



Economic Stabilization Task Force

Appointed by the City & Borough of Juneau's Mayor
Meeting Minutes from May 19, 2020

Call to Order

The Economic Stabilization Task Force meeting was called to order at 3:01 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: CDD Administrative Officer, Brenwynne Grigg; CDD Director, Jill Maclean; and CBJ Finance Director, Jeff Rogers.

CBJ Assembly Members Present: Mayor Beth Weldon and Loren Jones

Special Guest Speakers: None

Business Stabilization and Recovery Recommendations to the Assembly

Business Sustainability Grant

Mr. Mertz gave a summary of the Task Force recommendations given to the Assembly Finance Committee at their May 13 meeting. He shared that most of the feedback was positive, but that they requested greater simplicity for program administration. Mr. Mertz presented a simplified program to the Task Force for consideration that takes into account conversations with area businesses; input from Mr. Jim Calvin, Senior Vice President and Economic Analyst at McDowell Group; and research into business data by industry sector, geographic location, and size.

The Business Sustainability Grant Program proposal contains three funding amounts, which relate to the size of a business as it pertains to their sales. First, the average lease/rent and debt amounts for five months of the summer tourism season was calculated using general assumptions with the support of local data. This resulted in grant amounts of \$20,000 for small sized businesses, \$37,500 for medium sized businesses, and \$75,000 for large sized businesses. Then, with the assistance of Mr. Calvin, estimates of the number of businesses falling into the three ranges were determined; the demand resulted in approximately \$7.5 million, with a range of \$6 - \$9 million.

In the quest for simplicity, Mr. Mertz suggested an initial funding amount of \$2.3 million, with two subsequent rounds of funding. The initial round of funding is for businesses that meet the requirements of the program related to local ownership, and that demonstrate need. Grant amounts of \$7 thousand, \$12 thousand, and \$25 thousand are designated to meet this immediate need. The second and third rounds of funding would take into

account the granular details of each business, rent/lease and debt costs, and demonstrated need. The second and third rounds would mostly account for the inadequate funding amounts the larger businesses might experience in the first round.

Ms. Bell added that she and Mr. Calvin examined JEDC's indicators on business sectors and business sizes to reinforce their understanding of the business makeup in Juneau. Significantly, Juneau has around 800 businesses with 10 or fewer employees.

Mr. Botelho asked how adjustments are made for seasonal businesses that will not have sufficient year over year (YoY) experience to date, yet are paying owed rents or leases. Mr. Mertz replied that they would need to assert harm at the threshold of 20% YoY during the initial round of funding. As April is now closed and May is closing soon, he suggests an attestation of harm to the City Manager for quarterly tax filers, so they may qualify for funding prior to the end of the quarter.

The Task Force discussed administration for the program, and whether rounds two and three needed to be included in the Assembly budget prior to June 15.

Ms. Thomas asked if this opportunity would be available to non-profit businesses. Mr. Mertz confirmed that this was his intent, and asked if she felt the recommendation should mention it specifically. Ms. Thomas believed it should be addressed in the recommendation. She stated that she wants to be clear that this opportunity is extended to businesses beyond the private industry. Mr. Botelho agreed that the more supports given to all the sectors of the economy, the better off Juneau will be.

Mr. Forst asked about the impact of extending this program to the non-profit community. Mr. Mertz replied that there are two types of non-profits. The first type functions as a business and has revenue. The second type focuses on services that are not reimbursable. To a large degree, he has seen no evidence that non-profits are experiencing substantial harm – unless they are unable to provide services and bill Medicaid – and the impact on the program by including non-profits should be small. Ms. Maclean read the opening statement in the Assembly's charge to the Task Force, which she interpreted to support the ability to consider the non-profit sectors.

Mr. Mertz asked the Task Force for its opinion about the funding amounts, based on the research presented. Ms. Martinson stated she felt the funding could be larger, but that she was hesitant to request more from the Assembly due to the overall need felt. Mr. Forst agreed with Ms. Martinson, stating that this level of funding might be enough to assist some businesses until next spring, especially when considering this as a component of other available funding. Mr. Botelho stated that, until the popularity of the program is determined in the initial round, he would be hesitant to recommend a larger amount. Ms. Peters agreed with Mr. Botelho, but added that many businesses were unable to access the CBJ Emergency Loans for Juneau Businesses through JEDC.

Mrs. MacVay asked whether the intent for this program is to supplement other State programs or if participation in other programs would exclude a person from this funding. Mr. Mertz replied that there could be issues with "double dipping," and the Task Force should examine the AK CARES grant program to avoid this occurrence. However, he does not feel that participation in the Paycheck Protection Program (PPP) or the Economic Injury Disaster Loan (EIDL) program should exclude a business from this program, as many businesses will be unable to obtain forgiveness of their loan.

Ms. Thomas asked the Task Force for its opinion about the allocation of funding for small, medium, and large businesses in the proposed grant program. Ms. Martinson stated that the debt and rent obligation of a business at \$750,000 is very different from one at \$2 million. If both businesses are considered to be medium sized, receiving the same grant amount appears potentially inequitable. Mr. Mertz acknowledged the inequity around using averages to group businesses into categories. He advocated for the importance of implementing the second and third rounds of the program to fill the gaps on the initial inequities.

Mr. Mertz recapped the changes recommended through the Task Force discussion as:

1. Replace references of YoY sales amounts with YoY revenue amounts.
2. Request a discussion with the Assembly for a range of funding they are willing to allocate for all relief programs.

MOTION: by Mr. Botelho to move the Business Stability Grant Program to the Assembly Finance Committee. The motion was seconded by Mr. Forst.

AMENDMENT: Mr. Forst asked that the inclusion of non-profits that are headquartered in Juneau be specifically noted in the grant program. The amendment was seconded by Mr. Botelho.

Hearing no objections, the motion passed.

Commercial Water and Sewer Utility Payor Relief Program

Mr. Mertz stated that the program had no substantive changes since the last iteration. Mr. Botelho asked if the program is also extended to non-profits. Mr. Mertz confirmed that it was, and added similar language to what was added to the Business Sustainability Grant.

MOTION: by Mr. Botelho to approve the changes and move the Commercial Water and Sewer Utility Payor Relief Program to the Assembly. The motion was seconded by Ms. MacVay.

Hearing no objections, the motion passed.

Local Citizen Support -- "Support Local and Save"

Mr. Mertz began the conversation on the Local Citizen Support by asking the Task Force if it agrees to a minimum \$50 reduction in utility payments. The intent would be to capture a population that may not have the discretionary income available to "shop local."

Ms. MacVay stated she felt the design of the program benefits people with discretionary income, as those with lower incomes are able to afford only fuel and groceries. Ms. Martinson reminded the Task Force of the goal of the program. Targeting people with discretionary spending is necessary, as the goal is for them to spend that money locally into the economy instead of online. Mr. Forst expressed agreement with Ms. Martinson. Ms. Bell added that the goal of this program is to stimulate spending and drive economic activity generally.

The Task Force discussed the importance of limiting the program to local businesses, similar to a "Look Local First" initiative, or whether the benefit should be applied to all businesses with a Juneau address, since they hire Juneau residents and pay Juneau taxes. Some members shared concerns that identifying whether a business is

under local ownership might be administratively problematic. There was disagreement on how administratively burdensome it may or may not become to add up receipts in order to apply the benefits.

The Task Force considered that there may be a better way to stimulate local spending with a program that is sustainable for the long term. It was decided by consensus to hold this program from the Assembly recommendation until potential alternatives are explored.

MOTION: by Mr. Mertz to hold the Local Citizen Support “Support Local and Save” program and seek more ideas for driving business at a local level.

Hearing no objection, the motion passed.

Letter to AIDEA Regarding AK Cares

Ms. MacVay informed the Task Force that the AK CARES grant program RPL was approved on May 11 and would be before the AIDEA Board the following day on May 20. The current program language excludes businesses from receiving grant funding if they received PPP or EIDL funds. The letter in the Task Force’s packet requests that AIDEA reconsider that exclusion. The motivation for this exclusion is unclear. Perhaps it was initially presumed that small businesses were precluded from the PPP program, but that is not the case and the program is still open. The letter recommends carving out the forgiveness elements in the loan programs as an option.

ACTION ITEM: Ms. Thomas asked the Task Force if there was an objection to Mr. Mertz, Ms. MacVay, or herself speaking with AIDEA on the Task Force’s behalf on this topic.

There was no objection.

Good of the Order

Mr. Mertz shared that Senator Sullivan’s office reached out and asked to attend a Task Force meeting on May 28 to answer any questions, and to give updates from Washington D.C. The Task Force was in agreement.

Mr. Koelsch asked if the Task Force could request clarification from the Assembly on whether they are to consider avenues aside from business for the CARES Act funding allotted to the CBJ. He asserted that many in our community will be laid off or not hired this summer due to the lack of economic activity. Mr. Mertz validated this point and referenced the Task Force to the Mayor’s charging document.

Ms. Thomas read a comment from the videoconferencing chat from Mr. Brian Holst, Executive Director of JEDC:

“The local support program could be a great way to start (initially fund) a ‘local dollar’ project.”

Ms. Bell shared another comment from the videoconferencing chat:

“Idea shared by Alec Mesdag: Through one of the previous Innovation Summit speakers, Brian found out about an app-based payment platform to incentivize shopping at local businesses (www.thelocalfrequency.com). We had a call with the folks who developed the app last week, and it looks like a great platform – simple to participate for both the merchant and the customer. Basically, customers download an app and use it to make purchases from participating merchants, and the

customer gets a rebate for the purchase that can only be used at any of the participating businesses. This is used in Winnipeg, and the merchants there pay the rebate. <https://www.thelocalfrequency.com>”

Mr. Botelho recommended the Task Force consider programs that will employ people to maintain and improve trails, working through companies like Trail Mix, Inc., the Southeast Alaska Land Trust, and the Nature Conservancy, for example, in partnership with the CBJ Parks and Recreation Department. There was consensus among the Task Force that this topic was worthy of exploration. Mr. Botelho will explore this area more and bring facts before the Task Force.

At 4:10 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