



Date: May 1, 2020

To: Thomas B. Modica, City Manager 

From: John Gross, Director of Financial Management 

For: Mayor and Members of the City Council

Subject: **Costs (To Date) Related to the City's COVID-19 Pandemic Response**

On March 4, 2020, the City of Long Beach (City) declared local health and city emergencies to strengthen the City's preparedness and ability to respond to the COVID-19 pandemic (pandemic). The pandemic is a worldwide crisis and the City's top priority has been to redirect its resources to address the crisis for its residents and businesses. The declarations allow the City to expedite the mobilization of resources, accelerate emergency planning, streamline decision-making, coordinate agencies across the City, allow for future reimbursement by the state and federal governments, and raise awareness throughout Long Beach of the City's response to the pandemic. There are substantial costs associated with this massive effort. This memorandum provides an initial indication of costs incurred to date associated with the City's pandemic response and provides an overview of potential funding through the Federal Emergency Management Agency (FEMA).

City's Response Efforts

Staff has been working diligently to respond to both the operational and emergency response issues that have resulted from the pandemic, including the rapid deployment of technology equipment to City employees to comply with the Health Officer's "Safer at Home" order, while ensuring the continuation of essential City services. The City's emergency response is being managed under a Unified Incident Command Structure (ICS) with Health Department as the lead agency and the Fire and Police Departments as the primary supporting agencies, although most City departments are involved in the response in one form or another. The emergency response is coordinated through the Emergency Operations Center (EOC). This effort, further described below, has resulted in the establishment of medical assessment, testing and investigations, medical sheltering, shelters for people experiencing homelessness (PEH), contact-tracing and site inspections, coordination with medical groups, and pandemic-related communication and community engagement efforts. Some key efforts include:

- Management, coordination, and direction for all activities, including those described below.
 - The Incident Management Team (IMT) was activated as a rapid-response team in the early stages of the City's response to COVID-19. Certain sections of the IMT remain engaged in the response effort under the direction of the EOC.

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- The EOC was activated to oversee the City's coordinated response. EOC follows a standard Incident Command Structure (ICS) used in disaster response and recovery. The EOC consists of multiple sections including, Operations, Logistics, Planning, Finance and Policy.
- Leaders from across City departments meet daily to provide strategic direction to COVID-19 response efforts.
- Key Financial Management staff have been embedded in the EOC to maximize cost recovery efforts.
- Medical Assessment, Testing, and Investigations:
 - A Mobile Assessment Team (MAT) specifically assigned to transport individuals with confirmed COVID-19 positive results or positive screenings.
 - A Rapid Assessment Clinic (RAC) at Long Beach City College.
 - Five mobile COVID-19 testing sites at Cabrillo High School, Jordan High School, Jordan Plus High School, Long Beach City College Pacific Coast Campus, and Long Beach City College Veterans' Stadium to provide convenient and rapid testing in proximity to vulnerable populations.
 - Contact tracing, public health emergency response, and operating the City's public health laboratory.
- Medical Sheltering:
 - Development of an isolation and quarantine site (IQS) at CSULB.
 - 200-bed field hospital at the Long Beach Convention Center.
 - A recuperative care site at the Long Beach City College Liberal Arts Campus.
- Shelters to support Social Distancing for PEH:
 - Two temporary shelters (NCS) at Silverado Park and Martin Luther King Jr. Park, in addition to the extended Winter Shelter at the former North Library.
 - 135-bed hotel to provide non-congregate (individual room) sheltering.
- Coordination with State and Local Medical Groups:
 - Development of a data dashboard which synchronizes State provided data on all seven hospitals serving Long Beach to create a snapshot of current hospitalizations, available beds, and ventilators in use.
 - Support of the potential reopening of 158-bed Community Hospital through an agreement with the operator, Molina, Wu, Network LLC (MWN).
 - Provision and set up of mobile hospital sheltering structures to support expanded hospital service capacity.
 - Intensive coordination, support, and guidance to the City's long-term care facilities, including supply of personal protective equipment.

- COVID-19 Communication and Community Engagement Efforts:
 - Daily communication, seven days a week, through press releases, press conferences, social media, digital communications, teleconferences, and signage to ensure residents are informed of the progress of the disease in the community, the City's emergency response, and available resources.
 - Partnerships with qualifying organizations to streamline and manage donations and offers of assistance to the City.
 - Call centers, operating seven days a week, for residents, businesses, and providers.
 - Language Access protocols implemented through the Joint Information Center.

Year-to-Date Expenses for the Pandemic Response

City departments have quickly pivoted to divert staff and resources to the emergency response. Table A summarizes current costs based on preliminary data and combines both departmental operating and emergency response costs due to the pandemic. Current costs related to the pandemic are estimated at approximately, \$13.9 million, of which \$10.5 million represent labor costs through pay period ending April 24, 2020, and \$3.5 million in non-labor costs (e.g., materials, supplies, equipment, and services).

Table A: COVID-19 Expenses Incurred Year-to-Date

Fund	Labor Actuals*	Non-Labor Actuals**	Grand Total Expenses
General Fund	\$6,881,180	\$1,982,830	\$ 8,864,010
All Other Funds	\$3,598,978	\$1,466,006	\$ 5,064,984
Grand Total	\$10,480,158	\$3,448,837	\$13,928,995

**Labor Data as of Pay Period Ending 04/24/2020*

***Non-Labor Actuals as of 04/28/2020*

Current labor costs related to the response, summarized in Table B, are estimated at approximately \$10.5 million, of which \$4.4 million is straight-time, \$2.6 million is overtime, and \$3.5 million in fringe benefit and worker's compensation costs.

Table B: COVID-19 Labor Costs Incurred Year-to-Date

Fund	Labor Straight-Time*	Overtime	Fringe Benefit Costs	Total Labor Expenses**
General Fund	\$2,546,418	\$2,223,275	\$2,111,486	\$6,881,180
All Other Funds	\$1,888,909	\$ 334,098	\$1,375,972	\$3,598,978
Grand Total	\$4,435,327	\$2,557,373	\$3,487,458	\$10,480,158

**Straight-time hours are generally not eligible for cost recovery from FEMA.*

***Labor Data as of Pay Period Ending 04/24/2020*

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Staff are beginning the process of evaluating these expenses for cost recovery and categorization. While many costs attributed to the direct emergency response are anticipated to be recoverable, departmental operating costs, including enhanced cleaning measures, technology to support social distancing, and COVID-19 impacted supplies, are not. Additional information on the cost recovery effort is provided in the "Cost Recovery Efforts and Funding Opportunities" section below.

Projected Future Costs for the Ongoing Response to COVID-19

The emergency response to the crisis has been fluid and the needs for resources to address the pandemic is constantly in flux. Due to the dynamic and unprecedented nature of the pandemic, estimates for future costs are unavailable at this time.

Additional expenses are being incurred, and will continue to be incurred, as the City continues its response. Ongoing costs include continued support for initiatives already underway, as well as planned efforts, including expanded testing, contact-tracing and investigation, recuperative care, isolation, and quarantine. Additionally, there are likely to be costs associated with economic recovery and activities necessary to relax current stay at home orders and re-open City services and facilities to the public.

Although the situation is changing rapidly, the City's response to the crisis is both scalable and flexible to help meet the needs of the community. Staff is engaged with departmental stakeholders, including EOC leadership, to review and analyze financial data as it becomes available. Pandemic related costs will continue to be tracked and projected impacts will be incorporated into budget and financial projections.

Cost Recovery Efforts and Funding Opportunities

As the City continues to respond to the pandemic, properly documenting and tracking related expenses is critical to be reimbursed from grants. A Cost Recovery Grants Management Team has been established as a unit of the EOC Finance Section to assess funding options and develop a structure to ensure the City maximizes use of external funding sources and meets documentation and reporting requirements for cost recovery. Additionally, the City Manager's Office is tracking all COVID-19 legislative appropriations to facilitate the City's access to available funding for emergency response and recovery activities.

Staff has submitted a Request for Public Assistance (RPA) to FEMA for reimbursement of costs the City is spending on emergency response. FEMA Public Assistance funding is available to the City to support specific types of emergency response actions that eliminate or lessen threats to lives, public health or safety, such as operating the EOC, medical sheltering, security and law enforcement related to COVID-19 response. When conducting eligible activities, only certain types of costs can be reimbursed. For example, FEMA reimburses for overtime pay of budgeted staff and not for straight-time for budgeted staff. If properly documented, FEMA will reimburse for supplies, facilities costs, and equipment used to respond to the emergency.

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FEMA will only reimburse up to 75 percent for eligible activities and costs, subject to local match requirements and determination of eligibility. None of the eligible activities are fully reimbursable by FEMA, and reimbursement cannot be assured at the time of expenditure. Additionally, FEMA does not reimburse for lost revenue, economic recovery and resiliency activities, or costs which should be the responsibility of city operating budgets.

To address the need for quicker funding in this extraordinary circumstance, FEMA allows applicants to apply for expedited funding for emergency projects. This is designed to advance funding to applicants earlier than through the normal RPA process to assist with cash flow. Staff sought and received approval for an expedited advance under the existing RPA to help defray the cash flow impact of EOC and IMT operations, and non-congregate sheltering. An initial advance of \$3.6 million has been approved. This is only a portion of the total the City anticipates will be eligible for cost recovery. Staff is evaluating additional projects that may qualify for an advance. The approval of the advance does not mean that FEMA will ultimately fully reimburse the City; that is dependent upon whether the costs being incurred qualify for reimbursement and whether proper documentation is submitted.

The EOC (through its Finance Section) will ensure that costs eligible for reimbursement through the FEMA RPA are tracked and documented to FEMA's standards to support cost recovery. This includes proper time tracking, daily staff activity logs, justifications for purchase orders, inventory and equipment usage logs, and documenting eligible local match contributions to satisfy FEMA's 25 percent cost-share requirement. Though no single funding source will be sufficient to cover the costs of the City's pandemic response effort, the RPA will supplement the City's internal funds and any other grant funding the City has or may receive for the pandemic response.

Staff will continue to monitor expenses related to the pandemic and will report back with updates to the City Council on a periodic basis. If you have questions regarding any of this information, please feel free to contact me at (562) 570-6427 or Budget Manager Grace H. Yoon at (562) 570-6408.

JG:JJM:EA
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