



Economic Stabilization Task Force

Appointed by the City & Borough of Juneau's Mayor
Meeting Minutes for May 28, 2020

Call to Order

The Economic Stabilization Task Force meeting was called to order at 3:00 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; CDD Director, Jill Maclean; CBJ Attorney, Robert Palmer; and CBJ Finance Director, Jeff Rogers

CBJ Assembly Members Present: Mayor Beth Weldon, Alicia Hughes-Skandjis, Loren Jones, and Greg Smith

Special Guest Speakers: None

Minute Review and Approval

MOTION: by Mr. Forst to adopt the Economic Stabilization Task Force minutes from the May 14 and May 19 meetings. The motion was seconded by Ms. Thomas.

Hearing no objections, the motion passed.

Jobs Program

Mr. Botelho shared that, since the May 21 Task Force meeting, additional work and research on the jobs program proposal had focused on the trail recreation sector. This program aims to employ people who have been furloughed or are unable to obtain their normal seasonal work due to the COVID-19 pandemic. The memo provided outlines factual and legal basis for use of the CARES Act funding. Mr. Botelho recommended approving this \$1 million pilot employment program, as he and others continue to explore similar models in other sectors. The program forms a private-public partnership between Trail Mix, Inc., CBJ Eaglecrest, and CBJ Parks and Recreation. These agencies have provided a list of potential projects, based on available funding, that are shovel-ready within a week to ten days. These projects include DuPont Bridge at \$103 thousand, Treadwell Ditch Trail at \$36 thousand with a match, and a bridge replacement on Perseverance Trail at \$107 thousand, among others.

Mr. Forst expressed hope that picnic or barbeque shelters could be an amenity included in the trail work.

MOTION: by Mr. Botelho for the Task Force to endorse this jobs program focusing on the trail recreation sector and forward it to the Assembly. The motion was seconded by Mr. Forst.

DISCUSSION:

Mr. Mertz referenced the unemployment information gathered by Ms. Martinson, which can be found toward the end of the meeting packet. He felt this jobs program could help the unemployment situation we are experiencing in Juneau.

Mr. Botelho agreed and emphasized that this is a jobs program and not a trails program.

Ms. Peters recommended that a future program focus on training people in skills that will serve them later in finding employment.

Ms. Belton shared that the Central Council of the Tlingit Haida Indian Tribes of Alaska (CCTHITA) plans to continue their adult work experience program, though the youth program scheduled for this summer is cancelled due to COVID-19.

Hearing no objections, the motion passed.

Mr. Koelsch asked if there was a general budget for distributing CARES Act funding to various programs. Mr. Mertz replied that, ultimately, this is a CBJ Assembly decision, but that Ms. Thomas would be sharing some thoughts regarding this question later in the agenda. Ms. Thomas reported that the Assembly had requested the Task Force bring to them an approximate total reflecting the financial need for business and economic stabilization. The Assembly will discuss the need of other sectors and determine a reasonable course of action.

Business Assistance Grant Draft Ordinance

Mr. Mertz introduced the draft ordinance appropriating up to \$3.5 million for phase 1 of the COVID-19 Business Sustainability Grant program, with funding provided by the CARES Act special revenue fund. After discussion with the City Attorney and Finance Director, Mr. Rob Palmer and Mr. Jeff Rogers, it was decided to combine the Utility Payor Relief program with the Business Assistance Grant for a simplified approach. The calculated expectation of need for utilities was added to the initial estimates for business grants. Estimated need totals \$11 to \$15 million, with the draft ordinance recommending \$12 million. Phase 1 of the grant program seeks to fund approximately one-third of the total calculated need at \$3.5 million. The cover letter communicates the importance of funding the entire \$12 million. Phasing the program will provide an opportunity to learn more details about the need in order to improve phases 2 and 3.

Mr. Mertz stated the draft ordinance includes critical and well-crafted rules regarding the confidentiality of the data. He detailed that sales tax and financial data is some of the most sensitive information that businesses have, so confidentiality is paramount. The ordinance retains the 20% year-over-year loss of revenue requirement and businesses must comply with sales and property tax requirements. Phase 1 of the grant

program requires the business to provide a statement of their lease or rent, utility costs, and long-term debt costs from April 1 to August 31. From there, the business will receive one-third of that amount in the form of a grant with a cap of \$33 thousand. Phases 2 and 3 will provide additional funding.

Ms. MacVay asked about the source used for determining the grant administration fee of up to \$25 thousand, and wondered if that is enough. Mr. Mertz replied the amount was slightly less than 1% of the total, with the idea that grant programs are much simpler and less time consuming to administrate than loan programs.

Ms. Martinson appreciated that the draft ordinance allows the grant administrator to use actual business costs to determine grant amounts instead of grouping businesses into variously sized categories.

MOTION: by Mr. Botelho for the Task Force to endorse the communication transmitting the draft ordinance to the Assembly. The motion was seconded by Ms. Martinson.

DISCUSSION

Ms. Martinson asked why the draft ordinance has language indicating a “first come, first serve” approach, and if alternatives were discussed with the CBJ Attorney or CBJ Finance Director during the writing of the ordinance.

Mr. Mertz replied it was simply the direction that was chosen for the sake of speed. He explained that a lottery was discussed, but it would slow the process down. However, if the Assembly decides it prefers a lottery approach, the ordinance can be changed.

Mr. Botelho mentioned that the Assembly could consider a *pro rata* distribution if they felt more applications would be generated than the program could fund. He requested that this topic, as well as the administrative fee of \$25 thousand, be communicated to the Assembly as points of reflection during the presentation.

Hearing no objections on the letter, the motion passed.

Rental Assistance and AK CARES Update

Rental Assistance Program

Ms. MacVay spoke with Alaska Housing Development Corporation (AHDC) and received an update on the Rental Assistance program, which received \$200 thousand in CARES Act funding from the City &

Borough of Juneau. To date, AHDC has received 30 applications, but because it is a needs-based program only 7 applicants have received funding, at an average of \$1,600 each. Unspent funds must be remitted to the City by June 30, 2020. AHDC has received inquiries on mortgage assistance as a future option. If the City decides to repurpose the program to include mortgage assistance, AHDC feels there is need to support that.

AK CARES Update

Ms. MacVay expressed concern about future need due to the expiration of a few federal programs as Juneau moves into the fall and winter.

She reported that the CARES Act provides for two types of unemployment. One type is pandemic unemployment compensation, which is an additional \$600 per week for everyone who is traditionally unemployed. This type of unemployment expires on July 31, 2020. The other type of unemployment is pandemic unemployment assistance, which is for people who would not normally qualify for unemployment, due to perhaps being self-employed, and this unemployment assistance expires on December 31, 2020.

Additionally, Ms. MacVay shared that the State of Alaska eviction moratoriums, put in place by SB241, are set to expire on June 30, 2020. The eviction moratorium in the CARES Act that applies to federal mortgages expires on July 25, 2020. Her concern is that many of the safety measures put into place to keep people safe in their homes are set to expire starting in June, and by the fall, we may see people in great need.

Ms. MacVay and Ms. Martinson has reached out to the State of Alaska Department of Labor. They have discovered Pandemic Unemployment Assistance (PUA) claims are not in the current unemployment statistics. Juneau went from 4.7% to 10.1% in unemployment for the month of April. This does not account for people who would normally have jobs in Juneau and suddenly are unable to find work due to COVID-19. The reporting mechanisms are not yet in place to capture the PUA claims.

AIDEA and AK CARES

Ms. MacVay presented that the AK Cares program opens for applications on June 1, 2020. The application has not been published, but a FAQ is posted to provide businesses with information on documentation needed to apply. Last week, progress was made on ensuring businesses who received PPP and EIDL funds would be eligible for AK CARES funding. These businesses are currently ineligible to receive AK CARES funding if they received PPP or EIDL funds. This is because the RPL action taken to allocate the funding contained language that precluded this, and while AIDEA supported the change, the language cannot change without legislative action.

Ms. MacVay also shared that an amended request for proposal (RFP) for additional delivery points of program funds is still in discussions, but the State intends to award one or more contracts.

Ms. MacVay elaborated on the fact that businesses who received PPP or EIDL funds will look more heavily to the CBJ CARES funding as a source for assistance as they are not eligible for the AK CARES funding.

Mr. Mertz stated that Juneau has a high PPP application rate, so most will be unable to take advantage of the AK CARES program.

Good of the Order

Unemployment Data in Juneau

Ms. Martinson reported on data acquisition from Mr. Lennon Weller, an economist with the State of Alaska Department of Labor specializing in unemployment statistics. She presented April's unemployment data and asked the Task Force to digest it over the next week, considering questions such as, who are the population of unemployed people in Juneau; how long are they anticipated to be unemployed; and what employment sectors of the economy do they represent? Ms. Martinson suggested research into labor market areas that might benefit from equipping some of our unemployed with skills needed. She noted that this data does not include the PUA data.

Mr. Mertz asked if the 1,693 number in the handout represents people that are unemployed in Juneau. Ms. Martinson confirmed that number is accurate, and represents an 800% increase in unemployment from April 2019 to April 2020. Sectors experiencing the largest unemployment rate are trade, transportation, healthcare, and foodservice, with public administration and construction not far behind. Mr. Mertz noted that all of the 1,693 would cease to receive the additional \$600 in federal unemployment benefits after July 31, unless Congress extends the program. Ms. MacVay shared a provision in the CARES Act that allows for an additional 13 weeks of unemployment at the base amount, not the increased amount.

Ms. Martinson suggested that if 1,693 people are not working, perhaps CARES Act money could be allocated toward a training program that would equip them with skills needed in sectors that are growing. Mr. Botelho noted that it would be important to discuss this with Juneau employers to ensure there is a place for people to work once they have been trained. Ms. Martinson agreed and commented that based off her conversations with Mr. Weller, seafood processing is a growing industry with an immediate labor demand, though desire for these jobs is low. Another industry that needs skilled and qualified employees is in long-term elder care.

AK CARES Program

Ms. MacVay stated she just received word there is no Juneau contact for the AK CARES Program. The process for application is to download a fillable pdf, complete the pdf, and upload it into the system with other required submittals.

Mr. Forst asked if the AK CARES program allows for independent contractors, such as musicians, to apply. Ms. MacVay replied that all applicants need a business license through the State of Alaska.

Ms. Bell thanked Ms. MacVay and Ms. Martinson for the information they shared. She spoke about a gap in service in the childcare industry and wondered how that contributes to the unemployment data. She also felt that, when presenting to the Assembly on the Business Stabilization Grants, it is important to share that AK CARES grants will be unavailable to businesses who have received PPP and EIDL.

Cruise Industry

Mr. Koelsch reported that smaller cruise lines have been in contact with City Managers and CBJ Mayor Weldon about operating this summer. One of these is American Cruise Lines, operating at around 150 passengers, which will fly into Juneau, test upon arrival, and go straight to the boat. He asked if this is something the Task Force should be discussing, or becoming involved in, or if they should focus on the larger cruise lines that have more interaction with the community.

Ms. Martinson shared that American Cruise Lines are asking customers for a doctor's note and negative COVID-19 test prior to boarding a ship docked out toward the Auke Bay area. Though interactions in the downtown shopping areas will be limited, there will be other economic advantages through the purchasing of Alaskan salmon, Alaskan beer, fuel, and other commodities needed to operate the small ship. She is aware of additional small cruise lines who are considering similar operations this summer, but they are waiting to hear what the State of Alaska mandates in relation to out-of-state travel quarantine. Some cruise lines are considering chartering their own private flights to ensure there is no infection of passengers during travel. She expressed concern over public perception of small cruise ships operating and the importance of broadcasting the safety measures they are taking.

Mr. Mertz stated the topic is on tonight's Assembly Agenda. American Cruise Line will be presenting a detailed protocol they plan to follow to address public and Assembly concerns.

Mr. Botelho stated that, at some point, Juneau will need to be prepared to accept visitors. Discussion on accommodating small ships now could provide perspective on accommodating large ships in the coming seasons.

Mr. Mertz shared that, in addition to small cruise ships, businesses such as fishing and hunting lodges operating out of Elfin Cove, Pelican, Gustavus, and other areas are important to Juneau's business community because they purchase gear and supplies from Juneau. Ms. Bell stated she would gather data and information that will provide context for how the overnight visitor industry contributes to Juneau's economy. Mr. Koelsch thought it would be helpful to understand whether the Assembly desires Task Force participation in this topic.

Business Stabilization Grant Program

Ms. Thomas thanked Mr. Palmer and Mr. Rogers for their work over the Memorial Day weekend to prepare the draft ordinance for Business Stabilization Grants. She said that JEDC has expressed interest in administering the grants. She feels there is enough process built into the program to initiate it and help businesses sooner. Mayor Weldon and the Manager's Office were also instrumental in creating a path for approval by June 8. Mr. Mertz echoed her appreciation to city staff.

Meal Delivery Service Project

Ms. Thomas shared that United Way has agreed to administer and sponsor the Meal Delivery Service Project introduced by Mr. Larry Cotter and the Juneau Community Foundation. United Way will advocate for the project directly to the Assembly, seeking CARES Act funding, and she appreciates the collaboration to move this project forward.

CARES Act Distribution of Funds

Ms. Thomas asked the Task Force to consider the amount of business need for CARES Act funding along with estimated need for other sectors of the economy. She presented a pie chart that illustrates programs currently identified for CARES Act funding and amounts unallocated. She suggested that the Task Force present a draft narrative to the Assembly along with the pie chart.

Jobs Programs

Mr. Mertz suggested discussing additional ideas for the Jobs Program to expand the program beyond trails.

University of Alaska Southeast

Mr. Mertz also stated that the University of Alaska system is considering the future of a physical campus in Juneau. Many entities are weighing in on this issue; he asked the Task Force if it wants to contribute to this discussion. The regents are meeting on June 4 to make some decisions.

Mr. Botelho shared that he serves on the Campus Advisory Council for the University of Alaska Southeast. There will be a second public hearing held on June 1. The Board of Regents is not expected to make a final decision on June 4, but are expected to give direction to the President of the UA system for decisions likely to take place in the fall of 2020. He suggested the City might consider adopting a resolution or writing a letter. Many groups are mobilizing, so the Task Force or the Assembly could be another letter in the stack.

At 4:16 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