ASSEMBLY STANDING COMMITTEE
COMMITTEE OF THE WHOLE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Meeting Minutes – June 1, 2020

The Committee of the Whole Meeting was held via Zoom webinar and called to order at 7:00pm by Deputy Mayor Maria Gladziszewski.

I. ROLL CALL

Assemblymembers Present: Maria Gladziszewski, Loren Jones, Rob Edwardson, Wade Bryson, Carole Triem, Michelle Hale, Alicia Hughes-Skandijs, Greg Smith, and Mayor Beth Weldon.

Assemblymembers Absent: None.

Staff Present: City Manager Rorie Watt, Deputy City Manager Mila Cosgrove, City Attorney Robert Palmer, Municipal Clerk Beth McEwen, Deputy Clerk Diane Cathcart, Finance Director Jeff Rogers

II. APPROVAL OF AGENDA

Hearing no objections, the agenda was approved as presented.

III. APPROVAL OF MINUTES

None.

IV. AGENDA TOPICS

A. CARES Act Funding – Big Picture

Ms. Gladziszewski shared that there had been limited time to discuss how the CBJ should appropriate CARES Act funding, and hoped this would be the start of a discussion that allowed everyone to share their thoughts.

Mr. Watt shared a pie chart with the Assembly that illustrated how the CARES Act funding had been spent so far. He said he hoped they would have a “big picture” discussion so they can move forward on utilization of funds for the Business Sustainability Grant Program as introduced or as amended.
Mr. Watt explained each aspect of the pie chart, which included the following (amounts are listed in “million” dollar increments):

- FY20 COVID-related Emergency Operations:	**$8.0**
- Housing Assistance – Phase 1:	**$0.2**
- FY21 COVID-related Emergency Operations:	**$12.0**
- Childcare Support	**$1.0**
- Business Sustainability Grants – Phase 1	**$3.5**
- Workforce Development – Trails	**$0.3**
- Conservation Corp Program	**$1.0**
- Business Sustainability Grants – Phase 2 & 3	**$8.5**
- Funds Remaining to be Disbursed	**$18.5**
TOTAL:	**$53.0**

Ms. Gladziszewski asked Mr. Watt to clarify that the Assembly had not officially committed to the Business Sustainability and Conservation Corp Funds as of yet. He confirmed that was accurate but they had committed to the Workforce Development Trails piece of the pie chart.

Mr. Bryson asked Mr. Watt if the Assembly would be able to allocate $3 Million of the CARES Act Funding towards the Juneau Police Department, to then later use as savings for the City. He added that this method of creating savings has been used with PPE loans and the EIDL Program.

Mr. Watt explained that the Assembly had already used CARES Funds to its legally allowable extent for FY20 and FY21. He added that they are hoping that Congress will eventually allow for CARES Act Funding to be used for lost revenue, but that has not happened yet.

Mr. Edwardson asked Mr. Watt to clarify when the CARES Act Funding should be spent, and if there any milestones they have to meet in order to spend it. Mr. Watt answered that they have until December 31, 2020 to spend the $53 Million that the state has identified for Juneau. Mr. Rogers confirmed that the entirety of the $53 Million needs to be spent on eligible expenditures by the end of this calendar year. He also mentioned that there are several benchmarks the CBJ needs to meet before they can receive their next cash payment. Mr. Rogers clarified that the timing of the expenditures will not limit or restrict how much funding Juneau will receive over time, the city is still eligible for the full $53 Million.

Ms. Gladziszewski asked Assemblymembers to give their thoughts on the CARES Act Funding and ideas for plans moving forward.

Mayor Beth Weldon said that she appreciated the pie chart Mr. Watt shared with the Assembly, saying that she thinks it shows the "big picture" a little bit better. She acknowledged that some people in the community have criticized the Assembly for spending money on local businesses, and she said that businesses employ people. She mentioned the July 31st end date for unemployment benefits, saying that people will need jobs to go back to. Because of this, Mayor Weldon strongly supports the businesses community and the job opportunities they provide for the community. Mayor Weldon said that if they were to spend the remainder of the CARES Act funding, it should be towards a one-time investment, rather than adding it to the city budget.

Mr. Jones stated that he approached the topic of CARES Act funding in a slightly different way, and spending the full $53M in its entirety would increase the City spending for the year. He mentioned how CBJ is using CARES Act funding to support Fire and Police until December of this year, and they will need to use tax revenue to pick up their salaries on January 1, 2021. He added that if revenues have not increased, then the CBJ would need to go into budget reserves to pay for the salaries of Fire and Police. Mr. Jones shared that they have already committed $21.2 Million out of the $53 Million on what he considers to be CBJ functions. He hoped that they do not spend any more on City functions unless they can show that it is a direct expenditure. Mr. Jones said that if the Assembly decides to spend the remaining CARES Act funds on businesses or jobs programs, he would rather not go too far down that road. He would not want to spend more funds past Phase 2 and 3 unless the Assembly had a very thorough discussion. He added that if they end up having any remaining funds, he would be happy with turning those unused funds back to the state.

Mr. Edwardson said that he agreed with Mr. Jones and Mayor Weldon that they should not create any programs that would cost the CBJ more out of their treasury into the future. However, he believed that the cost to ameliorate the suffering amongst the community will exceed $53 Million. He said that if they can find the right places to put funds towards easing the suffering, they could easily spend every penny towards things that would benefit the community. Mr. Edwardson mentioned that he understands that this is not free money, these are funds that people are paying taxes on. He added that this funding was given to Juneau to ease the pain of the pandemic, and he feels that it is incumbent upon the Assembly to utilize it in the best way possible.

Ms. Hale said that a needs assessment is necessary, because the Assembly does not really understand the needs in the community. She believed conducting a needs assessment of the community would be beneficial to understand what will help Juneau best over these next several months.

Ms. Triem liked Ms. Hale's idea of a needs assessment, and believed that they should utilize the CARES Act funding in its entirety. She was concerned about the way the Business Sustainability Grant is structured, saying while nonprofit businesses are eligible for this, the criteria is based on revenue. Ms. Triem also mentioned an increase in need as the unemployment benefits were about to run out. There needs to be another program to address social service needs other than the Business Sustainability Grants. Ms. Triem liked the idea of having a needs assessment done, because she would like to have a better understanding of what the current needs were in the community.

Ms. Hughes-Skandijs said that she agreed with many things that have been said already. She was also concerned about the unemployment benefits running out and what will happen once it does. She mentioned that even helping the business community will not guarantee that all businesses will be able to bring back all of their employees anytime soon. Ms. Hughes-Skandijs would like to make sure that there are jobs to go back to, but there will also be a period in which employees will need additional assistance. She said that they should spend every dollar provided in the CARES Act funding, as long as it does not accrue further costs in the future for the city. She also agreed with Ms. Hale's idea for a needs assessment, saying it would be useful for making decisions. She worried about nonprofits needing to make cuts, while the needs of the causes they support will continue to increase. She emphasizes that the committee needs to consider the needs of the individuals, and ensure CBJ is spending the funding wisely.

Mr. Smith also agreed with spending all of the CARES Act funding money, and he liked the way the pie chart looked right now. He was also interested in seeing what ideas and further needs there will be for the other half of the pie such as helping local restaurants and providing meals to the unsheltered. Mr. Smith said that he wanted to be cautious and avoid spending it all within the next three months – mentioning that he does not know how quickly the economy will rebound. He was also concerned about unemployment running out. Mr. Smith shared that he is looking forward to hearing more ideas from the committee and being restrained as they go along moving forward.

Mr. Bryson said that he agreed with every position that everyone has shared. He supported payments used toward any eligible current governmental services such as JPD and CCFR that would offset expenses to the general fund dollars spent for those programs over the course of the fiscal year. He also said that every small business in Juneau produces $10,000 to $100,000 in sales tax revenue and when thinking about business, every single one we protect protects that sum of money coming into the city treasury. He spoke in support of using the CARES funding to provide loans or other programs that would bolster the business community so they could ride out the oncoming economic recession.

Ms. Gladziszewski said that she agreed with a lot of what was said, the whole purpose of the CARES Act funding is to mitigate the impacts of what this virus has done to our economy. She appreciated the pie chart, as it provides a physical sketch of what they might commit and have already committed. She was okay with the business sustainability grants but they still do not have a sketch of what the needs are. Ms. Gladziszewski echoed Ms. Hale's suggestion about conducting a needs assessment within the community. She added that they still are lagging behind on understanding the whole picture, and will need a sketch of what the unknowns are.

MOTION by Ms. Hale to request the City Manager to use whatever resources might be needed, whether that was a contractor, staff, the ESTF, or other, to come up with a needs assessment to help the Assembly figure out the greatest needs within the community and she asked for unanimous consent.

Mr. Edwardson commented that he would like the motion to come back to the Assembly, and would like to make sure that the needs assessment reaches a wide demographic. He added that ensuring the needs assessment included as many demographic areas as possible and they would benefit from the Assembly reviewing it together.

Objection by Mr. Jones who stated that he thought that the ESTF and the Juneau Community Foundation would be able to conduct a needs assessment. He added that a needs assessment will simply reflect the current needs of Juneau – healthcare, food security, shelter, etc. – to a larger degree, and he believes the Assembly is already aware of these needs. Mr. Jones mentioned that the Assembly does not have enough time between now and December to make a lasting impact towards those needs.

Ms. Triem said that a needs assessment would be a helpful tool to know how best to spend the CARES Act funding responsibly. She said the Assembly has been given resources to address an once-in-a-lifetime problem and they must ensure that they are putting those resources where they are needed the most. She added that she does not think that the Assembly knows what the most-affected areas are, or that the ESTF has looked at the broad range of issues in Juneau.

Mayor Weldon agreed with Mr. Jones that a needs assessment will not necessarily tell the Assembly things that they do not already know. She added that the ESTF is already working on a type of needs assessment.

Mr. Smith said in considering the timing of a needs assessment this is an evolving situation that it may need to be expedited due to the unemployment benefits expiring July 31.

Ms. Hale shared that she worries greatly about any additional administrative burden that the Assembly may place onto the Manager's Office and CBJ staff. Ms. Hale asked Mr. Watt how reasonable it would be to hire a contractor to conduct a needs assessment within the community.

She asked if the current assessment being done by the ESTF was sufficient, and they would be able to collect the needs of everyone in the community.

Mr. Watt answered that there is no scenario in which the Assembly does not accept the ESTF recommendations on the loans, and encouraged the Assembly to refer to the CARES Act Guidelines to ensure that what they are considering is legally eligible. Mayor Weldon clarified that nonprofit businesses have been approved by the ESTF to be eligible to apply for the Business Sustainability Grant program.

Mr. Jones cautioned the City Manager and Ms. Hale that a similar needs assessment related to mental health was conducted in 2018, and it took two years to finalize. He reminded them that the Assembly has limited time to decide where to use the CARES Act funding.

Ms. Hughes-Skandijs said that it is a good point that the Assembly does not have an abundance of time, however, she would support a needs assessment if it was able to be conducted in a reasonable timeframe.

Mr. Bryson shared that he believed every person's needs are the same: everyone does not have enough money. He said that the needs assessment boils it down to who needs more money than others. He added that a needs assessment is something made for the ESTF and he would advocate for having this be a task for them to complete.

Ms. Triem said that she does not understand why the Assembly would not want to use the $53M towards fixing as many problems within the community as possible, regardless of whether or not those problems were directly caused by COVID-19.

Ms. Gladziszewski said that she would support having someone sit down and determine what the needs are within the community.

Roll Call Vote on Motion:

Ayes: Hale, Hughes-Skandijs, Smith, Triem, Bryson, Edwardson, Mayor Weldon, Gladziszewski
Nays: Jones

Motion passed.
Ayes: 8
Nays: 1

The Assembly took a break at 8:14p.m. and resumed at 8:20p.m.

B. COVID-19 Business Sustainability Grant Program
Ordinance 2019-06(AC): $3.5 Million Phase 1

Mr. Smith asked if businesses like Diamond International be eligible for this grant.
Mr. Palmer referenced the provisions listed on Page 2, Section 4(c) of the Grant Application, which attempts to maximize money going towards businesses that operate in Juneau while also (as closely as legally possible) not unfairly treating people who have businesses in Juneau without being physically located in Juneau. This allows business owners with brick and mortar

stores in Juneau to apply. However, Mr. Palmer mentioned it is required of business owners to submit their grant applications in person. Theoretically, businesses like Diamond Intl. could apply for the grant, but doing so would require the business owners to be physically present in Juneau.

Ms. Triem expressed concern about the requirement for business owners to submit their applications in person. While she understands the intent of Mr. Smith's question, she worried about the unintended consequences this requirement may have on local business owners. She asked if Diamond Intl. or any businesses like it have applied to the loan program that was introduced earlier, stating that she does not think that those businesses would even be aware of Juneau's grant program.

Mr. Rogers answered that he does not currently know if any of those businesses have applied for the loan program and mentioned that Ms. Triem is correct in principle.

Mayor Weldon mentioned that the loan program and the grant program were both rather distinct and an out-of-town business may still want to apply for the grant program. She added that any additional restrictions placed on these programs would be for the better, though it may be a burden for some, it is a legally acceptable way for the Assembly to require that applicants be a Juneau-based business.

Ms. Hughes-Skandijs asked Mr. Palmer if there would be a legal issue with rewording Item C to require applicants to be Juneau business owners. Mr. Palmer answered that was what is currently written in Section 4(c) provided a reasonable goal while still maintaining fairness towards out-of-town businesses.

Mayor Weldon had a question regarding Section 4(e), which requires businesses owners who claim financial hardship due to COVID-19 to provide documentation beginning April 1, 2020. She asked about the intent of selecting that date in particular, since the majority of Juneau residents went into lockdown in mid-March. Mr. Mertz answered that the intent of the date was to act as a starting point of the pandemic business closures, and later in the report they state that they will cover expenses beginning April 1.

<u>MOTION</u> by Mayor Weldon to amend the wording of Section 4(e) to add: "An applicant must provide proof of a year-over-year decrease in revenue, starting April 1, 2020 that equals to or exceeds 20%." Hearing no objection, the motion passed by unanimous consent.

Ms. Hughes-Skandijs asked Mr. Mertz if he considered using a lottery system when writing Section 4(j) and the Grant Priority process. Mr. Palmer said that setting up a lottery system is possible, but would require pretty tight deadlines.

Mr. Edwardson referenced Section 4(d) asking why there was such secrecy and confidentiality needed on a grant program such as this. Mr. Mertz answered that applicants will be submitting sensitive data related to sales tax revenue along with their applications, and there are federal laws and CBJ procedures in place to protect the businesses and the applicants.

Mr. Mertz answered questions about the administration of this as a grant vs. the loan administration for the other programs. Mr. Watt spoke to the administration of the grant program and the language in Section 4(a) and that he would like to do what they did with the loan program and have JEDC administer the grant.

MOTION by Ms. Hale to change the wording to Section 4(a) to state: “The grant administrator shall be provided a reasonable administration fee based on actual expenses.”

Objection by Mayor Weldon in light of what Mr. Watt just shared that he would like to work with JEDC to come up with a reasonable number. Mr. Watt said that he would work with JEDC to bring the Assembly an actual expense number in time for next Monday’s meeting. Mayor Weldon said in light of that, she removed her objection.

Hearing no further objections, the motion passed by unanimous consent.

Mayor Weldon asked what Mr. Mertz meant in Section 4(f) by having a business “still necessary to sustain business operation.” Mr. Mertz explained that the idea behind Section 4(f) was to determine whether a business who had already received grant funding will be able to sustain itself with the funding it had already received.

Additional discussion took place and Mr. Palmer suggested that the bring back potential amendment language to the meeting on Monday in case they did want to change that section.

Mr. Smith had a question regarding eligible expenses, and how they will be able to determine if a business who receives a grant will be able to continue to operate. Mr. Mertz said that the goal of this grant program is to aid businesses to continue operations, but they also understand that this program will not rescue every single business. He added that the best course of action here is to proceed with the grant program with the best possible intentions.

Ms. Gladziszewski said that there should be a minimal level of qualifications added into the language of the application for the grant administrator to use as a tool when assessing applicants.

MOTION by Ms. Gladziszewski to add a sentence to Section 4(i) that states, “Grants may be made in one or several disbursements; disbursements will be subject to basic assessment of borrower’s capacity to pay financial need.”

Objection by Mr. Jones. Mr. Jones said that this program is not a loan, it is a grant, and there should not be an expectation for applicants to pay it back. He said that he doesn’t know if the language in Ms. Gladziszewski’s motion makes any difference in a grant program. Ms. Gladziszewski concurred and removed her motion.

The committee took a break at 9:15p.m. and resumed at 9:20p.m.

MOTION by Mayor Weldon to forward Ordinance 2019-06(AC), as amended, to the Assembly for public hearing on June 8.

Mr. Palmer noted that he will be making a technical amendment to remove a stray “loan” phrase when the ordinance comes back to the Assembly under public hearing.

Hearing no objections, the motion passed by unanimous consent.

C. Restaurant Tables and Chairs Outside in Right-of-Way (ROW) [Verbal Report Only]
Mr. Watt shared with the committee that restaurants have asked if they could be allowed to put their tables and chairs in the right-of-way on the sidewalks outside of their buildings.

Mr. Jones and Mr. Bryson both shared their concerns about the implications of this and how it may possibly affect other businesses that do not have the option to have patrons dine out on the sidewalks. Mr. Watt said that he totally understands the comments and concerns and it isn't a perfect solution. Some business owners have wider sidewalks than others and may be able to utilize this option. He said he goes back to what Mr. Mertz said, these are difficult times and they are trying to do the best they can. If there is a place where they can allow it, good for that business owner and maybe other business owners without that option could be assisted in different ways.

V. OTHER BUSINESS

Mayor Weldon noted that Mr. Jones cancelled the Finance Committee meeting and they have scheduled a Special Assembly meeting on Wednesday, June 3 at 6p.m. to discuss the travel quarantine with Dr. Anne Zink and Commissioner Adam Crum.

VI. ADJOURNMENT

There being no further issues brought to the Committee, the meeting was adjourned at 9:30p.m.

Respectfully submitted,
Lacey Davis and Beth McEwen