



# Economic Stabilization Task Force

Appointed by the City & Borough of Juneau's Mayor  
Meeting Minutes from November 19, 2020

## **Call to Order**

The Economic Stabilization Task Force Meeting was called to order at 3:01 p.m. by Linda Thomas.

Task Force Members Present: Linda Thomas, Max Mertz, Lauren MacVay, Laura Martinson, Susan Bell, Eric Forst, and Ken Koelsch.

Task Force Members Absent: Theresa Belton, Bruce Botelho, and Terra Peters

Staff Present: CBJ Finance Director, Jeff Rogers; Budget Analyst, Adrien Speegle; CBJ Administrative Assistant, Jensina Sundberg.

CBJ Assembly Members Present: Loren Jones

Special Guest Speakers: Executive Director of Catholic Community Services, Erin Walker-Tolles; Director of Shore Operations for Princess Cruises, Kirby Day.

## **Approval of Agenda**

Ms. Thomas suggested an agenda change moving the Housing Assistance Grant update towards the end of the program so that Ms. Walker-Tolles could join as a guest speaker. Ms. Thomas asked for any other suggested changes to the agenda.

**MOTION:** Ms. Thomas asked for any objections to the proposed agenda change.

***Hearing no objections, the motion was approved.***

## **Approval of Minutes**

**MOTION:** by Ms. Thomas to approve the Economic Stabilization Task Force meeting minutes from November 9, 2020. Mr. Forst seconded the motion.

***Hearing no objections, the motion was approved.***

## **Extreme Hardship Grant**

Mr. Mertz stated that he and Mr. Rogers had a conversation concerning the eligibility criteria contained in Section 4(c)(3) of Ordinance 2020-09(U)(b). Mr. Mertz affirmed that this section requires businesses to have suffered at least a fifty percent loss in gross receipts for out-of-borough sales as well as in-borough-sales. Mr. Mertz proposed that grant applicants might be better served if the grant focused on local, net taxable revenue rather than gross receipts. Mr. Mertz then asked Mr. Rogers if he would like to add to this idea.

Mr. Rogers stated that using taxable sales in the calculation does not include the eligibility of sales that are exempt. The most significant exemptions are goods for resale, out of borough sales, and non-profit sales. He reiterated that initially using taxable sales made more sense, as it was a direct connection to CBJ revenue. The shift towards gross sales was intended to include businesses such as wholesalers, distributors, non-profits, and exporters who may have had a large volume of gross sales but not taxable sales. Mr. Rogers predicted that there are going to be winners and losers either way, and it is likely that moving to gross sales will induce a different set of issues for specific businesses. Using gross sales as a measure is a more broad approach, whereas taxable sales are a better approximation of sales that generate municipal revenue. Mr. Rogers reflected back to the original purpose of the ordinance, to assist industries that have been disproportionately affected by the COVID-19 pandemic: examples include hospitality, tourism, and service industries. Most of these industries qualify better under a taxable model, as most of the business they perform is taxable rather than exempt. He expressed that he has questioned whether it was possible to use both taxable and gross, however due to the proportionality that is not a feasible option. He stated it is necessary to have some metric for the proportionality, therefore it is not possible to use either taxable sales or gross sales. Mr. Rogers concluded that he is comfortable using either taxable or gross sales as an eligibility requirement.

Ms. MacVay asked whether it is possible to have an exception for businesses that may not qualify under the taxable sales eligibility requirement, but are profoundly impacted and would qualify under gross sales.

Mr. Rogers responded by stating that an exception process can work, though it is hard to say how this would affect the calculation. A business could be qualified based on taxable or gross sales, however ultimately the proportionality determination will be based on the eligibility requirements in the ordinance.

Ms. Martinson asked if it is possible to specify the exemption, specifically for retailers that do online business during the winter.

Mr. Rogers expressed that it is possible to draw out a more complex criteria for eligibility and for proportionality, though doing so would create additional complexities and subjectivity within the ordinance.

Mr. Mertz responded to Ms. Martinson by stating that most sales are happening inside the borough, and that out-of-borough sales may not have a significant impact, as most small local retailers often cater towards tourism during the summer months. He added that the denominator is being inflated when adding gross sales, potentially skewing towards the larger businesses. He asked Mr. Rogers if any of the bigger distributors have qualified for the Business Sustainability Grant.

Mr. Rogers expressed that it does not appear many large, conventional wholesalers and distributors have applied for the Business Sustainability Grant Program, or that they were not qualified.

Mr. Mertz agreed in saying that it is important to have either taxable or gross sales, and elaborated on the idea of 'one-off' exception considerations to make sure impacted businesses are not being excluded. This would involve changing the exception language in Section 4(g) of the ordinance. An exception might allow a business to qualify that mathematically was excluded under taxable sales.

Mr. Rogers summarized the proposed change by confirming that the Task Force has indicated that its desire is for businesses to qualify primarily under the taxable basis. It is possible for a business, as necessary, to qualify under gross, if the City Manager and grant administrator believe it to be warranted. The proportionality calculation will happen on a taxable basis, even for those businesses that qualified on a gross basis.

**MOTION:** by Mr. Koelsch to amend Section 4(c)(3) of Ordinance 2020-09(U)(b) to strike "gross receipts" in the first sentence and replace it with "net taxable sales." This change will also need to be incorporated in section 4(f) of the ordinance. The Task Force will include in their recommendation to the Assembly that they underscore the Manager's authority to allow for an exception for those who wish to apply, yet have been mathematically excluded due to the change from gross sales to net taxable sales. Mr. Koelsch asked for unanimous consent.

***Hearing no objections, the motion was approved.***

#### **Task Force Review**

Ms. Bell brought forward a proposal for an end-of- year Task Force report for the Assembly and the public. She stated the report is intended to provide some context to the Economic Stabilization Task Force Charter and work approach, the committee members who served, and the number of initiatives that were recommended. Ms. Bell agreed to edit and finalize the document once information was compiled.

Mr. Forst agreed that the Task Force review was an important document to compose, as it would give some historical context to people who may look back on this committee in the future as a 'road map' in the case of another crisis.

Ms. Thomas mentioned that pulling information from the previous meeting minutes would be tedious, and asked if the committee could divide up the workload for greatest efficiency. Ms. Bell agreed that fact-finding groups should work together to gather information, as these groups had been previously designated and assigned.

Ms. Thomas stated that it was a good idea to compile information before the next meeting (December 3, 2020) so that there is time for review, as there are only two meetings remaining before the end of the year.

#### **Public Comment Matrix**

Ms. MacVay stated that they did not receive any new comments from the public since the last meeting, therefore no Public Comment Matrix is presented.

#### **Good of the Order**

Ms. Thomas asked if there as anything that the Task Force believed needed to be addressed to be completed or analyzed before year end.

#### *Delinquency Rates*

Ms. MacVay mentioned that she was digging into delinquency rates, and stated that Juneau's delinquency rates are higher than other Southeast Alaskan communities by a significant margin. She stated that the city delinquency rate is about 7.35%. She questioned the composition of that specific portfolio and what is being counted as delinquent, as well as other unknown variables. Ms. MacVay said that if this Task Force does get reconstituted next year with a new round of stimulus, housing will need to be analyzed as it will be a continued stressor and priority.

Mr. Mertz asked Ms. MacVay if this percentage has gone up.

Ms. MacVay responded that city delinquency rates have increased. Across the board, state data (up to September 30, 2020) indicated delinquency rates were still within expected margins. With this year being a large anomaly, however, it is hard to compare from previous data.

#### *Child Care*

Ms. Martinson touched on daycare centers for children who are not yet in kindergarten, stating that most of them are running at about 50% capacity. This is largely due to an abundance of caution from both staff and parents, and due to staffing difficulties at the care centers. Staffing issues are stemming from a combination of concerns due to COVID-19, employees who are more comfortable collecting unemployment, and from the work being low-wage and unbenefited. This is an issue that the community will continue to face, and most daycares do not have enough staff to operate at full capacity even if they wanted to. There is an ongoing survey for parents with children in kindergarten through fifth grade with about 500 respondents being sorted through. There are still fewer than 40 youths enrolled in RALLY; there will be more information on this topic once the survey results are in. Ms. Martinson spoke briefly on some churches in the community implementing safe space 'bubble learning,' stating that this strategy appears to be going well.

#### *Staffing*

Ms. MacVay stated that as employers, a large issue has been managing staff who have been exposed to COVID-19. She added that once new testing is available in December it would be beneficial to have an outreach guideline (potentially joint with the Juneau Chamber of Commerce) concerning how to handle staffing practices. She hopes that there will be more certainty once testing becomes more rapid.

#### *Extreme Hardship Grant*

Mr. Forst asked Mr. Rogers to update him on the process of the Extreme Hardship Grant timeline.

Mr. Rogers responded by saying that the ordinance will be up for public hearing and adoption at the Monday, November 23 2020 Assembly Meeting. If the Assembly adopts the ordinance, the Juneau Economic Development Council, (JEDC) will take action as rapidly as possible, standing up an application process most likely within a week to 10 days. There is an advantage in that everyone who applies to the program, based on the language in the ordinance, will already have received a grant through either JEDC or the Juneau Community Foundation. Not having to address new circumstances will help speed up the

application approval process. Mr. Rogers stated that he engineered the proportionality calculation, and he will help the process move along as smoothly as possible. Mr. Rogers expressed that JEDC is doing well and moving as quickly as possible, however they have a lot on their plate. The decision to move through JEDC was a staffing decision.

### *Disbandment*

Mr. Koelsch began by stating that the Task Force will be disbanded December 31, 2020 unless there is an extension. Mr. Koelsch mentioned that it is necessary to be cognizant of passing on suggestions and information to whomever may be taking the place of this committee. He added that someone will need to closely follow the bond package, and he wondered whether there is a timeline for projects such as the school roofing. He expressed concern for what will happen after December 31, 2020 once programs and projects that were receiving funds will no longer be receiving them, and may be without guidance.

Mr. Rogers responded to Mr. Koelsch, stating that the bond package went in front of the Public Works and Facilities Committee on Monday, November 16, 2020. The bond package will also be on the Wednesday, December 9, 2020 Assembly Finance Committee meeting's agenda for review. He elaborated that there likely will be an advance on bond proceeds for Public Works and Engineering to begin the design of work projects. The rapidness of these projects commencement directly correlates with contractors' local staff capacity. Currently, the contractor community is fairly tapped. Once capacity is exceeded, it is common to get project bids back that are unrealistic, as they are coming from out-of-borough. Mr. Rogers stated that the Public Works and Engineering department believes the projects will be complete within the next two to three years.

Mr. Mertz added onto Mr. Koelsch's concern, hypothesizing that given the political state in Washington, D.C., it is highly unlikely that there will be additional stimulus between now and Inauguration Day. He reiterated that there will be a significant amount of stress in the community during this time, and asked what will happen to businesses in town once the liquidity in the market breaks down and whether Juneau is aptly prepared.

### **Housing Assistance Grant Update**

Ms. Walker-Tolles provided an update on the Housing Assistance Grant Program. She stated that Catholic Community Services has requested CBJ disburse just under \$700,000 for eligible grant applications. This is currently for 379 households. She stated that overall 1,250 applications have been received thus far, with about 600 more applications to process.

Ms. Walker-Tolles mentioned that an interesting population group is composed of those who are unemployed not due to COVID-19, which raises the question of eligibility. She elaborated that people who are unemployed are eligible as long as they can prove they made a good faith effort to find employment, though checking this eligibility factor requires more extensive follow-up. Ms. Walker-Tolles reiterated that this program is intended for folks who actively searched for employment rather than those who assumed there would be none.

There was a second surge in applications, leading Ms. Walker-Tolles to believe that the second round of publicity made an impact. There have been fliers made in Tagalog and Spanish, which will be sent out November 20, 2020. If the Assembly decides to add the additional \$1,000 per eligible applicant for rent

or mortgage assistance, she believes they will be very close to expending the full \$3 million grant appropriation.

Ms. Walker-Tolles added that she is receiving messages from community members saying they wish the Assembly would increase the income limit, as families over \$94,000 household income have needs as well.

Ms. Walker-Tolles stated that because of the way the ordinance is written there must be eligible household expenses from August through December in order to qualify for the grant. There are some folks who did not receive the full \$1,500 for rent or mortgage expenses because they were already on subsidized housing. As long as an individual is paying at least \$300 per month in rent or mortgage, they will receive the full \$1,500 benefit. If this is increased to \$2,500 for housing assistance, a person must be paying at least \$500 a month to qualify. She would like the Task Force to be aware that there may be people who are expecting to get more money than they will qualify for, however the majority of people will be eligible.

### **2021 Cruise Ship Season Update**

Mr. Day stated that the CDC, rather than reinstating a no-sail order, came out with framework guidelines for the cruise ship industry to restart sailings. He mentioned that having something to focus on as an industry is a positive note, though pieces of the guidelines need clarification. There needs to be elaboration and clarification on the process of certifying ships, practice sailings, testing sites at embarkation and disembarkation, how to operate shore excursions, medical aspects in each ports, etc. Hopefully the ports as a region can come together to establish local protocols that will be similar enough to maintain homogeneity as an industry.

Mr. Day emphasized that he wanted businesses to think ahead and imagine what the season would be like if cruises and businesses were only allowed to operate at a reduced capacity. There are countless health and safety scenarios that need to be preemptively planned accordingly before the beginning of the 2021 cruise season.

Ms. Thomas expressed the sentiment that there is a lot of work to be done when looking towards the economic recovery of Juneau for years to come.

### **Adjourn**

At 4:08 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