



# Economic Stabilization Task Force

Appointed by the City & Borough of Juneau's Mayor

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## Recommendations for Economic Stabilization and Recovery

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### Introduction

In two months, Juneau's business community sustained significant losses due to the impacts of CV-19. Multiple sectors have been affected by reduced revenues, increased operating costs, and uncertainty. Effects will continue into the fall and winter months. There is an urgent and immediate need for government assistance to help support the foundational base of local businesses, continuity of employment, and future tax revenues.

Businesses bring in 100% of sales tax revenue to the CBJ and approximately 40% percent of its property taxes. Additional support is needed to help prevent widespread business failures and compounding impacts on households reliant on services and employment.

The CARES Act allows state and local governments to use funding for grants to address business interruption, to maintain essential services, and support additional measures such as social distancing requirements. It also allows for payments to individuals directly impacted by a loss of income and to maintain essential services and housing.

The Task Force was advised the economic hardship will become severe within a year due to CV19, due to the loss of tax and other revenues, and the City will have very limited funds for grant or financial support to individuals or businesses. However, with the coming CARES Funding through the State of Alaska, and existing significant CBJ fund balance reserves, rapid funding for grants to individuals and businesses are needed and practical. The list of ideas below is intended to provide stop gap measures for business stabilization.

The Federal CARES Act is very specific that the dates incurred for the use of the funds are between March 1 and December 31, 2020. Use of CBJ reserves, for business assistance has no time restriction. For discussion purposes, the ideas below are focused around the support provided by the CARES Act. Funding provided for business relief should be commensurate with the overall impact businesses have on the core budget for CBJ. We will incorporate feedback from the CBJ Finance Committee and provide recommendations on initial funding limits for each program.

Other ideas continue to be considered by the Task Force. These include modifications to the CBJ loan program and ideas to assist businesses operationally. Those ideas will be brought to the Assembly in the near future. However, the recommendations listed below rose to the top for the Task Force for CARES act funding. The intent of the recommendations is to provide the groundwork for consideration by the Assembly, and the will of the Assembly for funding these initiatives to help local businesses in a timely manner through CARES Act Funding. The Task Force is ready to move forward on further refinement and implementation as directed by the Assembly.

## **Business Sustainability Grants**

Business will be provided grants up to the equivalent of four months of rent, lease and long-term debt costs, and costs for physical retrofitting their businesses due to Covid-19 safety measures.

Program:

1. Business must have at least 50% local ownership as of 2/15/20.
2. Rent, lease or loan measurement period is May 2020 through August 2020.
3. Minimum decrease in sales is 20% YoY in order 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.
5. Grant is equal to total of expected lease or loan payments during the measurement period for the business lease(s) or mortgage(s) associated with the sales tax filer.
6. Businesses will be reimbursed for any documented costs of physical retrofitting their businesses due to Covid-19 safety measures.
7. Documentation provided is existing lease or bank statements combined with payment documentation at the conclusion of the measurement period.
8. Advances of two months of costs identified above may be made prior to the completion of the measurement period with appropriate documentation provided to the City Manager. Business must be able to demonstrate financial harm due to financial sector, or currently available sales information.
9. Funding source is CARES Relief Fund.

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

Businesses are given a discount on their utility bills equal to the percentage decline in year-over-year (YoY) sales as reported on sales tax return

Program:

1. Business is a commercial utility payor, or a tenant who makes utility payments to a landlord on an allocated basis
2. Business must have at least 50% local ownership as of 2/15/20.
3. 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. For tenants who make utility payments to landlords, tenants will be reimbursed for their utility cost by CBJ making a direct payment to the tenant.
4. Minimum decrease in sales is 20% YoY in order to participate.
5. Program runs from May 2020 through April 2021 (or earlier depending on expiration of CARES funding).
6. Funding source is CARES Relief Fund.

Example:

- Utility customer is a business with local ownership and has \$1,000 per month utility bill and has a sales tax account with the CBJ. Sales as determined on a monthly (or quarterly) basis were \$10,000 in April 2019 (or quarter ended June 30, 2019). Sales were \$4,000 in April 2020.
- Customer receives a 60% reduction/rebate (equal to decline in sales tax YOY) or \$600 on April 2020 (or June Quarter End) utility bill.

Option: Incorporate AEL&P, Fuel Oil and Refuse

- CBJ passes COVID funding on to AEL&P based on above parameters.

- AEL&P able to participate as long as CBJ makes determination amount and payment for customer account. Other utility payments will also be reimbursed to commercial businesses based on paid amounts reported to the CBJ by the businesses.
- Same calculation as water and sewer utility payments above.

### **Local Citizen Support -- “Support Local and Save”**

Currently done in Camas, Wa - <https://www.cityofcamas.us/ourcommunity/support-local-save> and Newberg, Oregon.

Citizens are given a discount on their utility bills equal to amount spent at local businesses, excluding spending for essentials such as groceries and utilities. The focus is to encourage **discretionary** spending locally.

Program:

- Customers make purchases from local businesses excluding grocery and utilities).
- Customers save their receipts that show the business name, date, and amount of purchase.
- When they have a total of \$50 in receipts (this could be one receipt or multiple), they are eligible to receive a \$25 credit on their utility bill.
- Customers mail or email their receipts to CBJ.
- All receipts must be accompanied by the customer’s full name or the name on the utility account, address, contact phone or email, and account number.
- All customers will receive a \$50 utility credit.
- In addition, customers may submit a total of \$300 in receipts for a total savings of \$150.
- “Support Local & Save” will begin on June 1, 2020 and run through August 31, 2020, with review for extension as needed.
- Funding is CAREs Relief Fund.

Option: Incorporate AEL&P

- CBJ passes COVID funding on to AEL&P based on above parameters.
- AEL&P able to participate as long as CBJ makes determination amount and payment for customer account.
- Same provisions as above.
- Customers may submit a total of \$300 in receipts for a total savings of \$150.

### **Establish COVID-19 testing in Juneau**

Pursue COVID-19 Juneau-based testing capabilities to reduce the economic and social impacts resulting from quarantine requirements and delayed results. Juneau is an economic, governmental, medical, and transportation hub in our state and region. Providing this service will benefit community residents and businesses, regional employers with a transient workforce, legislators, visitors, and neighboring communities.

### **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