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| <b>TRANSMITTAL MEMORANDUM</b> |
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TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, City Manager

DATE: August 11, 2020

RE: **COVID – 19 Financial Report for the Period Ended July 31, 2020**

Attached for City Council review is the COVID – 19 Financial Report for the period ended July 31, 2020. Finance Director Bob Newell will attend the City Council meeting of August 20, 2020, in order to address any questions and/or concerns that Councilmembers may have.

**MEMORANDUM**  
**CITY OF KETCHIKAN, ALASKA**  
**Finance Department**  
*Office of the Finance Director*

*Bob Newell, Finance Director*  
*Camille Nelson, Financial Analyst*  
*Phone: (907) 228-5621*  
*Facsimile: (907) 228-5617*

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TO: Karl R. Amylon, City Manager/KPU General Manager

FROM: Bob Newell, Finance Director

DATE: August 11, 2020

**SUBJECT: COVID – 19 Financial Report for the Period Ended July 31, 2020**

Attached to this memorandum is the COVID-19 Financial Report for the period ended July 31, 2020. This financial report has been prepared and issued by the Finance Department in order to report on the costs of the City's efforts to respond to and contain the COVID – 19 pandemic in our community. The schedule for releasing these reports is twice a month immediately following the City's semi-monthly payroll. Based on the City's current payroll schedule, the financial reports should be issued on or about the 10<sup>th</sup> and the 25<sup>th</sup> of every month.

The reports only include the City's costs of addressing the COVID – 19 pandemic. Costs are defined as actual expenses plus encumbrances arising from open purchase orders issued to vendors for goods and service. As the purchase orders are liquidated, they will be converted into actual expenses. The costs are grouped into two categories: non-reimbursable and reimbursable. Costs included in the non-reimbursable category are those costs that, based on current federal and state guidelines, will not be eligible for reimbursement from federal and state disaster funds. Costs included in the reimbursable category are considered to be eligible for reimbursement under current guidelines. The actual amount reimbursed will depend on the amount of federal and state disaster funds awarded to our community.

For the reporting period ended July 31, 2020, the City incurred \$728,424 of non-reimbursable costs and \$529,423 of reimbursable costs for a total of \$1,257,847. Please note that 100% of the non-reimbursable costs for this reporting period are not additional costs and are being funded from current appropriations. We now believe that a substantial portion of the non-reimbursable costs for wages and benefits may be eligible for reimbursement from the funding provided by the CARES Act but we have yet to make the final determination. The City will also need to decide if it even wants to use CARES Act funds for this purpose or if it would prefer to distribute the funds into the community.

Please let me know if you have any questions.

City of Ketchikan  
Summary of COVID-19 Costs  
For the Period Ended July 31, 2020

|  |     | GG<br>Non-Reimbursable<br>COVID-19 Costs | KPU<br>Non-Reimbursable<br>COVID-19 Costs | Reimbursable<br>COVID-19 Costs | Total                   |
|--|-----|--|---|--------------------------------|-------------------------|
| <b>Labor</b>                             |     |  |   |                                |                         |
| Administrative Leave and Benefits        | (1) | 224,418                                  | 112,776                                   |                                | 337,194                 |
| Regular and Temporary Wages and Benefits | (2) | 249,026                                  | 115,003                                   |                                | 364,029                 |
| Supplemental Tempory Wages and Benefits  | (3) |  |   | 103,651                        | 103,651                 |
| Overtime Wages and Benefits              | (4) |  |   | 46,975                         | 46,975                  |
| <b>Total Labor</b>                       |     | <u>473,444</u>                           | <u>227,779</u>                            | <u>150,626</u>                 | <u>851,850</u>          |
| <b>Materials and Services</b>            |     |  |   |                                |                         |
| Supplies                                 | (5) |  |   | 145,326                        | 145,326                 |
| Contractual Services                     |     |  |   | 233,471                        | 233,471                 |
| Operating Equipment                      |     | 27,200                                   |   |                                | 27,200                  |
| <b>Total Materials and Services</b>      |     | <u>27,200</u>                            | <u>-</u>                                  | <u>378,797</u>                 | <u>405,997</u>          |
| <b>Total Costs</b>                       |     | <u><u>500,644</u></u>                    | <u><u>227,779</u></u>                     | <u><u>529,423</u></u>          | <u><u>1,257,847</u></u> |

**Notes:**

- (1) The cost of employees in self-isolation and unable to work remotely. These costs are currently not reimbursable.
- (2) The cost of employees working directly with the Emergency Operations Center or assisting in the efforts to contain or respond to the COVID-19 pandemic in our community. We now believe that some or most of these costs may be reimburseable from CARES Act funds.
- (3) The cost of temporary employees hired to work directly in the efforts to contain or respond to the COVID-19 pandemic in our community. These cost are eligible for reimbursement because they are considered to be added costs for the City.
- (4) The cost of overtime for employees working direct with the Emergency Operations Center or assisting in the efforts to contain or respond to the COVID-19 pandemic in our community. These cost are eligible for reimbursement because are they considered to be added costs for the City.
- (5) All of the costd for materials and service include actual expenditure plus encumbered funds. Encumbered funds are commitments to purchase good and services, which are supported by approved purchase orders that have issued to vendors and contractors.