



Economic Stabilization Task Force

Appointed by the City & Borough of Juneau's Mayor
Meeting Minutes from July 9, 2020

Call to Order

The Economic Stabilization Task Force meeting was called to order at 3:02 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; and CBJ Finance Director, Jeff Rogers

CBJ Assembly Members Present: Mayor Beth Weldon, Alicia Hughes-Skandijs, and Loren Jones

Special Guest Speakers: Executive Director of Juneau Economic Development Council (JEDC), Brian Holst;

Approval of Agenda

No changes to the agenda.

Approval of Minutes

MOTION: by Ms. Thomas to adopt the Economic Stabilization Task Force minutes from the June 25 and June 26 meetings. Mr. Botelho seconded the motion.

Hearing no objections, the motion was approved.

Update on Adopted Programs

Business Stabilization Grant Phase 1 Progress Report

Mr. Holst reported that since the June 7 report, the Business Stabilization Grant program has received an additional 10 applications, and JEDC has processed an additional 11 or 12 approvals. The process is moving smoothly and quickly, but they are finding the Grant Program is consuming more staff time than administration of the CBJ Business Loan Program. Staff spends an average of 3 hours per grant application administering the program. The relative size of awards is smaller than expected relative to the needs and resources available. Many businesses with a focus in tourism are applying. Under-represented businesses include those from the fishing community, and very small operations, such as artisans. Mr. Holst has some ideas on potential remedies

for this in Phases 2 and 3 of the Grant Program. He applauded the CBJ for its timeliness in providing data and sales tax information needed to process the grants.

Mr. Mertz asked Mr. Holst to remark on areas for improvement in Phases 2 and 3 of the Business Stabilization Grants.

1. Mr. Holst remarked that many businesses were just shy of showing a financial hardship of a 20% decline in revenue. He suggested that if the benchmark were a 10% decline, the program would see more applicants. He explained some difficulties in demonstrating this metric due to a short window of months for pulling data.
2. Utility expense reporting is as streamlined as possible, but to come up with a value for reimbursement, businesses must share monthly payments and this takes effort to accurately list. JEDC is only asking for utility receipts if the amounts seem outside normal averages. This level of data analysis is time consuming; Mr. Holst suggested applying a modest utility stipend across the board to simplify the process, based on the data they are collecting.
3. The ordinance defines long-term debt as 12 months or more. JEDC is seeing a lot of business debt related to COVID-19 that is not being captured because it does not meet the 12-month criteria. Often, the more recent debt is credit card debt or inventory loans. To meet the spirit of the program, Mr. Holst recommends correcting this to better address cash flow needs of businesses. Currently, if a loan payment has been deferred, JEDC does not consider that debt in the equation. However, the debt will come due eventually and perhaps it should be considered.
4. Mr. Holst also recommended an accommodation for very small businesses that is a more simple and streamlined process.

Mr. Forst addressed community feedback stating the grant is difficult and cumbersome to navigate. He reported the Ketchikan Business Grant Program has a simple 2-page application that only requests sales tax returns.

Ms. Martinson asked about the number of businesses still awaiting funding and the average length of time for processing applications. She reported community feedback regarding hesitancy to share so much proprietary information in the application.

Mr. Holst replied there are 90 grants approved as of today, and most people are receiving funds in about a week. Some applicants do not fit well in the parameters of the system, which makes for additional work that can lengthen timelines. He assured the Task Force that a very small group of people is reviewing the grant information and JEDC uses a software that is secure, but if anyone is concerned they are welcome to contact him directly.

Mr. Mertz added there is strong language in Ordinance 2019-06(AC)(b)(am) around confidentiality.

Page 3 of 4 Ord. 2019-06(AC)(b)(am)(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.

Ms. Thomas asked if there are larger businesses demonstrating a need greater than the maximum allowance of \$33 thousand. Mr. Holst replied that 10% of grant applicants are at the maximum award amount and a few exceeded that maximum.

The Task Force discussed the racial demographics of business owners in Juneau, and whether the racial demographics of program applicants align. They concluded that they were unsure whether the dataset for Juneau is available, but would look for it to draw accurate comparisons.

Conservation Corps Program

Mr. Botelho shared a photo of a crew from the Conservation Corps Program training and working in the community. He reported that work has begun on Emerson Spur Trail with improvements to the existing mountain bike trail, and expansion of a lower mountain bike trail, which began on July 2. The program was successful in hiring people displaced by the COVID-19 situation: for example, a boat captain, hiking guide, kayak guide, helicopter pilot, deckhands, tour bus driver, and heavy machinery mechanics for motor coaches are among some of those employed.

Rental Housing Assistance

Ms. MacVay shared that Alaska Housing Development Corporation (AHDC) reported approximately \$180 thousand left in the Rental Housing Assistance fund at the end of the quarter. At the July 6 Assembly meeting, the Assembly moved to reallocate the remaining funds to extend the program through the end of the year. AHDC expects the demand to increase at the end of July, when other benefits begin to expire.

Update on Active Legislation

Nonprofit Grant

Ms. Thomas reported that Mayor Beth Weldon and City Attorney Rob Palmer worked on drafting an ordinance for the Nonprofit Grant program, and shared that draft with the Assembly Finance Committee at their July 8 meeting. The Nonprofit Grant program will have a defined period for application, and if the application requests exceed the allocated funding, awards will be distributed on a *pro rata* basis. The Assembly questioned language regarding the requirement that the nonprofit provide direct services in Juneau; there may be more discussion on this. The largest suggested change was to decrease the minimum grant award to \$2,500, if a nonprofit wants to submit minimal documentation.

Mr. Mertz reported that the Assembly schedule was created for this legislation this morning during a meeting with Mayor Weldon, Mr. Palmer, and Mr. Watt. The Nonprofit Grant will be introduced at the July 13 Assembly Meeting, and discussed further at the July 20 Committee of the Whole. The public hearing will be on August 3.

Ms. Thomas and Mr. Mertz expressed appreciation for Ms. Amy Skilbred's work invested in this effort.

Juneau ArtWorks Grant

Mr. Mertz shared the Assembly Finance Committee discussed the Juneau ArtWorks Grant program at their July 8 meeting, and Ms. Hale will work with Mr. Palmer to create an ordinance for Assembly introduction on July 13. This will follow a similar process as the Nonprofit Grant Program.

Business Stabilization Grant Phases 2 and 3

Mr. Mertz directed the Task Force to page 19 of their packet to discuss changes to the Business Stabilization Grant Phases 2 and 3. Mr. Mertz and Ms. Bell are in agreement with the memo submitted by JEDC on changes to the program, and a memo by Mr. Mertz summarizes the major changes. Changes recommended by Mr. Mertz and Ms. Bell to the Task Force are:

1. Recommend a simplified grant option of a maximum of \$5 thousand, based off of 10% of their calculated 2019 sales tax reports. For example, a small business with \$25 thousand in gross sales tax might qualify for a \$2.5 thousand grant. This recommendation is geared toward very small businesses, because the amount of required paperwork compared to the size of eligible funding is not always cost effective, and some may not have the resources or accounting records to provide the required information. Small businesses could self-assert the need and JEDC could verify if needed.
2. Extend the eligible cost period through October 31. Increase the eligibility period from 5 months to 7 months. This will increase award amounts.
3. Allow businesses to include short-term debt as well as long-term debt when listing. This would include credit cards debt, lines of credit, and inventory financing. Debt listed is not to exceed \$10 thousand or 20% of balances.
4. Allow businesses to include inventory as eligible cost, along with utilities, in preparation for the summer season.
5. Combine phases 2 and 3 to form only a phase 2.

6. Grant the City Manager the option of prorating available grant funds in phase 2 based on the demand, similar to the approach of the Nonprofit Grant Program.
7. Change the definition of long-term debt.
8. Establish a minimum grant amount of \$500, to create a floor and minimum award amount for utilities. Businesses would be able to opt-in to this if they do not want to provide the data to the exact penny.

Ms. Martinson asked if this is similar to the Paycheck Protection Program (PPP), where if someone receives an award at the phase 1 level and applies for phase 2, they would resubmit everything and be awarded the difference. Mr. Mertz replied that those details have not yet been worked out. The maximum funding amount continues to be \$99 thousand.

Mr. Forst asked that messaging be considered when releasing this program. There is already confusion between various programs, and this needs clear messaging to avoid additional confusion.

Ms. MacVay asked Mr. Mertz to expound upon the pro rata recommendation. Mr. Mertz explained that they are recommending the ordinance reserve the right for CBJ to prorate the awards, to protect businesses who may be late to the application period. The intent is to ensure everyone has an opportunity to receive funding. A possible scenario is as follows: they could set the application period for one month, JEDC would work through the applications and establish eligibility, then the Assembly could determine if award amounts are prorated or not.

Ms. Thomas asked if businesses could apply at the phase 2 level and qualify for the \$99 thousand maximum amount of funding if they did not apply at the phase 1 level. Mr. Mertz replied that they could. Ms. Thomas suggested that a business should not need to submit additional paperwork if it already applied at the phase 1 level to reduce difficulty of the application process.

Ms. Thomas asked that they consider including a question regarding whether a business intends to still be in business in 2021. Mr. Mertz replied that he will discuss that with Mr. Palmer.

Ms. Bell stated that, even if a business is unable to guarantee they will be in business in 2021, the grant funding is provided to pay utilities and rent, so there is a domino effect with this grant money flowing through to other Juneau businesses as well.

Ms. Bell expressed support for a simplified process for small businesses, and the expansion of including short-term debt as an eligible expense.

Ms. Martinson thought the idea of the grant awards naturally flowing through the Juneau community was interesting, but asked if there was a way to require any business that dissolves to show the City they spent the funds in the appropriate manner. Mr. Mertz replied that this was a good thought, but the time and energy needed to collect this information would be quite extensive. He will present this idea to Mr. Palmer to see if there are ways to address this.

MOTION: by Ms. Bell to recommend changes to phase 2 and 3 as presented by Mr. Mertz. The motion was seconded by Mr. Botelho.

Hearing no objections, the motion passed.

PPE Grant

Ms. MacVay reported that she and Ms. Belton met with Assembly Member Carole Triem about the PPE Grant. Their meeting resulted in forwarding the parameters of the grant to Mr. Palmer for the creation of an ordinance. Ms. Triem will be working with Mr. Palmer on any modifications to the ordinance. The details of the program are:

1. Maximum grant amount of \$5 thousand.
2. Maximum reimbursement amount of 75% of PPE purchases. Receipts are required for anything over \$200.
3. Applicants must have a physical presence in Juneau.
4. This is a public oriented program, not just limited to one type of business.
5. Examples of eligible PPE expenses may include physical improvements to the space to promote safety, cleaning products, and software equipment or upgrades needed.

Mr. Mertz shared that the Assembly Finance Committee discussed the PPE Grant Program at their July 8 meeting and moved it towards introduction.

Ms. MacVay stated she would like to release a list of reliable PPE providers or places people can go for assistance with placing orders.

ACTION ITEM: Ms. MacVay and Ms. Belton will reach out to local stores and learn what has worked well for them in order to develop some informational material for when the program is executed.

Infrastructure Bond Proposal

Mr. Botelho shared that there was robust discussion at the Assembly Finance Committee meeting regarding using bond indebtedness to stimulate the economy. Mr. Rogers unveiled a useful tool for calculating bond debt capacity at any given mill rate. This resulted in the Assembly adopting a motion from Mayor Weldon, which incorporated Manager Watt's recommendation, to draft a bond ordinance for the fall voter's ballot in the amount of \$15 million, targeting school repairs, park improvements, and extension of the West Douglas Pioneer Road to water. Generally, there was enthusiasm for undertaking a bond package. Mr. Edwardson expressed some skepticism about whether infrastructure projects truly stimulate the economy.

Mr. Botelho also reported an interesting Assembly byproduct discussion regarding refinancing its current school bond debt to lower the impact of the State's failure to reimburse its share of that debt. This topic will be discussed again in more detail at the July 20 Assembly Committee of the Whole.

Mr. Koelsch stated that he was under the impression there was not time for this to be on the fall voters ballot. He said that, though school improvements are needed, he understood the West Juneau Pioneer Road is still in the negotiation phase, and parks are not needed if they take money away from the local economy through increased taxes. He stated there are already large expenses associated with living in Juneau and property taxes have not been lowered.

Mr. Forst asked if the Assembly had discussed separating the three proposals to allow voting on individual projects. Mr. Botelho replied that the motion passed at the Assembly level had suggested a bundled effort. There were concerns expressed about the package, and the Assembly is expected to discuss it further at the July 20 Assembly Committee of the Whole.

Mr. Mertz asked Mr. Koelsch if he would be support a \$5 million bond package for school improvements. Mr. Koelsch replied that he would like to know where the \$5 million amount came from, and why the City is not using the \$3 million set aside from sales tax for school repairs and maintenance. He would like additional information regarding the details of the projects.

Ms. Bell stated that she also felt the conversation about infrastructure projects has very quickly become larger than the Task Force's recommendation.

Strategic Initiatives Action Items

Homelessness

Ms. Thomas reported that the Assembly is still discussing the Task Force's recommendation to reserve \$3 million in CARES Act money for direct services by nonprofits of a social service nature. This is intended to help with some of the homelessness issues. At the July 8 Assembly Finance Committee, they asked the City Manager to solicit the community for a building the City could buy to serve as a warming shelter. The Homelessness Fact Finding Group will continue to research how the Task Force can support what the City and others are already doing.

Education and Childcare

Ms. Martinson met with Mr. Koelsch, Mr. Botelho, Mayor Weldon, Superintendent Weiss, Assembly Member Jones, Ms. Lyons, and Mr. Holst to discuss the childcare need that has been created by the new school district schedule. They have another meeting scheduled for July 14. Currently, they are awaiting survey results to see what parents' needs are in order to return to work while maintaining some type of structure for their children. There are many big questions regarding space, staff, and funding, with not a lot of time before school starts.

Mr. Koelsch shared that he has spoken with several families, and he wants to ensure any assistance programs are based on the needs of children and not finances.

Ms. Martinson added there is currently no State mandate for school districts in Alaska. The current schedule that has been released was the decision of the Juneau School District.

Mr. Forst stated the school district's schedule is confusing. He expressed concern that a 14-year-old student will only be in school 2 days a week, and that in some views, despite the low rate of spread and minimal risk to children, the damage to education is outweighed by the risk of them being in school full time. He said that this is a large roadblock to stabilizing the economy. He also expressed concern for the unsupervised tweens and teens during the school day while parents are working.

Ms. Martinson stated that the American Pediatric Association has released a statement that the risks associated with children not being in school is greater than the risks associated with them being in school. She added that the school district is receiving feedback from some teachers that they do not feel safe in the classroom. She said we have to consider the teachers' needs also, what they are willing to do, and where the Task Force can help make it safer.

Ms. Peters asked if the school district has discussed hiring extra full-time substitute teachers so the children can stay in one group all day long without mixing. Ms. Martinson replied that the fact-finding group has discussed this idea, so that children are not just in a daycare setting but also receive a level of supervision conducive to completing their independent classwork.

Mr. Botelho stated that the Task Force is not a substitute for the School District and should not second-guess how they intend to manage. However, the question with which the Task Force can assist is how to help provide school-age children supervision during the day when they are not in school, in order to free the parents to re-engage in the economy. The role of the Task Force is to compliment the strategy the school board puts into place.

Ms. Martinson said that from an economic standpoint, employers would be faced with a large dilemma if there were no good solutions for parents. Increased requests for Emergency Family Medical Leave Act (EFMLA) and increased unemployment is the solutions many parents will turn to, which will negatively affect our economy.

Mr. Mertz agreed that there is a role for the Task Force to come up with solutions to mitigate the impact on families.

Workforce Development

Ms. Bell stated that their fact-finding group is tracking the status of the University of Alaska Southeast. They are also looking at current training and resources in Juneau, along with recent work and planning efforts on the topic by JEDC and Southeast Conference. Their action strategy is to gather information that will allow them to prioritize funding and effort.

Public Comment

Comment Matrix

Ms. MacVay supplied an update in the Task Force packet on public comments received.

LifeMed Funding Request

Mr. Mertz shared that LifeMed, a provider of flight medivac services in Southeast Alaska, has approached the City with a funding request. City Manager Watt asked the Task Force to conduct some research on their request. He stated that after a conversation with the CEO of LifeMed earlier that morning, they discovered that because they are a limited liability company and owned by Yukon-Kuskokwim Health Corporation, they qualified for a PPP loan between \$2 and \$5 million. Mr. Mertz recommended to the Task Force that, based on their eligibility for substantial funding elsewhere, the City should not move forward with a funding request to the Assembly for LifeMed.

Mr. Botelho asked about the business structure of the third medivac company serving Southeast Alaska, Guardian. Mr. Mertz replied that Guardian is a for-profit entity, which is eligible for other funding, similar to LifeMed.

Ms. Thomas asked if they have a base in Juneau and may qualify for the Business Stabilization Grant program. Mr. Mertz replied that they are aware of that program.

Good of the Order

Mr. Mertz directed the attention of the Task Force to a fact-finding item presented by Ms. Grigg displaying data acquired through the Chief Behavioral Health Officer at Bartlett Regional Hospital, Bradley Grigg. The data displays indicators of the stressors that children are suffering due to the COVID-19 environment that are being evidenced in Psychiatric Emergency Services. The second bullet on the memo is particularly telling, where Mr. Grigg states that “stressors communicated by youth included isolation from their social support networks, lack of sports, and struggles with school during the last quarter of the 2019 – 2020 academic year.”

Ms. Grigg stated that she had an interest in whether Bartlett Behavioral Health was seeing a change in dynamics amongst the children they serve. The data reflected in the packet only captures a portion of the picture in Juneau. The data is not reflective of what SEARHC, Juneau Youth Services, or other providers in Juneau may be seeing.

Ms. Grigg drew their attention to the second data set, which indicated the children experiencing the most negative impacts of the COVID-19 environment are 13 and under. The number of children visiting the emergency room for mental health reasons in that age category has sharply increased, and could be seen as the beginning as a disturbing trend.

Ms. Grigg stated that these numbers do not take into account the children that were doing well in February and may be experiencing situational depression today, but only the ones with severe enough symptoms to be present in the Emergency Department’s data. She stated that her intent with bringing this information before the Task Force was to inform the fact-finding group as they continue to work on childcare and education, and to encourage them to keep the mental health and emotional well-being of Juneau’s children in mind as well.

Mr. Botelho asked if a representative from Bartlett Regional Hospital could speak to this issue for a few minutes at the next Task Force meeting.

Ms. Thomas recommended keeping testing as a critical topic of the Task Force with further discussion at their next meeting, as it is important for the rebound of the economy. She will invite Mr. Barr to give an update.

Ms. Thomas also asked the Task Force to keep in mind independent contractors and longshoremen, as this may be a gap area in terms of assistance.

Further, Ms. Thomas asked for a communications update at the next meeting that examines messaging by different sources of media.

Ms. Martinson suggested the Task Force revisit the recommendations made by Ms. Peters in her report when assessing the business climate in Juneau, to see where the Task Force may help.

Mr. Koelsch stated that, if the Task Force is to continue meeting on a weekly basis, it would be helpful to receive the agenda and reading materials a day prior to the meeting, giving them more time for reading and research.

Ms. MacVay suggested going back through the public comments received to review the ones that were narrower in focus and to look for opportunities for positive impact.

Mr. Force stated a gap area for contract musicians. They do not qualify for unemployment and it is very difficult to get assistance for this group of people.

Ms. Thomas stated the current pace of weekly meetings has been necessary and will continue to be for a little while longer, but perhaps not for much longer.

Adjournment

At 5:13 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