



Economic Stabilization Task Force

Appointed by the City & Borough of Juneau's Mayor

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Fact Finding Group Report on Juneau Businesses Dealing with COVID-19

Small businesses are the lifeblood of Juneau. They embody what is unique to our community and make the city both an attractive destination to visitors from around the world and for residents to choose as home. Juneau has incredible entrepreneurial talent that the city should continue to work to support in current local businesses and encourage in new business ventures.

Juneau is fortunate to have a diverse set of industries. Juneau needs to capture the power of Alaskan innovation and move into new industries along with capitalizing on ones we have, to develop them further. Juneau should set business friendly policies to bring in and support new business and streamline their development. Low economic growth directly impacts the city of Juneau and resident's standard of living. Juneau should use this devastating economic downturn to foster new industry and bolster the ones we do have. Small businesses are vital to economic health; owners live and work in Juneau, their kids go to local schools, families attend the arts, sponsor sports teams, donate to nonprofits and invest in the community they are rooted in.

Scale of Problem:

The unprecedented economic blow of COVID-19 has struck Juneau's economy at many businesses most financially vulnerable time, the beginning of the cruise ship season. The visitor industry is the largest private sector industry in Southeast Alaska according to the [Alaska Department of Labor 2018](#). Juneau welcomed 1,325,792 cruise ship passengers in 2019 and was projected to receive 1,421,292 cruise ship passengers this summer according to Cruise Lines International Association Alaska (CLIAA). The last study completed by CLIAA indicated that each cruise ship passenger spends approximately \$162 while in Juneau. This accounts for approximately \$211,523,400 of revenue for Juneau in 2019. With current suspensions and full cancellations by Holland America and Princess Lines, Juneau has lost approximately 720,000 passengers. Kirby Day, Government and Community Relations Holland America Group, anticipates another 100,000 passengers being cancelled soon and that no large cruise ships will arrive before late July or early August.

Scale of Relief:

The Economic Injury Disaster Loan (EIDL) provides \$2 million in assistance to Alaska to help with temporary loss of revenue. The loan can be used to pay fixed debts, accounts payable, payroll and other bills that stem from COVID-19 impact. Interest is 3.75% for small business, 2.75% for nonprofit and allows long term repayments of up to 30 years.

The Paycheck Protection Plan (PPP) program is for businesses with 500 employees or less for federally insured, partially forgivable loans that can be used to cover short-term operating expenses during the

economic crisis. The maximum loan size is equivalent to 250 percent of the employer's average monthly payroll costs or \$10 million, whichever is less. Payroll costs can include wages, salaries, retirement contributions, healthcare benefits, covered leave, and other expenses. The program includes six months to one year of deferred repayment and the borrowers are eligible for loan forgiveness for expenses up to an eight-week period. The covered expenses include payroll, rent, utilities, and mortgage interest obligations. Businesses qualify for the forgivable piece of the loan if they maintain their pre-crisis level of full-time employees or if they made cutbacks in staff, they need to rehire to their pre-crisis staffing level by June 30, 2020.

CBJ Resolution 2888 created \$3 million worth of Emergency Loans for Juneau Businesses. The City loan program is for a maximum of 30 months with 2% interest. If the loan is paid back in 12 months there is 0% interest charged and any interest paid is refunded. Business with 10 or fewer employees may take a maximum loan of \$25,000 and businesses with 11 or more employees may take a maximum of \$50,000 or more. Businesses with more than 25 employees in the first quarter of 2020 are not eligible.

Small Business Administration (SBA) Express Bridge Loans and SBA debt relief are also available.

There are several loan programs to address the COVID-19 crisis available for businesses, but there is still an economic gap many businesses in Juneau face due to the reduced, or possibly nonexistent cruise ship season, and mounting bills for rent, utilities, insurance and other fixed costs. This financial gap to provide additional liquidity to small businesses must be addressed by local policy makers for these cruise ship dependent businesses to stay in operation.

I propose the creation of a Juneau Stabilization Fund that provides rents, mortgages and mortgage fees for local businesses that experience a 25% downturn in business in 2020. This fund is essential to keeping business alive downtown. The Juneau Stabilization Fund could provide short-term working capital to businesses facing revenue shortfalls due to COVID-19 and keep them afloat through the bleak 2020 tourist season. The Coronavirus aid, Relief, and Economic Security (CARES) Act provides money to the Economic Development Agency (EDA) and that money could be leveraged to expand local efforts to support the visitor sector. COVID-19 threatens to shut down small businesses that have limited cash flow, leaving an opening for larger out-of-town corporations or chains to outcompete local businesses and move in. Juneau needs to work on making a local vibrant downtown economy that caters to locals along with cruise ship passengers, so business can be financially viable year-round.

I have reached out to over 60 businesses in Juneau and have compiled the following list of their concerns and suggestions due to COVID-19 crisis:

- Wants to be open for business in a safe manner that allows them to bring in revenue
- How to pay mortgages, rent, moorage with reduced or no revenue due to compromised cruise ship season
- Many of the relief programs provide financial help that is tied to debt; businesses do not need more debt
- Clean up downtown so residents feel safe to walk the streets and patronize local stores
- Help to secure a source of Personal Protection Equipment (PPE) necessary to open doors safely to public
- Grace period for city taxes, or flexibility in payments without interest accrued
- City should lower rent to businesses downtown that are renting from the city and are tourist based; food court lots on Franklin
- City to allow businesses who provide food to the community to process the food in their residences with proper DEC certifications, not currently allowed.

- Expedite sales tax refund checks for returns and refunds where sales tax has already been paid. Refunds for goods and services where vendors have already paid sales tax and are due a return for refunds made because of cancelations.
- Compile a business help directory and make available online or mail out to downtown businesses paying sales tax
- Lobby legislature for additional funding to PPP
- Look at City's cost of doing business and cut it back
- Additional parking spaces allocated to specific shopping areas that are designated for curbside pickup. City can disinfect downtown garbage bins and public seating areas along with cleaning up trash on streets.
- Improve access to downtown and investigate transportation alternatives.
- Construction industries: Streamline CBJ permit process which is arduous and unnecessarily expensive. Current permitting for construction projects causes delays and prohibits forward movement on development that could create jobs and revenue for the city. Green light all fill permits. Allow zone changes to open more industrial property. Reduce tideland lease rates.
- Commercial Fisheries: Currently SalmonState is conducting a poll of commercial fishermen throughout the state regarding the impact of Covid-19. The results will be available after the close of the survey May 1. Possible short term help to commercial fishermen includes waiving, or reducing moorage fees, providing clear info on COVID-19 related procedures to fisherman and processors, facilitating safe dock sales for seafood, supporting direct marketing for local sales. For long-term support the city might investigate building a community cold storage facility in a partnership with local industry. A shortened supply chain for fisherman and increased local sales will increase the value of local seafood and improve local food security.
- Charter fishermen and Whale Watching: Reduce dock passenger fees, reduce or waive moorage fees, reduce passenger permit fees, freeze permit fees and lower fees for dock booths that sell directly to passengers.
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What CBJ can do to keep small business alive until the 2021 tourist season and some long-term plans for economic growth?

- Create a Juneau Stabilization Fund that provides city grants for small businesses
- CBJ should look for ways to provide property tax credits to landlords who provide affordable leases to locally owned and operated businesses.
 - The Institute for Local Self Reliance 2016 Independent Study found "59 percent of independent retailers reported being worried about the escalating cost of rent, with one in four describing it as a top challenge."
- Focus on making downtown Juneau business viable year-round by changing zoning to encourage small local businesses and not chain jewelry stores.
 - The residents of Palm Beach Florida have made changes in their main commercial district to be a "town serving zone." The town serving zone, "caps stores at 2,000 square feet and impels them to serve primarily town persons. Businesses larger than 2000 square feet can apply for special exception use permits provided they have an auditing firm document that more than 50% of receipts come from local zip code." Zoning law was upheld in 1991 court case, "which concluded that the restrictions served legitimate public interest and reflected town's desire to limit the displacement of its local businesses by larger regional establishments." 2020 Institute for Local Self Reliance "Town Serving Zone." Stacy Mitchell

- Invest money into stronger shop local campaigns. Point online searches to local stores that provide the same goods that out of town stores provide. Create a tax incentive to buy local or enforce tax collection on out of town online shopping.
- The city can set up a program much like that of the State-run Home Energy Rebate Program. Use city funds to set up a program that collaborates with Alaska Heat Smart and AEL&P that encourages and pays for multi dwelling units with electric resistance heat sources to install heat pump systems. There will be an immediate benefit with cash injection into keeping people employed and a long-term benefit of helping a vulnerable portion of the population with lowered electrical payments that can be prohibitive. There will also be a community benefit with a reduction of electrical usage.
- Encourage the Archipelago Project to come back to Juneau and start the building process this year. I do not know the exact details, but the city planning office wanted a specific number of parking spaces for project and if the parking spaces were not built into the plan they would have to pay for “phantom” spaces in order to be permitted to build. This CBJ demand has put a multimillion-dollar project that will directly benefit downtown Juneau with construction jobs on hold. With it goes space for new businesses and increased property tax revenue from the developed lot.

Really far out thoughts

- Move the industrial shipping to the backside of Douglas. City and Gold belt work together to develop a deep-water port. Some of the cost could be offset with the sale of timber.
- Relook at opening the AJ Mine. Gold prices continue to climb, city could set up a contract for exploration by an outside company that brings in immediate revenue.

There are several great resources that look at how to develop and diversity Juneau’s economy, including Juneau Economic Development Council (JEDC), and Southeast Conference with stats prepared by Rain Coast Data.

Rain Coast Data

<https://d.docs.live.net/c9eeac3fea8dc6ff/Documents/coronavirus/Juneau%20COVID-19%20Business%20Impacts%20Survey.pdf>

Southeast Conference

<https://d.docs.live.net/c9eeac3fea8dc6ff/Documents/coronavirus/FINAL%20Southeast%20by%20the%20Numbers%202019.pdf>