the CARES Act guidance –
- Local governments should be able to expend their overall total allocation of CARES Act funding but will still see a relative and significant deficit
- A municipality and OMB should be able to identify unspendable or unspent funds that may need to be redistributed to communities in demonstrable need. This is easily accomplished under the current structure.
- It is very difficult to anticipate expenses over the next eight months, assuming potential spikes or surges of Coronavirus cases.
- Community support mechanisms can be led by local governments, to strengthen and provide relief to businesses, organizations and individuals.
- Additional Congressional or State support will be necessary