



Economic Stabilization Task Force

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

Call to Order

The Economic Stabilization Task Force meeting was called to order at 3:01 p.m. by Mr. Mertz.

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; CBJ Attorney, Robert Palmer; and CBJ Finance Director, Jeff Rogers

CBJ Assembly Members Present: Alicia Hughes-Skandjis

Special Guest Speakers: CEO of McDowell Group, Jim Calvin; and Executive Director of JEDC, Brian Holst

Approval of Minutes

MOTION: by Ms. MacVay to adopt the Economic Stabilization Task Force minutes from the May 28 meeting. The motion was seconded by Mr. Forst.

Hearing no objections, the motion passed.

Strategic Planning/Status of Juneau Economic with Jim Calvin of McDowell Group

Mr. Mertz introduced Mr. Jim Calvin, CEO of the McDowell Group, who led the process of developing the Juneau Economic Plan in 2014 and 2015.

Mr. Calvin gave a brief overview of the plan and how it applies today. The McDowell Group led a very detailed and in-depth community engagement process when developing the plan. They started in January 2014 and delivered a product to the Assembly in January 2015. The Plan examines the economic profile of the community the direction key drivers are headed. McDowell Group conducted a telephone survey and an online survey, and met with 25 stakeholder groups to gain community perspective on economic priorities. This resulted in a shared vision and economic future for Juneau, along with a broad set of economic initiatives. Each initiative and its potential to create jobs and wages in the community while leveraging investment in Juneau was examined to fully understand the multiplier effects. The capacity for sustained leadership was examined as well.

There are eight initiatives in the Plan:

1. Enhance Essential Infrastructure
2. Build the Senior Economy
3. Attract and Prepare the Next Generation Workforce
4. Recognize and Expand Juneau's Position as a Research Center
5. Build on Our Strengths
6. Protect and Enhance Juneau's Role as Capital City
7. Revitalize Downtown
8. Promote Housing Affordability and Availability

Mr. Calvin ended his presentation by stating the Juneau Economic Plan is a living, breathing document and needs to be updated regularly. Now that the world is shaken by COVID-19, we should think about the document in larger terms.

Mr. Forst asked Mr. Calvin what he feels is most lacking and has not been addressed in the recommendations of the Plan.

Mr. Calvin replied that Sealaska Heritage Institute has been instrumental in the arts culture. There was great effort initially to re-locate research jobs from Seattle to Juneau, but progress on this initiative has been lacking. He suggested focusing on how to attract the next generation of work force. He stated that Juneau seems to be making progress on childcare issues, and the city is doing what it can for the school system.

Ms. Martinson asked if there are areas of the economy that could grow faster with the presence of a more skilled workforce, or if Mr. Calvin saw an opportunity to prepare the workforce we have for those jobs.

Mr. Calvin replied that he knows of few people in the professional services world that are able to recruit locally 100% of the time, due to lack of skilled workforce. Juneau needs more workforce in the professional services. State Government is trending down in overall employment, but they have to recruit retired employees as contractors for special projects because of a lack in local skilled labor.

Mr. Forst asked if a City staff person was assigned, or a position created, to coordinate with the Downtown Business Association (DBA). Mr. Calvin is not aware that has occurred.

Mr. Mertz asked what advice Mr. Calvin might have for combining three to four concrete ideas worth pursuing. For example, should the City be investigating tax-free economic zones to encourage development? He asked if there is value to that.

Mr. Calvin replied that the Task Force is focused on recovery, which is different than the long-term plan McDowell Group has engaged in. Currently, Juneau is looking at fundamental shifts in working from home and what the cruise ship industry will look like in 10 years. This is very different from the recommendations in the Plan.

Mr. Mertz asked if anyone at the City is tracking the initiatives and Juneau's progress.

Mr. Koelsch replied that there is a prioritization list at each Assembly retreat. These initiatives are examined and may make the list.

Ms. Bell stated that, in preparation of the Task Force Work Session, she is happy to relate questions to Mr. Calvin and the McDowell Group team.

Ms. Thomas expressed the desire to discuss the role of the Task Force, as it is chartered for only 6 months, and to explore strategies for Juneau's economy to recover in the long-term. She suggested Task Force members review the Plan and determine if there is any effort it can make for long-term recovery.

Status of Assembly Actions on Current ESTF Ordinances & Next Steps

Business Sustainability Grant Phase 1

Ms. Thomas reported that the Assembly approved the Business Sustainability Grant Phase 1 for funding up to \$3.5 million on June 8. A brief overview of the changes is as follows:

- Section 4, Subsection (i) removed the word "average" and replaced it with the word "total" in relation to the expenses of the business.
- Section 4, Subsection (b) language was replaced with improved language from a similar grant program in Kenai, Alaska. The new language enabled the broad interpretation to include non-profits but exclude publically traded entities on the stock market or foreign exchange. Additionally, the term "local franchise owners" was changed the "franchisee."
- Section 4, Subsection (c) was amended to allow for the electronic submittal of grant applications.

City Manager Watt provided a statement on how the \$3.5 million dollar value was determined. Several business owners had spoken in support of the program; it passed unanimously in the Assembly. The Assembly discussed the intent of the program, which is to allow businesses to remain open through this difficult period.

Ms. Thomas would like the grant administrator to track and ensure minority-owned businesses are included.

Conservation Corp Grant and Business Sustainability Grant Phase 2 and 3

Ms. Thomas shared that two additional draft ordinances were introduced in the Assembly Consent Agenda:

- Draft Ordinance 2019-06(AH), an ordinance appropriating up to \$1 million for a Conservation Corps Program, with funding provided by the CARES Act Special Revenue Fund
- Draft Ordinance 2019-06(AG), an ordinance appropriating up to \$8.5 million for Phases 2 and 3 of a Business Sustainability Grant Program

These two grant programs will be discussed at the Assembly Finance Committee meeting on June 17.

Ms. Thomas will attend a meeting on June 12 with City Manager Watt about non-profit grant opportunities. She expressed hope that Ms. Peters could join her.

Ms. Martinson asked which non-profits would be excluded from the Business Sustainability Grant.

Ms. Thomas replied there are requirements in the business grant for a 20% year-over-year decline in revenue. While some non-profits produce revenue from sales or billing for a service, many non-profits do not and rely on donations and grant funding alone.

Mr. Mertz added there may be scenarios in the near future where the community will need to rely more heavily on non-profits in ways that are beyond their normal operations.

Mr. Mertz asked Mr. Palmer if he would make changes to the Phase 2 and 3 Business Sustainability Grant Draft Ordinance to conform to the changes made in the Phase 1 Draft Ordinance. Mr. Palmer replied that once an ordinance is introduced to the Assembly, only the Assembly could make changes through motions. However, recommended changes to address conformity will be queued up for motions.

Mr. Koelsch stated concern for the timeline of ordinance adoption in relation to summer trail work and asked if there were any special meetings prior to the Regular Assembly Meeting on June 29.

Mr. Botelho asked the Task Force to recommend the Conservation Corps Ordinance be expedited through a Special Assembly meeting for adoption. He advocated for making use of as much of the summer as possible for trail work.

Ms. MacVay asked if there was concern that current unemployment enhancements would discourage applicants, since she has heard other businesses are struggling with this issue.

Mr. Palmer stated that a Special Assembly Meeting after the Assembly Finance Committee would be a way the Ordinance could be adopted quickly.

Mr. Rogers shared that, anecdotally, there is high interest in employment through this program. CBJ Human Resources has received around 150 phone calls and resumes from people seeking employment.

MOTION: by Mr. Forst to recommend the Assembly expedite the adoption of Ordinance 2020-06(AH) by having a Public Hearing at a Special Assembly Meeting on July 17. The motion was seconded by Mr. Botelho.

Hearing no objections, the motion passed.

Business Grant Application Report

Mr. Mertz reported that he and Ms. Bell participated in a working meeting with JEDC to prepare the Business Sustainability Grant applications. Now that Phase 1 of the program has been adopted, Mr. Mertz would like Mr. Palmer to provide guidance on Conflict of Interest Rules for any businesses represented on the Task Force who might apply for the grant.

Mr. Palmer stated that actions and conversations up to this point at the Task Force level have been appropriate. The Assembly ultimately decided to make changes to the Task Force's initial grant proposal and selected JEDC to administer the program. The Task Force should exercise more caution with Phases 2 and 3 of the Business Sustainability Grant Program. If a Task Force member intends to apply for a grant, those members should not take action or debate as an official member of the Task Force in a way that affect the award, execution, or administration of the grant. If the Task Force members would like to lobby Assembly members as private individuals, they may do so.

Ms. Martinson asked if it would be better to recuse themselves from all Business Stabilization Grant discussions from this point forward to be cautious. Mr. Palmer replied it would be best not to participate in those discussions if there is an interest in applying.

Mr. Forst clarified that recusing themselves from discussion would be only for Phases 2 and 3 of the Business Sustainability Grant. Mr. Palmer affirmed the statement, saying that it would only be necessary until the Assembly adopts those phases.

Mr. Mertz and Ms. Bell are representing the Task Force on the Business Sustainability Grants and neither of their personal businesses intend to apply for the grant.

Ms. Bell expressed her appreciation for the urgency displayed by JEDC to work on the grant application. JEDC brings extensive experience to the table and she, along with Mr. Mertz, was able to clarify some questions they had. Ms. Bell appreciated that Mr. Rogers and Mr. Palmer were present as well to encourage efficient action and communication, while ensuring specific actions from the Assembly members are honored. Also present was JEDC Board Chair, Alec Mesdag; JEDC Board Member, Lauren MacVay; and JEDC Program Associate, James Cheng.

Ms. Bell reported there would be emphasis on gathering data about minority-owned businesses and minority representation on non-profit boards, and ensuring a pathway for eligibility for new business that do not have a financial history.

Mr. Rogers reported that JEDC intends to start processing applications on June 15, and that the distribution of funds will follow shortly after a grant agreement has been navigated by CBJ and JEDC.

Mr. Holst reported they intend to leave the grant application process open until resources are exhausted. They will process applications in the order they are received. If an application is incomplete, the applicant will have a number of days to complete the application without losing their place in line.

Ms. Thomas asked if applications will be recorded after resources are exhausted to gather information about the need in the community. Mr. Botelho agreed this is worthwhile information to collect in order to inform the distribution of funds in phases 2 and 3 of the program.

Mr. Holst replied he expects the demand to exceed the capacity. JEDC will monitor resources and, as the funds near depletion, a note will be added to the website stating the application is open but resources have been exhausted.

Ms. Thomas expressed concern that many Task Force members will be conflicted out of discussions for Phases 2 and 3 of the Business Stabilization Grant Program. She asked how that impacts the quorum needed for Task Force action. Mr. Palmer replied that CBJ Charter states, when two people are conflicted out, the number of members necessary for a quorum is decreased by one. Therefore, if five of ten Task Force members are conflicted out of discussions, the quorum requirement will decrease by two.

Ms. Bell added a follow-up on information sharing discussions from last week. She stated that she appreciates how the Alaska Municipal League has been instrumental in sharing information across communities in Alaska. Mr. Mertz said he spoke with Nils Andreassen, Executive Director for Alaska Municipal League, about a data repository for initiatives passed in various communities.

Review of Public Comment Matrix

Ms. MacVay noted that two public comments were added to the Public Comment Matrix, as well as three letters of support for Airlift Northwest. One comment recommended expansion of the allowable expenses in the grant program and one comment spoke in favor of the jobs program.

Mr. Mertz shared that Airlift Northwest is in attendance at the meeting. Mr. Mertz presented the letter submitted by Airlift Northwest about the possible removal of the PC 12 Turboprop that serves various Southeast Alaskan communities due to the financial challenges they are experiencing. Airlift Northwest appears to be in a gap as it relates to qualifying for CARES Grants or loans. They have provided three letters of support from CCTHITA, JEMA, and SEARHC. CCTHITA has pledged \$1 million in support for their operations. Airlift Northwest needs \$2.5 million total. Mr. Mertz spoke with City Manager Watt on June 10; he believes the best way to move this forward is through the City Manager.

Mr. Forst expressed confusion over whether the \$2.5 million needed is from all sources in Southeast Alaska or just Juneau. Mr. Mertz clarified that \$2.5 million is the need from all sources.

Mr. Forst asked how this request relates to or impacts similar providers in town. Mr. Mertz replied that is something City Manager Watt would examine along with the impact of the loss of the service.

Mr. Botelho shared that any intervention with Airlift Northwest affects their competitors, and expressed concern regarding the precedent of intervening on a specific business instead of a specific industry. Therefore, he supported sending this to City Manager Watt.

Mr. Mertz asked the Task Force if the conversation can be handed over the City Manager Watt.

Mr. Koelsch agreed to shift this to the City Manager and reminded the Task Force that it has not heard from Bartlett Regional Hospital on the matter. Mr. Mertz agreed that the Task Force should solicit input from BRH, along with input from the Airport Manager, Patty Wahto.

Open Fact-Finding Group Reports

Non-Profit Effort

Ms. Thomas reported time spent with United Way, Juneau Community Foundation, and Teri Tibbett with the Alaska Mental Health Board discussing details of the Meal Delivery Service Food Program introduced to the Task Force on May 14. United Way is drafting a Request for Proposal (RFP) for restaurants. They plan to present the program to the Assembly soon.

Childcare Assistance for School-Aged Children

Ms. Martinson continues to gather information as she consults with the school district on assistance needed for childcare provided to school-aged children.

Cruise Industry

Mr. Koelsch reported the situation is bleak; many small cruise lines continue to push their sail dates back by a month. Mr. Koelsch plans to contact City Manager Watt to see what assistance the Task Force can offer to this situation.

JEDC "Shop Local" App

Mr. Forst and Ms. Peters have been in communication with Mr. Holst from JEDC on the proposed "Shop Local" app. Last week, he, Ms. Peters, and Mr. Holst attended a Zoom meeting with the programmers of the app to learn more. Mr. Holst sought information from Mr. Richard Burns, CEO of Juneau Radio Center, and Mr. Dahl, Executive Director of Juneau Chamber of Commerce, regarding their experience with similar app programs. Their feedback was that the cost of implementing the app would not provide a reasonable return on the investment. After the facts were gathered, Mr. Forst and Ms. Peters believe the app is a good idea but does not rise to the level of Task Force involvement, or funding with CARES Act money. Mr. Forst feels the pursuit of the program is best suited to JEDC's office, as its value is in business promotion as opposed to economic stabilization. The app is currently in use by a small number of businesses in a Canadian city, and a scheduled launch in Durango, CO has been postponed.

Ms. Peters agreed with Mr. Forst, stating the app has merit and is an interesting concept. For a successful launch, a great deal of marketing by JEDC or the DBA is needed to attract businesses to participate.

Housing

Ms. MacVay shared that Alaska Housing Finance Corporation (AHFC) is about to open a new housing assistance program. The program awards \$1,200 to applicants through a lottery system, with applications due June 26. Conditions of the program require a post-COVID-19 annual household income limit of \$94,240 for applicants living in the City and Borough of Juneau. Details of the program can be found at: www.alaskahousingrelief.org/program-details.

Mr. Mertz asked why AHFC decided to use a lottery approach for award. Mr. Botelho stated his understanding is they expect more applicants than they are able to fund. A news article on the program, which can be found at the link below, was shared in the chat by a member of the public. There is \$10 million of CARES Act money set aside for this program.

<https://www.adn.com/alaska-news/2020/06/08/rent-and-mortgage-relief-announced-for-alaskans-struggling-to-make-payments/>

Other

Mr. Botelho shared that he and Mr. Koelsch continue their fact-finding on infrastructure. They have a meeting with Mr. Rogers and Manager Watt at 3 p.m. on June 12 to get an overview of Juneau's bonding capacity.

Good of the Order

Mr. Forst thanked Ms. Grigg and the City for the progress made in developing a Sidewalk Café Permit for restaurants wanting to provide outdoor seating on the sidewalks to their customers. The permit is simple, with a minimal fee of \$150 a month.

Mr. Forst has noticed an increase in traffic, mostly fishing related, visiting his downtown restaurant since the update of the travel mandate. This small bit of economic activity is good news.

Ms. Belton reported that the mask-making project sponsored by Central Council of Tlingit & Haida (CCTHITA) has manufactured over 1,000 masks with four dedicated volunteers to date. Many elder housing units have received masks locally and many masks have been shipped up north.

Ms. Thomas would like to pursue assistance to businesses and non-profits that have incurred significant expenses due to addressing COVID-19 retrofitting requirements.

Ms. Thomas thanked Mr. Jim Calvin for his comments earlier on economic stabilization in the long-term.

Ms. Thomas added there is a lot of confusion around the second COVID-19 test mentioned in the travel mandate. Her business alone has received three pieces of conflicting information from three different authoritative sources. Mr. Mertz stated that in many states, it is not possible to obtain a non-symptomatic COVID-19 test, so he expects many travelers will receive their first test at the Juneau International Airport. He asked Ms. Grigg to share information on testing requirements that the City is disseminating.

Adjourn

At 4:33 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