



# Economic Stabilization Task Force

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Appointed by the City & Borough of Juneau's Mayor  
Meeting Minutes from May 11, 2020

## **Call to Order**

The Economic Stabilization Task Force meeting was called to order at 3:02 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; CBJ Attorney, Robert Palmer; and CBJ Finance Director, Jeff Rogers

CBJ Assembly Members Present: Mayor Beth Weldon and Loren Jones

Special Guest Speakers: None

## **Approval of Minutes**

None

## **Business Stabilization and Recovery Ideas**

Mr. Mertz began by introducing the changes to the Draft Business Stabilization and Recovery Ideas document since the May 7 meeting. He added that he hoped the Task Force could make motions resulting in a recommendation that could be forwarded to the Assembly Finance Committee at their meeting on Wednesday, May 13.

Mr. Mertz spoke to changes in the introductory section of the document. These changes further emphasize the importance of the business community to the CBJ, and incorporate comments from Mr. Bob Bartholomew's public comment.

### *Business Sustainability Grants*

Mr. Mertz replaced the references to "lease" in sections of the document with the term "long-term debt costs." He also added costs associated with physical retrofitting of businesses for COVID-19 related requirements as being eligible for CARES Act funding.

Mr. Mertz suggested that benefits from this program be available through August 2020.

#### *Commercial Water and Sewer Utility Payor Relief*

The dollar limitation in this section was removed, as some businesses have significant water utility costs.

#### *Local Citizen and Business Relief “Shop Local and Save”*

This section is largely unchanged except for some grammatical changes. Mr. Mertz’s outreach to area businesses seems to reflect local support for this program. If funded by federal dollar, the program must be available to any business that wants to participate.

#### *Supporting Investment Costs for Rapid Testing in Juneau*

This section has not changed and is simply there to encourage the assembly to pursue this if able.

#### *Juneau Stabilization Fund: Increase Loan Program & Add Forgiveness Component*

This was moved lower on the list of priorities as businesses generally do not want to pursue more debt at this time.

Mr. Mertz opened the floor for questions from the Task Force.

#### *Business Sustainability Grants Questions*

Ms. MacVay asked about the reasoning behind the required 25% decline in year over year (YoY) sales for grant eligibility. Mr. Mertz replied this was a judgment call due to the dynamics of the economic situation at hand. Businesses are experiencing relatively little loss of revenue or they are experiencing a significant downturn. He speculated a business could weather a 10% or 15%, and maybe even 20%, reduction in sales, but beyond that it becomes extremely difficult to sustain. Ms. MacVay doubted whether many businesses could sustain even a 25% drop in sales. Mr. Botelho agreed with Ms. MacVay.

Ms. Bell suggested removing item number 3 – the minimum decrease in YoY sales requirement of 25% – and only requiring item number 4. Item 4 requires the documentation of negative impact through quarterly sales tax returns or other financial documents. She advocated for simplicity due to the various size of businesses, some with smaller margins than others.

Mr. Forst expressed concern regarding eliminating item number 3 due to the amount of funding available for the program, and the need to ensure funding goes to businesses most in need. Ms. Martinson agreed with Mr. Forst that 25% is a good metric for showing YoY decline in sales.

Mr. Mertz asked the Task Force for consensus on a percentage.

Ms. Thomas added that flexibility is built into item number 4, and if businesses can show proof of hardship, perhaps because of smaller margins, they could still qualify at the City Manager’s discretion. Mr. Forst expressed support for building flexibility into the program.

Mr. Mertz suggested revising item number 3 to read, “Minimum decrease in sales is 20% YoY in order to participate.”

**MOTION:** by Mr. Forst to make the adjustment to 20% on business sustainability grants and pass the section. The motion was seconded by Ms. Bell.

#### DISCUSSION

Mr. Mertz clarified that the grant includes 4 months of lease and long term debt costs; the YoY minimum decrease in sales was changed from 25% to 20%; and item number 8 states that advances of two months of costs identified may be made up front.

**AMENDMENT:** Ms. MacVay asked about the language “up front” and whether it could be replaced with something more clearly stated. Mr. Mertz struck the term “up front” and replaced it with “Prior to completion of measurement period and with proper documentation provided to the City Manager.”

***Hearing no objections, the motion carried.***

#### *Commercial Water and Sewer Utility Payor Relief Questions*

Mr. Mertz clarified that this program would be available to commercial businesses with 50% ownership in Juneau, utilizing similar decline measures in YoY sales as the Business Stabilization Grants. For consistency, he recommended changing that measurement from 25% to 20%. This program would be active through Spring of 2021, or until CARES expires, which could be as early as December 31, 2020.

Ms. Peters asked how a business would qualify if the owner pays rent for their space and their utilities are included in their rent. Mr. Mertz suggested a grant where a business presents the amount of utilities remitted to their landlord for this type of situation. Ms. Thomas suggested that if the property owner received this benefit they should pass it through to the tenant. Mr. Mertz replied that the landlord may be in a good financial situation but the tenants would be suffering due to their decreased sales, so the landlord would not qualify for the program.

Mr. Mertz suggested adding an addition to the Business Stabilization Grant to include the scenario of utility relief for tenants whose utility costs are included in their rent.

Ms. Bell asked to explore the possible applicability of this for all utilities. Mr. Mertz stated that he incorporated AEL&P, but suggested that refuse and fuel oil could be included as well. Though fuel oil is not a huge expense in the summer months, refuse could be a substantial monthly expense for some businesses. Mr. Forst felt that fuel oil would be a good addition. Ms. MacVay felt fuel oil and refuse were needed. Ms. Peters stated that regardless of sales, refuse is a flat monthly fee of \$175, so assistance there would be welcomed for many businesses. Mr. Botelho was in agreement that fuel oil and refuse should be included.

**MOTION:** by Mr. Forst that the Commercial Water and Sewer Utility Payor Relief program should be forwarded to the CBJ Assembly Finance Committee with the amendments of incorporated AEL&P, fuel, and refuse into the relief. The motion was seconded by Ms. MacVay.

***Hearing no objections, the motion passed.***

*Local Citizen and Business Relief “Shop Local and Save” Questions*

**MOTION:** by Mr. Forst to recommend the Local Citizen and Business Relief “Shop Local and Save” program to the CBJ Assembly Finance Committee. The motion was seconded by Mr. Botelho.

DISCUSSION

Ms. MacVay asked how the program administrator would identify whether or not a business is local.

Mr. Mertz replied that in this situation, if it is a brick and mortar and physically located in Juneau, then it is local. Therefore, businesses like Fred Meyer are included just as a business such as Imagination Station is included. However, basic commodities purchased will not be included in items eligible. Only non-essential items, such that people might choose to purchase online, but instead will purchase in the community, will be eligible purchases.

Mr. Forst asked if the program could be limited to locally owned businesses.

Mr. Mertz shared that it becomes challenging to determine what is a local business and what is a national chain. For example, there are large retailers you might think of as national chains that are franchises with local owners. Additionally, some of Juneau’s larger retailers are also competing with online retailers.

Ms. MacVay shared that Newburg, Oregon has defined a local business as having a local address. Camas, Washington focuses more on the size of the business, requiring that it have fewer than 50 employees. She asked the Task Force to remember why this program is being considered.

Mr. Koelsch expressed disagreement in not including groceries in the program. He would not want to exclude places like Rainbow Foods, which is a small organic grocer, or some of our food growers in Juneau.

Mr. Mertz responded that the purpose of the program is to encourage behavior that stimulates the economy in excess to what is already occurring. Groceries are already being purchased so there is no need to encourage the purchase of food.

Mr. Forst agreed with Mr. Mertz, stating that it is discretionary spending this program is trying to push to the local market. He expressed support for including larger chain stores if federally required.

Ms. Belton spoke in support of targeting discretionary buying with the program.

Ms. Maclean suggested expanding the purpose of the program in the recommendation, and specifying the type of spending the program will target to assist the Assembly’s understanding of it.

Ms. Bell spoke in favor of recommendations to shop locally, stating that the employment and tax benefits are significant, and stressed the importance of spreading those benefits throughout the community.

**ACTION ITEM:** Ms. MacVay recommended changing the focus of the program from spending at local businesses to spending discretionary income in Juneau. She stated the program currently looks like a “Look Local First” program and it is not that. The title of the program includes business relief, but the program is primarily directed at consumers.

**ACTION ITEM:** Mr. Forst recommended changing the language to “Encourage discretionary spending locally.”

**MOTION:** by Mr. Forst to make the two changes and recommend this to the CBJ Assembly Finance Committee. The motion was seconded by Ms. Martinson.

***Hearing no objection, the motion passed.***

*Supporting Investment Costs for Rapid Testing in Juneau Questions*

Mr. Forst asked if the distribution of masks could be included in this recommendation to the Assembly.

Mr. Mertz replied that the Childcare Recommendations included help sourcing PPE, and that the masks were already being purchased.

Ms. Thomas added that there are other resources for acquiring masks; she did not want to divert their attention from the larger purpose of acquiring the equipment for Juneau to become a rapid testing hub.

The Task Force discussed specific types of rapid tests and whether the term “rapid” implied a type of test that may have less accuracy than other tests that can be performed quickly.

**ACTION ITEM:** The Task Force mutually decided to remove the word “rapid” and replace it with “testing with results within a day.”

Ms. MacVay spoke in favor of this recommendation as it will assist smaller southeast communities with opening.

Ms. Peters added this would be helpful to the mining industry, dentist offices, and other businesses.

Mr. Rogers shared that rapid testing as a concept is not a financial barrier. He explained that testing equipment and supplies are being strategically managed on a global level. Bartlett Regional Hospital is currently trying to source tests through private companies. Additionally, the EOC in Juneau is working through the State EOC, which is working through the Federal EOC, to procure rapid tests. Currently, tests are prioritized for communities who are experiencing uncontained cases; there are several communities ahead of Juneau in line. The tests are being strategically rationed to the communities most in need.

The Task Force discussed providing this recommendation to the Assembly so that support is already in place to aid quick action in the event that resources or machinery become available.

**MOTION:** by Mr. Forst to forward the recommendation of Supporting Investment Costs for Rapid Testing in Juneau to the CBJ Assembly Finance Committee, with the language changed to capture the intent of rapid testing. The motion was seconded by Ms. Bell.

***Hearing no objections, the motion passed.***

Ms. Martinson asked that the urgency of each recommendation be communicated when they are submitted to the Assembly.

The Task Force decided that Mr. Mertz and Ms. Thomas will present to the CBJ Assembly Finance Committee at their meeting on May 13.

Ms. Thomas asked the Task Force if there was any objection to Mr. Mertz and Ms. Bell drafting a cover letter.

**MOTION:** by Mr. Botelho for Mr. Mertz and Ms. Bell to draft a cover letter for the Assembly. Ms. Bell seconded the motion.

***Hearing no objections, the motion passed.***

### **Recommendation for Historical Documentation of Juneau Response to COVID-19**

Mr. Botelho shared language proposed for a recommendation to the Assembly for historical documentation of Juneau's response efforts to the COVID-19 pandemic.

**MOTION:** by Mr. Mertz for the Task Force to forward the recommendation shared by Mr. Botelho to the Assembly. Ms. Bell seconded the motion.

***Hearing no objections, the motion passed.***

### **Good of the Order**

Mr. Rogers stated the deadline for recommendations to make it into the Assembly Finance Committee packet is May 12 at noon.

The next Economic Stabilization Task Force meeting is scheduled for Thursday, May 14. Agenda items will include the public comment matrix and will revisit other items discussed to ensure adequate coverage of areas of need.

The meeting was adjourned at 4:27 p.m.

### **Appointed Task Force Members**

Max Mertz, Co-Chair • Linda Thomas, Co-Chair • Theresa Belton • Bruce Botelho • Eric Forst

Ken Koelsch • Lauren MacVay • Laura Martinson • Terra Peters