



Economic Stabilization Task Force

Appointed by the City & Borough of Juneau's Mayor
Meeting Minutes from May 7, 2020

Call to Order

The Economic Stabilization Task Force meeting was called to order at 3:09 p.m. by Ms. Thomas.

Task Force Members Present: Max Mertz, Linda Thomas, Susan Bell, Theresa Belton, Bruce Botelho, Eric Forst, Ken Koelsch, Lauren MacVay, Laura Martinson, and Terra Peters

Task Force Members Absent: None

Staff Present: EOC Planning Director, Robert Barr; CDD Administrative Officer, Brenwynne Grigg; CDD Director, Jill Maclean; and CBJ Finance Director, Jeff Rogers.

CBJ Assembly Members Present: Mayor Beth Weldon, Loren Jones, Alicia Hughes-Skandijs, and Greg Smith

Special Guest Speakers: None

Approval of Minutes

MOTION: by Ms. Thomas to approve the April 24 and April 30 Economic Stabilization Task Force draft minutes. The motion was seconded by Mr. Mertz.

Hearing no objections, the motion passed.

Communications and Follow-up Matrix

Ms. MacVay shared that the matrix document is intended to provide guidance and updates through comment and workflow tracking. She added the website already contains a tremendous amount of information, which the task force could help focus by providing a monthly update for web posting so the public can easily see priorities and accomplishments.

Business Stabilization and Recovery Ideas

Mr. Mertz introduced the topic as a collection of ideas to assist businesses stabilize and recover, while leveraging CARES Act funding for this priority. The U.S. Treasury released a FAQ document intended to provide specific guidance on the expenditure of funds. The FAQ is clear that CARES Act funding shall not be leveraged to replace lost revenue of governments or assist businesses and individuals in paying

property taxes. Mr. Mertz encouraged the Task Force to brainstorm creative ways, using the public comments submitted to the Task Force, of leveraging the funding so that it provides immediate relief to businesses and individuals, stabilizes businesses, and stimulates the local Juneau economy.

Business Sustainability Grants

Mr. Mertz referenced Ms. Peters' work with local businesses on this topic and confirmed that business sustainability grants appear to be an allowable expenditure for CARES Act funding. This idea includes eight guidelines for the Business Sustainability Grant program. The eight guidelines are:

1. Business must have at least 50% local ownership as of 2/15/20.
2. Relief period for rent or mortgage measurement in May – August 2020.
3. Must see a minimum decrease in sales of 25% year over year (YoY) to participate
4. Percentage decrease in YoY sales is documented by the monthly or quarterly sales tax return results, or financial information acceptable to the City Manager, in equal percentage decrease in utility bill in comparing 2020 to 2019.
5. Grant is equal to the total of expected lease or mortgage payments during the measurement period for the business lease(s) or mortgage(s) associated with the sales tax filer.
6. Existing lease or bank statements combined with payments are required documentation at the conclusion of the measurement period.
7. Advances of two months of grants may be made up front. Business must be able to demonstrate financial harm due to financial sector, or currently available sales information.
8. Funding source is CARES Relief Fund.

Ms. Martinson shed light on scenarios to consider when writing the details of the grant in order to fill gaps that currently exist.

1. How can a business qualify if they are new or expanding, and have invested financially in that effort last year, but do not have sales for comparison?
2. How can non brick-and-mortar businesses, such as whale watching boats, benefit from this program?
3. When calculating loss, account for all forgivable assistance already provided to the business, such as forgivable aspects of the Paycheck Protection Program (PPP) and other grants.
4. Consider extending the relief period through September 2020, reflecting the summer tourism season.

Ms. Peters echoed Ms. Martinson's advice, stating that many businesses are being proactive in taking care of themselves through GoFundMe and Kickstarter programs, in addition to PPP and the Economic Injury Disaster Loan (EIDL) Emergency Advance. She added that we have a limited amount of city funding through the CARES Act and we need to ensure it is going to those businesses most in need.

The Task Force engaged in continued discussion on types of assistance funded by the CARES Act. Assistance included grants for businesses, grants for individuals, and assistance with utility payments.

Mr. Koelsch asked that the Task Force consider ways to provide relief to Juneau citizens, who may be looking at an increase in expenses, such as property taxes.

Mr. Mertz shared that the utility relief program, which is further down in his memorandum, is a way to provide relief to individuals, while stimulating the business economy and helping to stabilize businesses.

Ms. Thomas added that the Task Force was able to utilize CARES Act funding for the Rental Housing Assistance program; it is currently in effect to assist individuals in need. She encouraged the Task Force to consider additional ways to leverage CARES Act funding in assisting individuals and businesses.

Ms. Bell shared data that will assist the Task Force in understanding the size of the economic situation at hand for just one sector of the economy. When the McDowell Group worked on the Juneau Economic Plan with Travel Juneau a few years ago, they found that in 2016, Juneau received 1 million cruise ship passengers. During that summer tourism season, there was \$218 million in non-resident direct spending in the community and the sales tax revenue produced was \$10 million. She reminded the Task Force that this information is outdated, and Juneau was expecting an increase in volume of 40% in the 2020 summer tourism season.

Juneau Stabilization Fund: Increase Loan Program and Add Forgiveness Component

Mr. Mertz introduced the idea of an expansion or continuation of the existing CBJ loan program administered by JEDC, which has reached its financial limits. The program has seen 150 applicants, with the issuance of 125 loans. Concerns about businesses' economic situation moving into Fall of 2020 and Spring of 2021 are paramount and this idea may be an option to consider in addition to, or instead of, the Business Stabilization Grants. This program could be a way to assist businesses that may not be eligible for the Business Stabilization Grant program due to their structure. Mr. Mertz spoke with JEDC, who administrated the program: loan amounts would be in increments of \$25,000 - \$50,000, prioritizing businesses that did not receive funds in the first round. However, he recommends potential forgiveness components of 25% - 50% with certain conditions present. The memorandum outlines these conditions.

Commercial Water and Sewer Utility Payor Relief

Mr. Mertz shared the idea of a utility bill waiver option in a percentage equal to decline in year over year (YoY) sales for commercial businesses. Further, AEL&P was approached with this idea and it was determined they could participate in the program in cooperation with the CBJ to leverage CARES Act funding if it is set in motion.

Local Citizen and Business Relief "Support Local and Save"

This idea originated from a Support Local program implemented by the City of Camas in Washington, which was shared to the Task Force by Mr. Rod Swope. Mr. Craig Dahl, Executive Director of the Chamber of Commerce, has contacted the City of Camas' Finance Director. The City of Camas communicated they have experienced good results and community engagement in the program. In "Support Local and Save," individuals shop at non-essential businesses experiencing negative impacts of COVID-19. Individuals collect their receipts and submit them to the city for a credit on their utility bill, which totals 50% of their expenditure. Individuals may submit a minimum of \$50 or a maximum of \$300 in receipts to receive a credit of \$25 to \$150 in utilities. Utilities could include water, sewer, and electricity. This program idea would be available to the community on a per household basis.

Supporting Investment Costs for Rapid Testing in Juneau

Mr. Mertz continued his presentation to discuss investing in testing equipment, since Juneau is a regional hub. He recalled a conversation with a local business leader who felt the Juneau industry could produce the swabs or other needed materials to support testing that did not rely on shipping, as this is the current barrier to achieving faster results. He recommended the city evaluate a substantial increase in testing capacity in Juneau.

Ms. Thomas informed the Task Force that CARES Act funding includes this under a separate provision.

Conclusion of Business Stabilization and Recover Ideas

Concluding the presentation, Ms. Thomas shared that input from the CBJ Finance Director, along with

public comment, was incorporated into these ideas. Ms. Thomas asked Mr. Rogers if he would like to comment and discuss next steps.

Mr. Rogers thanked Ms. Thomas and informed the Task Force of an opportunity to present these ideas in the form of recommendations for the expenditure of CARES Act funds at the May 13 Assembly Finance Committee meeting. He shared that the Assembly Finance Committee is still in the information gathering stage regarding how CARES Act funding may be expended. Mr. Rogers added that Alaska Senator Sullivan has introduced a bi-partisan bill that, if passed, will significantly broaden the allowed use of CARES Act funds to accommodate replacing lost municipal revenue, which will reduce costs for the entire community. The Assembly has a desire to continue supporting economic recovery, and the Governor has suggested allocating \$53 million to Juneau. He cautioned that if the legislature chooses to act, they could change that dollar amount.

Mr. Mertz asked if the bill introduced by Senator Sullivan was gaining traction in Congress. Mr. Rogers replied that it was gaining traction due to several co-sponsors to the bill, which include democratic congressional representatives and an independent from Maine. In addition, several lobbying organizations, such as National Association of Counties (NACo) and National League of Cities (NLC), support the bill. There is an alternative possibility that Congress will not adjust the CARES Act funding but will instead appropriate more funding specifically for municipal governments for the purpose of lost revenue.

Ms. MacVay said that the Shop Local program resonates with the intent behind many of the comments brought to the Task Force. She suggested integrating programs into a broad campaign and collaborating with JEDC.

Mr. Forst asked if a commercial tenant relief program is still under consideration. Mr. Mertz replied that the original idea was designed around property tax relief, which they now understand to be expressly forbidden in the CARES Act FAQ. However, grants could be designed to provide rental assistance, and distributed with the flexibility for businesses to use the grant funding in whatever way they need it most.

Update from EOC on Rapid Testing

Mr. Barr gave an update on the two types of rapid testing that are available in Juneau: the Avid test, and the Cepheid test. Bartlett Regional Hospital currently has between seventy and ninety of each type of test in stock. The BRH Lab Manager is in contact with both vendors to purchase more tests. However, rapid tests are currently prioritized for communities with community spread of COVID-19 cases. As supply increases the CBJ will acquire more tests, but it is difficult to determine when that will occur. The tests most people are familiar with take approximately 48 hours to determine results from labs in Phoenix, Anchorage, and Fairbank, under the best conditions.

Taking Action on Business Stabilization and Recover Ideas

Mr. Botelho asked if there is a suggested dollar range recommended for business stabilization and recovery.

Mr. Mertz replied that \$6 million may be a good starting point, but the Task Force needs to research this more. There are businesses in town that are suffering greatly, and there are other businesses who are doing well due to the services or materials they offer and the current demand.

Ms. Bell suggested examining sectors of the economy in danger and the number of businesses in each sector. To another point, there will be compounding effects with the lack of visitors, and the lack of resident and non-resident travel. Therefore, Juneau must ensure it can continue to provide for the basic infrastructure, such as transportation, and the ability to serve its community as we move forward.

Mr. Mertz asked if Ms. Bell has considered the economic impact of potentially losing independent travelers to Juneau who reside in fishing lodges and go on hunting expeditions, amongst other things.

Ms. Bell replied the McDowell Group is in possession of recent work on this topic that could provide a sense of the volume and impacts.

The Task Force discussed refining these ideas and forwarding them to the Assembly with justification for their importance. Then the Assembly would be able to prioritize them and provide the community with some idea of the direction it may take, providing a sense of security in the matter.

Mr. Mertz asked Mayor Weldon her thoughts on expanding individual assistant programs through this Task Force.

Mayor Weldon replied that the Task Force has done this through the Rental Housing Assistance program, and to date, only 15 households have taken advantage of the program. It appears that unemployment is meeting the individual need for most. The Assembly does not have an appetite to increase property taxes. The Assembly will look at any ideas the Task Force has for individual assistance, but they are not hearing much need at this time. Alternately, the Assembly is hearing a great need from the business community. Mayor Weldon, along with Assembly member Bryson, likes the idea of utility relief for households and would like to see a well thought-out recommendation. She added that the Task Force might consider issuing a minimum relief of \$100 to those in a low enough income bracket, regardless of receipts, due to their lack of disposable income to shop locally. CARES Act funding may also be leveraged to cover JEDC's administrative costs associated with loan and grant programs. Mayor Weldon additionally expressed interest in forgiveness clauses for loan programs.

ACTION ITEM: The Task Force decided to meet on Monday, May 11, to discuss these recommendations further and hope to have prioritized ideas to present to the Assembly Finance Committee on Wednesday, May 13. Mr. Mertz will refine the ideas and present them for the Task Force to review and vote on.

Good of the Order

Mr. Botelho asked the Task Force to consider a recommendation that would engage the services of a historian to document how Juneau is responding to the COVID-19 pandemic on all the many levels. This would provide instruction for any future crisis, as well as documentation of our history.

ACTION ITEM: Mr. Botelho will prepare a recommendation on this topic for the Task Force to review at their meeting on Monday, May 11.

Ms. Thomas updated the Task Force that she would approach the Mayor and City Manager about having the Cruise Line International Association of Alaska (CLIAA) speak to the Assembly Committee of the Whole, inviting the Juneau Economic Development Council (JEDC), the Downtown Business Association (DBA), and other entities.

Ms. Thomas provided a childcare update, stating that Ms. Martinson presented the Task Force Childcare Recommendations to the Lands Committee on May 4. Ms. Thomas would like clarification from the city on next steps.

Task Force Vote

Mr. Mertz asked the Task Force to vote on their top one or two priorities from the Business Stabilization and Recovery Ideas presented today, so he could focus his efforts over the weekend.

Ms. MacVay: Prioritize grants for business owners and promote local spending, specifically as researched by JEDC.

Ms. Bell: Prioritize the utility relief program and business grants, as business are not just experiencing lost revenue but also rising costs in order to operate within the new guidelines.

Ms. Belton: Prioritize business utility relief and local citizen and business relief, perhaps including fuel in the program.

Ms. Peters: Prioritize business grants and utility programs.

Ms. Martinson: Prioritize business grants, and expand it to include landlords and tour operators.

Mr. Forst: Prioritize local citizen and business relief, and business grants.

Mr. Koelsch: Prioritize utilities and business grants, but ask the Assembly to prioritize addressing property taxes.

Ms. Thomas: Prioritize business interruption grants and utilities. As a Task Force, we can bring up comments to the Assembly on property tax, keeping in mind that it is outside of CARES Act.

At 4:44 p.m., the meeting was adjourned.

Appointed Task Force Members

Max Mertz, Co-Chair • Linda Thomas, Co-Chair • Susan Bell • Theresa Belton • Bruce Botelho

Eric Forst • Ken Koelsch • Lauren MacVay • Laura Martinson • Terra Peters