



Economic Stabilization Task Force

Appointed by the City & Borough of Juneau's Mayor

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Date: May 28, 2020

To: City & Borough of Juneau Assembly

From: Economic Stabilization Task Force

Regarding: Summary of Draft Ordinance 2019-06(AC), An Appropriation of up to \$3.5 Million for Phase 1 of a COVID-19 Business Sustainability Grant Program; Funding Provided by the CARES Act Special Revenue Fund

Ordinance 2019-06(AC) combines the two business grant programs recommended by the Economic Sustainability Task Force (ESTF) to the Assembly Finance Committee – business grants and commercial utility payor relief.

By combining the programs, the ordinance hopes to make the business grant program implementation more efficient, quicker to implement, and responsive to the needs to Juneau's businesses.

We worked closely with CBJ Staff on developing the Ordinance to appropriately and legally address questions and recommendations identified by Assembly members during the Finance Committee presentation.

The ESTF recommends up to three funding phases of business assistance grants. The total to be funded from this Ordinance and future funding rounds are as follows:

Phase One – Ordinance 2019-06(AC)	\$ 3,500,000
Future Funding Phases Two and Three	<u>\$ 8,500,000</u>
Total Funding	<u>\$ 12,000,000</u>

Funding amounts are based on an expectation of rent/lease costs, long-term debt costs, and utility costs for Juneau's businesses significantly impacted by COVID-19 for the period of April 1 through August 31, 2020. The range of expected need based on analysis by the ESTF was \$11 to \$15 million.

The first round of funding will help to better identify total need for Business Assistance Grants. We recommend that the Assembly plan to fund the entire business grant need.

Presented by: AFC
Introduced: 05/28/2020
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2019-06(AC)

An Ordinance Appropriating up to \$3,500,000 to the Manager for Phase 1 of a COVID-19 Business Sustainability Grant Program; Funding Provided by the CARES Act Special Revenue Fund.

WHEREAS, the Economic Stabilization Task Force recommended that the Assembly consider economic support to businesses suffering interruptions due to COVID-19 related business closures; and

WHEREAS, on April 9, 2020, the Centers for Disease Control and Prevention (CDC) renewed the No Sail Order and Other Measures related to cruise ships to prohibit certain cruise ships from transporting passengers to ports in the United States; and

WHEREAS, since early March, 2020, the State of Alaska issued COVID-19 Health Mandates that reasonably restricted travel, gatherings, close personal interactions, schools, and medical and dental procedures; and

WHEREAS, since early March 2020, the Assembly issued COVID-19 directions regarding travel quarantines (Res. 2886), hunkering down (Res. 2885), and cloth face coverings (Res. 2890); and

WHEREAS, the public health mandates and directions protected the health of the people in the City and Borough of Juneau and nearby communities; and

WHEREAS, COVID-19 caused severe economic harm to businesses in the City and Borough of Juneau because people were encouraged to hunker down, businesses were mandated to close or severely limit operations, and nearly all of the forecasted cruise ship tourism has been canceled; and

WHEREAS, failing to protect the economically vulnerable businesses from the severe loss of revenue would result in further adverse impacts to Juneau's economic and social service network; and

WHEREAS, the COVID-19 Business Sustainability Grant Program is necessary due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); and

WHEREAS, the COVID-19 Business Sustainability Grant Program is being created by this ordinance and program expenses were not accounted for in the FY20 budget; and

WHEREAS, the COVID-19 Business Sustainability Grant Program expenses are incurred during the period that begins on March 1, 2020, and ends on December 31, 2020.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a non-code ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of three million and five hundred thousand dollars (\$3,500,000.00) for Phase 1 of a COVID-19 Business Sustainability Grant Program to be granted to the Juneau Economic Development Council (Grant Administrator) and used consistent with this resolution.

Section 3. Source of Funds:

CARES Act Special Revenue Fund \$3,500,000.00

Section 4. COVID-19 Business Sustainability Grant Program Terms. The program is subject to the following terms and conditions:

- (a) **Administration.** The Manager is authorized to execute a grant agreement with the Grant Administrator for disbursement of COVID-19 Business Sustainability Grant Program funds. The Grant Administrator is responsible for assuring the program funds are disbursed only to eligible businesses. The Grant Administrator shall be provided an administration fee of up to \$25,000.00 based on actual expenses. The Grant Administrator shall provide the Manager with program status reports at reasonable intervals. The Manager shall provide updates to the Finance Committee or Assembly.
- (b) **Entity types.** Any business entity is eligible (including a nonprofit), if the business (1) was registered as a business in Alaska on January 1, 2020, (2) had a physical presence in Juneau, Alaska, on February 15, 2020, and (3) continuously operated through the date of application unless the business is seasonal or was subject to a government-mandated shutdown.
- (c) **Grant application.** A business seeking a grant may provide supporting documents electronically but the business owner, managing member, or equivalent person must submit an original grant application form in person to the Grant Administrator.
- (d) **Confidentiality.** Except as provided in this ordinance, all application material submitted for a Business Sustainability Grant and all information contained therein (Grant Data) shall be kept confidential except for inspection by:
 - (1) Employees and agents of the City and Borough, including the Grant Administrator, whose job responsibilities are directly related to such applications and information;
 - (2) The business owner, managing member, or equivalent person and supplying such application and information; and
 - (3) Court order.

However, nothing in this ordinance shall be construed to provide confidentiality to the name of the applicant, address of the applicant, and the amount of grant award, if any.

The Grant Administrator must hold this Grant Data in strict confidence and not disclose, publish, or otherwise reveal the Grant Data to any other person or entity unless expressly authorized by the CBJ in writing. The Grant Administrator must use all reasonable means to safeguard the Grant Data at its own expense. The Grant Administrator is prohibited from making copies or otherwise modifying the Grant Data without express written permission of the CBJ. Upon completion of Phase 1, the Grant Administrator shall transfer all Grant Data to the CBJ Finance Director. Upon confirmation that the CBJ received the Grant Data, the Grant Administrator shall destroy all copies of the Grant Data.

If the Grant Administrator becomes aware of any possible unauthorized disclosure or use of the data, the Grant Administrator shall promptly advise the CBJ and take all necessary actions to enjoin the dissemination of the data.

- (e) **COVID-19 financial hardship.** An applicant must provide proof of a year over year decrease in revenue that equals or exceeds twenty percent. Year over year sales tax returns or other similar documentation of substantial revenue decline is required.
- (f) **Assertion of need.** An applicant shall disclose if the business has applied for or received any other grant or forgivable loan. An applicant that has received any other grant or forgivable loan must provide satisfactory documentation that a Business Sustainability Grant is still necessary to sustain business operations.
- (g) **Sales and property tax compliance.** A business with any sales or property tax delinquency as of March 1, 2020, is not eligible for a loan unless the business first executes a confession of judgment with the City and Borough of Juneau for all outstanding taxes. A business that is fully compliant with a confession of judgment payment plan is eligible.
- (h) **Exceptions.** The Grant Administrator, after receiving direction from the Manager or designee, has the authority to make reasonable exceptions that match the intent of this grant program.
- (i) **Phase 1 maximum grant amount.** The maximum grant amount for Phase 1 is dependent on thirty-three percent of the business' average lease/rent, utility, and long-term debt costs between April 1 and August 31 ("fixed costs") but not to exceed \$33,000.00 per business.
- (j) **Priority.** If the number of grant applications exceeds the available grants, remaining grants shall be awarded based on when the application was initially submitted. If an application is incomplete, the applicant has a three-day grace period from notice of an incomplete application to cure.

Section 5. Effective Date. This ordinance shall become effective upon adoption. However, Section 2 of this ordinance is conditioned upon the City and Borough of Juneau receiving CARES Act funding from the State of Alaska.

Adopted this _____ day of _____, 2020.

Beth A. Weldon, Mayor

Attest:

Elizabeth J. McEwen, Municipal Clerk