
To: Dan Thomas, Chief Financial Officer

Copies: Steve Metruck, Lance Lyttle, Dave McFadden, Stephanie Stebbins-Jones, Elizabeth Leavitt, Dave Soike, Larry Ehl, Pete Ramels, Dave Freiboth, Bookda Gheisar, Pearse Edwards, Katie Gerard

From: Glenn Fernandes, Director, Internal Audit

Date: April 24, 2020

Subject: FEMA Public Assistance Program – Coronavirus (COVID-19)

In light of the COVID-19 pandemic and strains placed on Port resources, Internal Audit volunteered to research potential FEMA reimbursable expenditures and provide a report back to the Port's Executive Team.

Background

On March 13, 2020, the President declared the ongoing Coronavirus Disease 2019 (COVID-19) pandemic of sufficient severity and magnitude to warrant an emergency declaration (see Appendix A). On March 19, 2020, the Federal Emergency Management Agency (FEMA) released a fact sheet that captures expenses of emergency protective measures that may be eligible under FEMA's Public Assistance Program. As described in the declaration, FEMA assistance will be provided at a 75 percent federal cost share and expense, dating back to January 20, 2020, are considered eligible. The remaining 25 percent should be funded through the State of Washington's Disaster Fund.

Approach

Internal Audit initially reviewed FEMA guidance to obtain a general understanding of the program. We then contacted the Deputy State Coordinating Officer for FEMA, Gary Urbas, and had several discussions with him, to determine what was an allowable reimbursement, to better understand the program and processes, and to provide Gary with an overview of the types of costs the Port was incurring. At Gary's direction, we also initiated an application through FEMA's grants portal. The application was approved by Gary's team on Friday, April 17, 2020. This portal will be used to submit documentation and review the status of claims. The portal currently identifies primary and secondary Port contacts, as Internal Audit, but these will be updated and transitioned to the businesses when possible.

Assessment of Reimbursable Costs

FEMA will reimburse certain expenditures that are COVID-19 related, emergency and safety specific, and are not reimbursed through other programs. Expenses also should be above and beyond the entity's normal operating costs (See Appendix A). Internal Audit has isolated potentially reimbursable costs and has discussed these with our FEMA State

Coordinating Officer. Based on FEMA literature and guidance from our State Coordinating Officer, the Port is eligible to pursue the expenditures listed below, for FEMA reimbursement. The Port will likely incur further expenses in the near future, that are not reflected below.

Construction Related

The Port will incur additional expenses for COVID-19 safety-related change orders that are grouped in the following categories. Change orders are yet to be finalized, accordingly, costs are pending.

Activity	Cost	Reimbursable
1-2 hour staggering starting times	Pending	No
Addition of a full-time prevention site supervisor	Pending	Yes
Hand washing stations	Pending	Yes
Hand tool sanitation	Pending	Yes
Purchase of duplicate hand tools	Pending	No
Enhanced COVID-19 project-specific safety costs	Pending	Possibly

Disinfection of Eligible Public Facilities

FEMA will reimburse the Port for any cleaning materials purchased. This includes overtime related to cleaning and installation of cleaning dispensers/stands, and to create a revised schedule to meet employee safety needs.

Activity	Cost to Date	Reimbursable
Sanitizer, stands, disinfecting spray/wipes, face shields, etc.	\$738,486	Yes
Marine Maintenance overtime – cleaning / installation of cleaning stands	\$ 13,926	Yes
Aviation Maintenance overtime – safety needs	\$ 1,020	Yes

Emergency Personnel Expenses

FEMA will reimburse the Port for an emergency services overtime and new hires specifically for emergency services. The Port has not incurred any police department overtime. To date, only fire department overtime is reflected below.

Activity	Cost to Date	Reimbursable
Fire Department overtime	\$ 6,450	Yes

Internal Audit also took forth specific questions from the Port and had discussions with our FEMA State Coordinating Officer. Based on those discussions, it was determined that the following expenses were deemed not eligible for reimbursement under FEMA but might be eligible through one of the other Coronavirus Aid, Relief, and Economic Security (CARES) Act Programs.

- \$1.44 million – Public health emergency leave (time code 215). At this time, most Port employees, who are taking COVID-19 related leave, are using this account code. It is limited to 160 hours and will have an end date.
- Emergency sick leave (time code 216). Required to be offered through the Families First Coronavirus Response Act (FFCRA). The Port may be eligible to receive a refundable tax credit for the Social Security and Hospital Insurance employer paid tax. Although there is only \$13,276 in this account at this time, we expect this number to grow as leave available through 215 is exhausted or ends.
- Expanded FMLA (time code 217), also part of the FFCRA, may have available tax credits.
- The maintenance and set up fee for a \$150 million credit facility.

Appendix A

Coronavirus (COVID-19) Pandemic: Eligible Emergency Protective Measures

Release date: March 19, 2020

Consistent with the President's national emergency declaration for the coronavirus (COVID-19) pandemic on March 13, 2020, FEMA urges officials to, without delay, take appropriate actions that are necessary to protect public health and safety pursuant to public health guidance and conditions and capabilities in their jurisdictions. FEMA provides the following guidance on the types of emergency protective measures that may be eligible under FEMA's Public Assistance Program in accordance with the COVID-19 Emergency Declaration in order to ensure that resource constraints do not inhibit efforts to respond to this unprecedented disaster.

FEMA Public Assistance Program

In accordance with section 502 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the "Stafford Act"), eligible emergency protective measures taken to respond to the COVID-19 emergency at the direction or guidance of public health officials may be reimbursed under Category B of FEMA's Public Assistance program. FEMA will not duplicate assistance provided by the [U.S. Department of Health and Human Services \(HHS\)](#), to include the [Centers for Disease Control and Prevention \(CDC\)](#), or other federal agencies.

State, territorial, tribal, and local government entities and certain private non-profit organizations are eligible to apply for [Public Coronavirus \(COVID-19\) Pandemic: Eligible Emergency Protective Measures | FEMA.gov](#) <https://www.fema.gov/news-release/2020/03/19/coronavirus-covid-19-pandemic-eligible-emergency-protective-measures> [4/7/2020 1:51:09 PM] [Assistance](#). FEMA assistance will be provided at a 75 percent federal cost share. This assistance will require execution of a FEMA-State/Tribal/Territory Agreement, as appropriate, and execution of an applicable emergency plan. Local governments and other eligible PA applicants will apply through their respective state, tribal or territorial jurisdictions.

Eligible Assistance

Under the COVID-19 Emergency Declaration described above, FEMA may provide assistance for emergency protective measures including, but not limited to, the following, if not funded by the HHS/CDC or other federal agency. While some activities listed may be eligible for funding through HHS/CDC, final reimbursement determinations will be

coordinated by HHS and FEMA. FEMA will not duplicate any assistance provided by HHS/CDC):

- Management, control and reduction of immediate threats to public health and safety:
 - Emergency Operation Center costs
 - Training specific to the declared event
 - Disinfection of eligible public facilities
 - Technical assistance to state, tribal, territorial or local governments on emergency management and control of immediate threats to public health and safety

- Emergency medical care:
 - Non-deferrable medical treatment of infected persons in a shelter or temporary medical facility
 - Related medical facility services and supplies
 - Temporary medical facilities and/or enhanced medical/hospital capacity (for treatment when existing facilities are reasonably forecasted to become overloaded in the near term and cannot accommodate the patient load or to quarantine potentially infected persons)
 - Use of specialized medical equipment
 - Medical waste disposal
 - Emergency medical transport

- Medical sheltering (e.g. when existing facilities are reasonably forecasted to become overloaded in the near future and cannot accommodate needs)
 - All sheltering must be conducted in accordance with standards and/or guidance approved by HHS/CDC and must be implemented in a manner that incorporates social distancing measures
 - Non-congregate medical sheltering is subject to prior approval by FEMA and is limited to that which is reasonable and necessary to address the public health needs of the event, is pursuant to the direction of appropriate public health officials and does not extend beyond the duration of the Public Health Emergency.
 - Household pet sheltering and containment actions related to household pets in accordance with CDC guideline.
 - Purchase and distribution of food, water, ice, medicine, and other consumable supplies, to include personal protective equipment and hazardous material suits movement of supplies and persons.
 - Security and law enforcement
 - Communications of general health and safety information to the public.
 - Search and rescue to locate and recover members of the population requiring assistance.
 - Reimbursement for state, tribe, territory and/or local government force account overtime costs.