

Presented by: AFC
Presented: 10/26/2020
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2020-09(U)(b)

An Ordinance Appropriating up to \$2,300,000 to the Manager for a COVID-19 Extreme Hardship Business Grant Program; Funding Provided by the CARES Act Special Revenue Fund.

WHEREAS, the Economic Stabilization Task Force recommended that the Assembly consider financial support to businesses disproportionately impacted due to COVID-19; 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 nearly all of the forecasted cruise ship tourism was canceled, residents hunkered down to avoid COVID-19 and continue to do so, and businesses lost significant revenue due to the resultant loss of business and due to mandated closures or severely limited operations; and

WHEREAS, failing to support businesses that suffered severe loss of revenue would result in further adverse impacts to Juneau's economic and social service network; and

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

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

WHEREAS, the COVID-19 Extreme Hardship Business 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 noncode ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of two million and three hundred thousand dollars (\$2,300,000.00) for a COVID-19 Extreme Hardship Business Grant Program. 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 \$2,300,000.00

Section 4. COVID-19 Extreme Hardship Business Grant Program. The program is subject to the following terms and conditions:

- (a) **Intent.** The intent of this program is to provide support, in addition to the COVID-19 Business Sustainability Grant Program, to businesses that were disproportionately harmed by COVID-19 to offset the following expenses from November 1 through December 30, 2020: payroll, inventory, training, license fees, and fixed costs (lease/rent, utility, long-term debt).
- (b) **Administration.** The Manager is authorized to execute a grant agreement with the Juneau Economic Development Council (“Grant Administrator”) for disbursement of COVID-19 Extreme Hardship Business 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.
- (c) **Eligible Applicants.** 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 the following is satisfied:
 - (1) **Business Sustainability or Non-Profit Sustainability Grant Recipient.** The business received a business sustainability grant pursuant to Ordinance 2019-06(AG)(d) or a non-profit sustainability grant pursuant to Ordinance 2020-36, as amended.

- (2) **Year-round Operations.** The business must provide proof of operations during Q4 2019 and Q1 2020, which can be verified with box 1 of IRS form 941 or sales tax return;
 - (3) **COVID-19 Extreme Hardship.** The business suffered at least a fifty percent loss in gross receipts, as reflected on line one of the CBJ sales tax filing, during Q3 2020 as compared with Q3 2019, and the loss is at least \$25,000 from Q3 2019 to Q3 2020;
 - (4) **Anticipated expenses.** The applicant must estimate and attest that the following expenses from November 1 through December 30, 2020 exceed the grant request amount: payroll, inventory, insurance, training, license fees, and fixed costs (lease/rent, utility, long-term debt);
 - (5) **Payroll Pledge.** The applicant must pledge to spend at least thirty percent of the grant proceeds on payroll, including employee benefits; and
 - (6) **Additional information.** The Grant Administrator may request additional information from applicants when the application contains insufficient or contradictory information or the Grant Administrator may deem the application incomplete.
- (d) **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 attest that a grant from this program is still necessary to sustain business operations through December 30, 2020.
- (e) **Compliance**
- (1) **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. A business that executes a confession of judgment with the City and Borough of Juneau for all outstanding sales tax deficiencies can be eligible for this program. A business that is fully compliant with a confession of judgment payment plan can be eligible for this program.
 - (2) **Federal compliance.** No grant may be issued to an applicant that is engaged in business or conduct that violates federal law and any grant so issued must be immediately returned in full. For example, no grant may be issued to an applicant engaged in or conducting a marijuana related business at the same location as the residence.
- (f) **Grant amount.** The grant amount shall be determined by the following formula: grant amount equals the difference in the applicant's Q3 2019 and Q3 2020 gross sales divided by the difference in all eligible applicants' Q3 2019 and Q3 2020 gross sales multiplied by the appropriation in Section 2. However, no grant shall exceed \$50,000; the Grant Administrator shall either cap any presumptive grant exceeding \$50,000 at \$50,000 or the Grant Administrator may apply a reduction factor so no grant exceeds \$50,000.

(g) **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.

(h) **Confidentiality.** Except as provided in this legislation, all application material submitted for this program and all information contained therein (Grant Data) shall be kept confidential except for inspection by:

- (1) Employees and agents of the City and Borough whose job responsibilities are directly related to such applications and information;
- (2) The business owner, managing member, or equivalent person 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.

(i) **Grant application period.** The grant application period shall be two weeks. The Grant Administrator shall review applications and notify applicants if the application is incomplete. An applicant with an incomplete application has five business days to cure to keep the original application filing date; otherwise the application must be resubmitted, if at all.

Section 5. Effective Date. This ordinance shall become effective upon adoption.

Adopted this ____ day of _____, 2020.

Beth A. Weldon, Mayor

Attest:

Elizabeth J. McEwen, Municipal Clerk