



Economic Stabilization Task Force

Appointed by the City & Borough of Juneau's Mayor

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www.beta.juneau.org/assembly/economic-stabilization

Date: July 31, 2020

To: City and Borough of Juneau Assembly

From: Economic Stabilization Task Force, Co-Chairs Max Mertz and Linda Thomas

Re: Notice of Recommendation to Assembly on Business Stabilization Grant Phases 2 & 3

The Economic Stabilization Task Force met on July 30, 2020 and discussed a draft ordinance that is before you for public hearing.

Recommendation on Draft Ordinance 2019-06(AG)(c)

An Ordinance Appropriating up to \$8,500,000 to the Manager for Phases 2 and 3 of a COVID-19 Business Sustainability Grant Program; Funding Provided by the CARES Act Special Revenue Fund.

The Task Force recommends the following revisions made to the ordinance since the Assembly Committee of the Whole reviewed the ordinance on July 20.

1. Add language in Section 4, subsection (f)
2. Revise language in Section 4, subsection (i)
3. Add language in Section 4, subsection (j)

These changes are reflected in Draft Ordinance 2019-06(AG)(d) as submitted to the Assembly.

Appointed Task Force Members

Max Mertz, Co-Chair • Linda Thomas, Co-Chair • Theresa Belton • Bruce Botelho • Eric Forst

Ken Koelsch • Lauren MacVay • Laura Martinson • Terra Peters

Presented by: COW
Introduced: 6/8/2020
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2019-06(AG)(d)

An Ordinance Appropriating up to \$8,500,000 to the Manager for Phases 2 and 3 of a COVID-19 Business Sustainability Grant Program; Funding Provided by the CARES Act Special Revenue Fund.

WHEREAS, the Economic Stabilization Task Force recommended that the Assembly consider economic support to businesses suffering interruptions due to COVID-19 related business closures; and

WHEREAS, on April 9, 2020, the Centers for Disease Control and Prevention (CDC) renewed the No Sail Order and Other Measures related to cruise ships to prohibit certain cruise ships from transporting passengers to ports in the United States; and

WHEREAS, since early March, 2020, the State of Alaska issued COVID-19 Health Mandates that reasonably restricted travel, gatherings, close personal interactions, schools, and medical and dental procedures; and

WHEREAS, since early March 2020, the Assembly issued COVID-19 directions regarding travel quarantines (Res. 2886), hunkering down (Res. 2885), and cloth face coverings (Res. 2890); and

WHEREAS, the public health mandates and directions protected the health of the people in the City and Borough of Juneau and nearby communities; and

WHEREAS, COVID-19 caused severe economic harm to businesses in the City and Borough of Juneau because people were encouraged to hunker down, businesses were mandated to close or severely limit operations, and nearly all of the forecasted cruise ship tourism has been canceled; and

WHEREAS, failing to protect the economically vulnerable businesses from the severe loss of revenue would result in further adverse impacts to Juneau's economic and social service network; and

WHEREAS, the COVID-19 Business Sustainability Grant Program is necessary due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); and

WHEREAS, the COVID-19 Business Sustainability Grant Program is being created by this ordinance and program expenses were not accounted for in the FY20 budget; and

WHEREAS, the COVID-19 Business Sustainability Grant Program expenses are incurred during the period that begins on March 1, 2020, and ends on December 31, 2020.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a non-code ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of eight million and five hundred thousand dollars (\$8,500,000.00) for Phases 2 and 3 of the COVID-19 Business Sustainability Grant Program to be granted to the Juneau Economic Development Council (Grant Administrator) and used consistent with this ordinance. This is an appropriation for the fiscal year beginning July 1, 2020, and ending June 30, 2021.

Section 3. Source of Funds:

CARES Act Special Revenue Fund	\$8,500,000.00
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Section 4. COVID-19 Business Sustainability Grant Program Terms. The program is subject to the following terms and conditions:

- (a) **Administration.** The Manager is authorized to execute a grant agreement with the Grant Administrator for disbursement of COVID-19 Business Sustainability Grant Program funds. The Grant Administrator is responsible for assuring the program funds are disbursed only to eligible businesses. The Grant Administrator shall be provided a reasonable administration fee based on actual expenses. The Grant Administrator shall provide the Manager with program status reports at reasonable intervals. The Manager shall provide updates to the Finance Committee or Assembly. The Grant Administrator shall return all unencumbered monies existing on November 1, 2020, promptly back to the City and Borough of Juneau.
- (b) **Entity types.** The program is open to all qualifying businesses (including a nonprofit), regardless of whether they have applied for or have obtained any other state or federal COVID-19 related assistance if (1) the business was registered in Alaska on or before January 1, 2020, (2) had a physical presence in Juneau, Alaska on February 15, 2020, and (3) continuously operated through the date of application unless the business is seasonal or was subject to a government mandated shutdown. The program will exclude from eligibility C Corporations traded on a U.S. stock exchange or a corporate-equivalent entity traded on a foreign stock exchange, and businesses owned in whole or majority—owned by such a publicly traded corporation or national chains that own and operate their premises in Juneau; franchisee owned and operated businesses in Juneau would be eligible.

- (c) **Grant application.** A business seeking a grant may provide supporting documents electronically and the business owner, managing member, or equivalent person must submit an original grant application form in person or electronically to the Grant Administrator.
- (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 the phases, 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.

- (e) **COVID-19 financial hardship.** An applicant must provide proof of a year over year decrease in revenue starting April 1, 2020, which equals or exceeds twenty percent. Year over year sales tax returns or other similar documentation of substantial revenue decline is required.
- (f) **Assertion of need.** An applicant shall disclose if the business has applied for or received any other grant or forgivable loan. An applicant that has received any other grant or forgivable loan must provide satisfactory documentation that a Business Sustainability Grant is still necessary to sustain business operations. An applicant that applied for or received any other CARES Act funding from CBJ may be eligible if the other grant amounts do not exceed the amount the entity is eligible for under this program.

- (g) **Sales and property tax compliance.** A business with any sales or property tax delinquency as of March 1, 2020, is not eligible for a grant unless the business first executes a confession of judgment with the City and Borough of Juneau for all outstanding taxes. A business that is fully compliant with a confession of judgment payment plan is eligible.
- (h) **Exceptions.** The Grant Administrator, after receiving direction from the Manager or designee, has the authority to make reasonable exceptions that match the intent of this grant program.
- (i) **Phase 2 maximum grant amount.** The maximum grant amount for Phase 2 shall not to exceed \$99,000 per business and not exceed:
- (1) 100% of the business' total lease/rent, utility, long-term debt costs between April 1 and October 31 ("fixed costs"); and
 - (2) \$10,000 for the following: 20% of short-term debt and inventory purchased for resale, which was acquired between January 1, 2020, and April 15, 2020 not financed using short-term debt.
- A business that receives a Phase 1 grant and a Phase 2 grant can receive no more than \$99,000 per business per this program. A business that received a Phase 1 award must reapply in order to be eligible for a Phase 2 award. A business that received a Phase 1 grant need not reapply for Phase 2 but must notify the Grant Administrator that the business is requesting the eligible Phase 2 grant award (i.e. two times the Phase 1 grant). A business that received a Phase 1 grant and that wishes to apply for additional qualifying expenses in Phase 2, must reapply.
- (j) **Phase 3 small grant amount.** Phase 3 is designed for smaller businesses. The maximum grant amount for Phase 3 shall be ten percent of the 2019 gross business revenue or \$5,000, whichever is less. A business that receives a Phase 1 or Phase 2 grant that exceeds \$5,000, individually or combined, is not eligible for a Phase 3 grant. A business that receives a Phase 1 or Phase 2 grant and the total amount of the Phase 1 and Phase 2 grants is less than \$5,000, may be eligible for a Phase 3 grant up to the maximum grant amount of Phase 3. Phase 3 applicants are not subject to Section 4 (e) Financial Hardship but still need to certify that they have been adversely impacted by COVID-19.
- (k) **Grant application period.** The grant application period shall be three weeks starting on no later than August 10, 2020. If after the initial grant application period there is still funding available, the Manager may direct the Grant Administrator to reopen the application period for a first come first served basis.
- (l) **Initial priority.** The Grant Administrator shall review applications and notify applicants if the application is incomplete during the initial application period. If an application is incomplete during the initial application period, the applicant must cure the defect by September 11, 2020. The Manager is authorized to direct

the Grant Administrator to proportionally allocate available funding if demand is greater than funding available.

Section 5. Effective Date. This ordinance shall become effective upon adoption. However, Section 2 of this ordinance is conditioned upon the City and Borough of Juneau receiving CARES Act funding from the State of Alaska.

Adopted this _____ day of _____, 2020.

Beth A. Weldon, Mayor

Attest:

Elizabeth J. McEwen, Municipal Clerk