



Economic Stabilization Task Force

Appointed by the City & Borough of Juneau's Mayor
DRAFT Meeting Minutes from December 17, 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, Bruce Botelho, Lauren MacVay, Laura Martinson, Susan Bell, Eric Forst, Ken Koelsch, and Terra Peters

Task Force Members Absent: Theresa Belton

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

CBJ Assembly Members Present: Mayor Beth Weldon, Loren Jones, Greg Smith

Special Guest Speakers: None

Approval of Agenda

Mr. Mertz suggested that Mr. Rogers give an update on the topics being discussed in the Special Assembly Meeting on December 17, 2020. Ms. Thomas agreed to implement the agenda addition after the CARES Act discussion.

MOTION: by Ms. Thomas to approve the agenda, as amended.

Hearing no objections, the motion was approved.

Approval of Minutes

MOTION: by Mr. Forst to approve the Economic Stabilization Task Force meeting minutes from November 19, 2020 and December 3, 2020. Ms. Martinson seconded the motion.

Ms. Thomas stated that upon review she discovered a repetitive sentence in the November 19, 2020 minutes and recommended they be amended for clarity. She then asked for any objections.

Hearing no objections, the motion was approved.

CARES Act Potential Relief for 2021

Mr. Mertz provided highlights of the updated Emergency Coronavirus Relief Act Senate bill. The bill includes a \$300 billion expansion to the Paycheck Protection Program (PPP) and relief to small businesses. Eligibility is limited to small businesses with 300 or fewer employees that have sustained a 30% or greater revenue loss in any quarter of 2020. Mr. Mertz affirmed that many Juneau businesses meet these qualifications and need to be prepared to respond. The draft act as currently written includes \$35 billion in additional funding to the Provider Relief Fund (PRF), from which Bartlett Regional Hospital will benefit. Mr. Mertz emphasized that he was pleased to see a significant amount of money dedicated to addiction and mental health services. The Childcare Stabilization Fund will receive \$10 billion of funding, which usually comes via grants from the state. There is also money included for the SNAP and WIC programs, rental assistance programs, fisheries, and elementary and secondary education. Mr. Mertz concluded the updates by stating that fortunately it looks like there will be some funding allocated to help local businesses and aid individuals who are dealing with the repercussions of COVID-19.

Mr. Forst asked whether there was an extension to loan payback times, specifically concerning PPP loans.

Mr. Mertz responded that loan payback times depend on personal circumstance. He stated he did not see anything in the document that approved an extended payback period for those who potentially have a loan component of their PPP. Mr. Mertz clarified that the proposed PPP extension doesn't exclude those who have already applied, as it is intended for businesses that need a second wave of funding.

Update on December 17, 2020 Special Assembly Meeting Agenda

Mr. Rogers provided an update on the agenda for the December 17, 2020 Special Assembly Meeting. He stated that there has been an unexpected demand for both the Housing Assistance and Individual Assistance Grant programs. The grant administrator, Catholic Community Services (CCS), is moving as rapidly as possible, though the increase in demand is quite overwhelming. Initial predictions estimated roughly 1,000 applicants for Housing Assistance and 500 for Individual Assistance. Actual counts amounted to roughly 3,000 applicants for Housing Assistance. The Individual Assistance program closed early due to an overwhelming 1,800 applications received within the first few days of the program being open. Mr. Rogers stated that CCS is estimating that the total need between the two programs is \$9-9.5 million, whereas the Assembly only appropriated \$5 million. Both programs through CCS are first come, first served, and CCS is reviewing applications in the order they were received.

Mr. Rogers stated that during the December 17 Special Assembly Meeting, a resolution to amend the Individual Assistance program eligibility requirements will be introduced. If adopted, the resolution would exclude applicants from the Individual Assistance program that have already received a grant under the Housing Assistance program. This change could be implemented immediately, as no Individual Assistance payments have been issued yet. Mr. Rogers stated that this change should reduce the fiscal need from the predicted \$9-9.5 million, though he predicts the allocated \$5 million will still be insufficient. Mr. Rogers expressed that nearly all of CBJ's CARES Act funding has been appropriated, however there are some programs anticipated to be underspent. He estimated that roughly \$1.2 to \$1.3 million may be available to the Assembly to reappropriate to either Housing Assistance or Individual Assistance to meet the remaining need. The Assembly would need to make a policy decision on which program the funding should go to, though the overarching end goal is the same regardless of which program receives additional funding.

Mr. Mertz asked Mr. Rogers if there is additional remaining unspent funding from phases one, two, and three of the Business Sustainability Grant program.

Mr. Rogers responded that Mr. Holst has indicated that about \$500,000 will remain unspent of the \$14 million appropriation from the Business Sustainability Grant. This amount is included in the \$1.2 to \$1.3 million estimate of funds available for potential reappropriation from underspent program.

Mr. Forst inquired as to whether the oversubscription to the Housing Assistance and Individual Assistance grant programs was due to underestimating the actual need in the community, or if there were large quantities of people who applied who did not meet qualifications.

Mr. Rogers stated that it is hard to speculate what caused the oversubscription to the two assistance programs. As a touchstone, \$200,000 was appropriated eight months ago for a similar rental assistance program through the Alaska Housing Development Corporation. This program has not spent their full funding, despite having been open for eight months. Mr. Mertz speculated that this was due to the CCS programs being significantly simpler to apply for through self-attestation of hardship experienced.

Mr. Mertz expressed he had some concerns about the Extreme Hardship Grant program. He stated that he was recently contacted by a local business owner who had written a letter to the ESTF and Assembly. The business owner stated that he did not employ staff or have any sales in the winter, however was still operating. Due to these factors, he did not meet the eligibility requirements for the Extreme Hardship Grant. Mr. Mertz reiterated that the intent of the grant program, both from the ESTF and the Assembly, was to make sure that local sole proprietor businesses were covered, regardless of having sales in the winter season. Mr. Mertz expressed that it was disheartening to hear that they might not be covered.

Mr. Rogers stated that the language of the original ordinance is clear on its definition of 'year round' operations. A resolution is being introduced at the December 17 Special Assembly Meeting that, if adopted, would amend eligibility requirements. The resolution includes an amendment that would require a business owner to provide proof of Juneau-based employee wages for Q4 2019 and Q1 2020, or sales tax returns showing sales in both quarters.

Ms. Martinson voiced a similar concern, stating she had heard from two separate business owners who received letters of rejection from the Extreme Hardship Grant program, as owners' draws were not considered wages.

Mr. Rogers added that there is a specific line in the resolution amending the payroll pledge requirement, clarifying that an owner draw qualifies for the purpose of calculating payroll.

Mr. Mertz voiced that there are business owners who may or may not have store hours in the winter and solely market to tourists in the summer, yet still put in year-round work to make sure the business is open and ready come summer. Mr. Mertz expressed that this program was developed to protect small, local businesses, not carve them out, and that the language of the ordinance should be interpreted in this way.

Mr. Rogers stated that the resolution amending eligibility requirements, if adopted, may address some of Mr. Mertz's concerns. Ordinance 2020-09(U), which appropriated funds for the Extreme Hardship program, was initially introduced with language that required a business to have suffered at least fifty percent loss in gross receipts, and the loss had to amount to at least \$25,000. Additionally, the ordinance stated that gross sales would be used for the grant award proportionality calculation. The ESTF and Assembly concurred that this language would inadvertently exclude some businesses, which was not the intent. Prior to adoption, the Assembly amended the ordinance to allow gross or taxable sales to be used as proof of extreme hardship, and net taxable sales as the basis for the grant award proportionality calculation. The resolution that will be introduced at the December 17 Special Assembly Meeting would provide for more flexibility in the proportionality calculation, allowing either gross receipts or net taxable sales to be used to determine the grant award, whichever is more favorable to the applicant. Additionally, the original requirement that a business must prove a minimum loss of \$25,000 during Q3 2020 compared to Q3 2019 would be reduced to \$12,500, if the resolution is adopted.

Task Force Wrap Up Review for 2020

Ms. Bell shared an updated Task Force Summary of Work. Ms. Bell suggested that the fact finding groups take the next two weeks to draft and review their designated sections, and stated that she would receive and compile the section reports into a succinct document once they were sent to her.

MOTION: by Ms. Bell to authorize the co-chairs to finalize the report and present it to the Assembly in January. Motion seconded by Mr. Botelho.

Motion passed by unanimous consent.

Good of the Order

The Task Force extended appreciation for each of the members for all of the work that has gone into aiding Juneau throughout the COVID-19 pandemic. There have been 33 ESTF meetings in 2020, with a countless amount of time spent outside of meetings working on the issues at hand. Mayor Weldon recognized that the Task Force has greatly aided the Juneau Community during a time of need, and the effort and hard work is appreciated and respected by all.

Adjourn

At 3:57 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