

Discussion / Direction / Decision on CARES Act funding program design and associated applications.

The CARES Working Group is looking for Assembly guidance in the following areas:


- Would the Assembly prefer to change any funding amounts proposed in any category?
- Would the Assembly prefer to change any grant amounts proposed in any category?
- How would the Assembly prefer to measure the size of grants distributed to businesses and nonprofits (revenues, employees, year-over-year losses, relief from other sources, etc.)?
- How would the Assembly prefer to ensure grants are distributed to only Sitka businesses and nonprofits (what verification method)?
- How would the Assembly prefer to award grants (standard application criteria, committee, etc.)?



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
From: John Leach, Municipal Administrator 
Date: June 18, 2020
Subject: CARES Act Funding Design Proposal

Background

It was proposed at the May 19th Assembly work session for a Working Group (WG) to be established that could design a funding framework for pending CARES Act funds. The framework would be presented to the Assembly for modification or approval as appropriate and would include criteria for local applicants to qualify for CARES grants. All distribution of funds will continue to be ultimately approved by the Assembly.

Analysis

The formally chartered CARES Act WG developed a budget outline which addresses six (6) specific funding categories. The proposed categories are as follows:

Category 1: Utility/Moorage Assistance

Category 2: Business and Non-profit Grants

Category 3: New City Funded Programs

Category 4: City Impact/Mitigation Spending

Category 5: Sitka School District Request

Category 6: Contingency

Fiscal Note

Sitka is scheduled to receive \$14,036,874 in CARES Act funding. This funding is Federal support to be passed through the State of Alaska.

The CARES Act provides that funding may only be used to cover costs that -

- (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
- (2) are not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act); and
- (3) were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

Enclosure 1 provides slightly more detail for each category and is only intended as an initial starting point to further refine the recommended programs. The proposed budgets are as follows:

Category 1: Utility/Moorage Assistance - \$4.5M (application attached)

- Program approved at June 9th regular Assembly meeting and applications are pending

Category 2: Business and Non-profit Grants - \$5M (proposed applications attached)

- Micro grants (for small sole proprietorships) \$1,000? (out of a pool of **\$500,000**)
- Small \$5,000-\$10,000 depending on number of applicants (out of a pool of **\$3 million**)
- Medium \$10,000-\$25,000 depending on number of applicants (out of a pool of **\$1 million**)
- Large \$25,000-\$100,000 depending on number of applicants (out of a pool of **\$500,000**)

Category 3: New City Funded Programs - \$1.75M

- **Childcare \$500,000** (possible per child subsidy, additional funding to increase capacity)
- **Food security \$200,000** (partnering with STA, SCS, USDA grants, ensuring local meal and pantry programs covered as well)
- **Support for behavioral/mental health \$300,000** (Possible organizational voucher/subsidy per uninsured client served)
- **Housing support \$350,000** (Crisis/emergency, Re-housing, transitional)
- **Transitional Employment Program \$400,000** (Unemployed/under-employed hired to work on projects in Sitka)

Category 4: City Impact/Mitigation Spending - \$1.75M

- **Mitigation/preparation**
 - IT
 - Protection of employees and public

- Ensure continued services in event of shutdown
 - CARES spending consultation
- Cover significant portion of cost of **public safety**

Category 5: Sitka School District Request - \$430K

- Americorps volunteers and laptop purchases. See attached request letter.

Category 6: Contingency - \$627,653

- To be available if a known or unknown urgent COVID need arises. If not spent, could either go towards another round of utility subsidy or to CBS public safety costs.

Recommendations

The CARES WG is looking for guidance in the following areas:

- Would the Assembly prefer to change any funding amounts proposed in any category?
- Would the Assembly prefer to change any grant amounts proposed in any category?
- How would the Assembly prefer to measure the size of grants distributed to businesses and nonprofits (revenues, employees, year-over-year losses, relief from other sources, etc.)?
- How would the Assembly prefer to ensure grants are distributed to only Sitka businesses and nonprofits (what verification method)?
- How would the Assembly prefer to award grants (standard application criteria, committee, etc.)?

I recommend the Assembly approve the budget as proposed by the CARES Act WG with any necessary modifications following this meeting. Funding will occur only after a supplemental appropriation is presented by ordinance to the Assembly.

- Enclosure:
- (1) CARES Act Funding Design Proposal
 - (2) Utility assistance application
 - (3) Moorage assistance application
 - (4) Draft Business grant application
 - (5) Draft Non-profit grant application
 - (6) Sitka School District CARES funding request

CARES Act Working Group Funding Design

Members: John Leach, Lisa Gassman, Kevin Knox, Kevin Mosher, Jay Sweeney, Melissa Haley, Brian Hanson, Garry White, Melissa Henshaw

Total amount to distribute: \$14,057,653.37 in three payments.

Category 1: Utility/Moorage Assistance

- ✓ **Budget:** \$4.5 million ordinance 2020-28 passed on June 9.
- ✓ **Criteria:** per ordinance (COVID-related economic hardship, residency/account restrictions)
- ❖ **Application:**
 - Simple check boxes to certify need.
 - Finance will ensure compliance of CARES restrictions.
 - Applications due July 31, assistance applied to accounts in August, as bills are issued.

Category 2: Business and Non-Profit Grants

- ❖ **Budget:** \$5 million
- ❖ **Program design:**
 - Micro grants (for small sole proprietorships) \$1,000 (out of a pool of \$500,000)
 - Small \$5,000-\$10,000 depending on number of applicants (out of a pool of \$3 million)
 - Medium \$10,001-\$25,000 depending on number of applicants (out of a pool of \$1 million)
 - Large \$25,001-\$100,000 depending on number of applicants (out of a pool of \$500,000)
- ❖ **Application / Evaluation:**
 - Size based on # employees, customers served, revenue generated, other.
 - Economic relief from other sources.
 - Overall impact of COVID to business.
 - Entity will certify need, but CBS will not verify w/tax returns, etc.
 - Business headquarters in Sitka.
 - Include Alaska business license number and local sales tax account number
 - No funding awarded to businesses with delinquent sales and/or utility accounts.

Category 3: New City Funded Programs

- ❖ **Budget:** \$1.75 million
- ❖ **Programmatic areas:**
 - **Childcare \$500,000** (possible per child subsidy, additional funding to increase capacity)
 - **Food security \$200,000** (partnering with STA, SCS, USDA grants, ensuring local meal and pantry programs covered as well)
 - **Support for behavioral/mental health \$300,000** (Possible organizational voucher/subsidy per uninsured client served)
 - **Housing support \$350,000** (Crisis/emergency, Re-housing, transitional)
 - **Transitional Employment Program \$400,000** (Unemployed / under-employed hired)

to work on projects in Sitka)

Category 4: City Impact / Mitigation Spending

- ❖ **Budget: \$1.75 million**
- ❖ **Spending areas:**
 - **Mitigation/preparation**
 - IT
 - Protection of employees and public
 - Ensure continued services in event of shutdown
 - CARES spending consultation
 - Cover significant portion of cost of **public safety**

Category 5: School District Request

- ❖ **Budget: \$430,000**
- ❖ **Purpose:** Americorps volunteers and laptop purchases. See attached request letter.

Category 6: Contingency

- ❖ **Budget: \$627,653**
- ❖ **Purpose:** To be available if known or unknown urgent COVID need arises. If not spent, could either go towards another round of utility subsidy or to CBS public safety costs.

CITY AND BOROUGH OF SITKA, ALASKA
CARES ACT UTILITIES COSTS SUBSIDIZATION PROGRAM
APPLICATION

Applicant Name: _____

Applicant Address: _____

Utilities Account Number: _____

(If you do not know your account number, attach a photocopy of your bill.)

To apply for a CARES Act utilities costs subsidy, please answer the following eligibility questions by checking the box if the answer is YES:

I / My Business/My Non-Profit Entity (NPE) has had a utilities account with the City and Borough of Sitka continuously since at least March 15, 2020 (*“continuously” means that no more than 2 days in a row elapsed without having some active utilities account.*)

(If you are a residential applicant) I am or a household member is currently a resident of the City and Borough of Sitka and have been so continuously since March 15, 2020

(If you are a business or NPE applicant) My business/NPE has been continuously operated since March 15, 2020, and currently still operates.

I or a household member/ My Business/ My NPE Entity has incurred economic hardship caused by the COVID-19 public health emergency.

I or a household member/ My Business/ My NPE continue to face economic hardship due to the COVID-19 public health emergency.

(If you are unable to check all the applicable boxes above and certify to your answers by signature below, you are not eligible for a subsidy.)

By my signature below, I hereby certify that my answers to the above questions are true and accurate and that my economic hardship qualifies me to receive a subsidy.

Applicant Signature _____

CITY AND BOROUGH OF SITKA, ALASKA
CARES ACT MOORAGE COSTS SUBSIDIZATION
PROGRAM
APPLICATION

Applicant Name: _____

Applicant Address: _____

Vessel Name: _____

Stall / Slip #: _____

Moorage Account Number: _____

(If you do not know your moorage account number, attach a photocopy of your moorage bill.)

To apply for a CARES Act moorage costs subsidy, please answer the following eligibility questions by checking the block if the answer is YES:

I / My Business is and has moored a vessel in the CBS harbor system under an existing moorage agreement continuously since at least March 15, 2020 (*“continuously” means that no more than 2 days in a row elapsed without having an active moorage account with.*)

I / My Business has incurred an economic hardship due to the COVID-19 public health emergency.

I / My Business continues to face economic hardship due to the COVID-19 public health emergency.

(If you are unable to check all the applicable boxes above and certify to your answers by signature below, you are not eligible for a subsidy.)

By my signature below, I hereby certify that my answers to the above questions are true and accurate and that my economic hardship qualifies me to receive a subsidy.

Applicant Signature _____

City and Borough of Sitka, Alaska
2020 CARES Act
Business Relief and Recovery Grant Application

Section 1 – Applicant Information

Business name:

Contact name:

Contact address:
(mailing)

City:

State:

Zip:

Contact phone number:

Contact email address:

Physical address of business:
(business must be located within
the City and Borough of Sitka)

City:

State:

Zip:

IRS Tax Identification Number
or proprietor's Social Security Number:
(TIN / SSN will be kept confidential)

Local Sales Tax Number

Section 2 – Grant Request Information

Was your business adversely impacted by the COVID-19 public health emergency? Yes No

(Impacts may include, but are not limited to, loss of sales due to mandatory shutdown, inventory loss, additional operating expenses of reopening and protecting staff and customers, including funds already spent for those purposes.)

What is the grant amount you are requesting (check only one)?

Up to \$1,000 grant for businesses with 2019 revenues less than or equal to \$20,000

\$5,000 to \$10,000 grant for businesses with 2019 revenues of \$20,001 to \$250,000

\$10,001 - \$25,000 grant for businesses with 2019 revenues of \$250,001 to \$500,000

\$25,001 - \$100,000 grant for businesses with 2019 revenue of more than \$500,001

(Grant amounts have been divided into four levels, based on each business' 2019 total gross sales revenue for four quarters as reported on tax returns to the CBS)

How will the grant funds be used?

Please answer the following eligibility questions:

1. My business is a C Corporation, REIT or Publicly-held Limited Partnership traded on a U.S. stock exchange or a corporate-equivalent entity traded on a foreign stock exchange, and owned in whole or majority-owned by such a publicly traded corporation.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. My business is a national chain that owns and operates a premise in the City and Borough of Sitka (individually owned-and-operated local franchises are eligible).	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. My business has a past due unpaid financial obligation to the City and Borough of Sitka incurred prior to March 15, 2020.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. My business is delinquent in either the filing of sales tax returns or the remittance of sales or property taxes to the City and Borough of Sitka without an approved repayment plan.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. My business is currently in bankruptcy proceedings.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. My business is a marijuana business licensed under Alaska Statute 17.38.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

(If you answered yes to any of the above questions, your business is not eligible for a grant)

Do you intend to remain in business into 2021? Yes No

Applications must be received or postmarked by **XXXXXX**, and may be submitted by email to: **XXX@cityofsitka.org** or hand-delivered or mailed to City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835. Applications may be amended before the deadline. Incomplete applications will be rejected. Applicants will be notified of the status of their application via email to the contact person listed on the application. Questions about the grant program, application process, or application status must be directed to **???**, or email **X???**. If the demand for grants exceeds the City's available funds, the City reserves the right to prorate the grants equally to all recipients to stay within available funding. The City reserves the right to amend any criteria or procedures as may be required if new State or Federal guidelines are issued. It is the sole responsibility of the applicant to determine or to seek independent advice as to the tax implications of receiving the grant funds.

As an official signer for the application, I certify that the information provided in this application is true and accurate and acknowledge that the funds will be spent by the required deadline of December 30, 2020. I agree to assist in the verification of information provided in this application and to provide additional information to the City, if requested.

Signed: _____ Date: _____

Print Name: _____ Title: _____

City and Borough of Sitka, Alaska
2020 CARES Act
Nonprofit Relief and Recovery Grant Application

Section 1 – Applicant Information

Nonprofit name:

Contact name:

Contact address:
(mailing)

City:

State:

Zip:

Contact phone number:

Contact email address:

Physical address of nonprofit:

City:

State:

Zip:

IRS Taxpayer Identification Number (TIN):
(TIN will be kept confidential)

Local Sales Tax Number:

Section 2 – Grant Request Information

Were the services provided by your nonprofit impacted by the COVID-19 public health emergency?

Yes No

(Impacts may include, but are not limited to, loss of revenue due to mandatory shutdown measures, additional operating expenses of reopening and protecting staff and the public, including funds already spent for those purposes.)

What is the grant amount you are requesting (check only one)?

- Up to \$1,000 grant for nonprofits with revenues less than or equal to \$20,000
- \$5,000 to \$10,000 grant for nonprofits with revenues of \$20,001 to \$250,000
- \$10,001 - \$25,000 grant for nonprofits with revenues of \$250,001 to \$500,000
- \$25,001 - \$100,000 grant for nonprofits with revenue of more than \$500,001

(Grant amounts will be determined by the nonprofit's most recent IRS Form 990 from either 2018 or 2019. For those nonprofits that do not file with the IRS, the City and Borough will accept an audited financial statement or an unaudited statement by a third-party preparer)

Did your nonprofit provide services to residents of the City of and Borough of Sitka in 2019?

Yes No

Is your nonprofit directed by a board of directors or a local advisory board comprised of a majority of Alaska residents? Yes No

Check which type of IRS certification your nonprofit holds:

- 501(c)(3) Charitable organization
- 501(c)(4) Social welfare
- 501(c)(5) Labor, agricultural or horticultural organization
- 501(c)(6) Trade or professional organization
- 501(c)(19) or (23) Veterans organization
- 501(e) Cooperative hospital service organization
- 501(k) Child care organization
- Other (please specify):

(Faith-based nonprofits are eligible, so long as they provide services that are promoted and available to the general public without regard to religious affiliation. Nonprofit organizations "that are principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting, or primarily engaged in political or lobbying activities" are not eligible (as per 13 CFR § 120.110(k) in the Code of Federal Regulations)

Briefly describe how the nonprofit's services have been impacted:

(Optional for informational purposes only to gauge community need and program effectiveness)

Please answer the following eligibility questions:

1. My not-for-profit entity is not registered with the IRS under Section 501 of the Internal Revenue Code	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. My not-for-profit entity has a past due unpaid financial obligation to the City and Borough of Sitka incurred prior to March 15, 2020.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. My not-for-profit entity is delinquent in either the filing of sales tax returns or the remittance of sales or property taxes to the City and Borough of Sitka without an approved payment plan.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. My not-for-profit entity business is currently in bankruptcy proceedings.	<input type="checkbox"/> Yes <input type="checkbox"/> No

(If you answered yes to any of the above questions, your not-for-profit entity is not eligible for a grant)

Applications must be received or postmarked by XXXXXX, and may be submitted by email to: XXX@cityofsitka.org or hand-delivered or mailed to City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835. Applications may be amended before the deadline. Incomplete applications will be rejected. Applicants will be notified of the status of their application via email to the contact person listed on the application. Questions about the grant program, application process, or application status must be directed to ???, or email X???. If the demand for grants exceeds the City's available funds, the City reserves the right to prorate the grants equally to all recipients to stay within available funding. The City reserves the right to amend any criteria or procedures as may be required if new State or Federal guidelines are issued. It is the sole responsibility of the applicant to determine or to seek independent advice as to the tax implications of receiving the grant funds.

As an official signer for the application, I certify that the information provided in this application is true and accurate and acknowledge that the funds will be spent by the required deadline of Dec. 30, 2020. I agree to assist in the verification of information provided in this application and to provide additional information to the City, if requested.

Signed: _____ Date: _____

Print Name: _____ Title: _____



June 2, 2020

City Administrator John Leach
City and Borough of Sitka
john.leach@cityofsitka.org

Dear Mr. Leach,

On behalf of the School Board, I would like to request consideration of school relief needs related to COVID-19. As anyone with a school-aged child knows, our teachers, students, and families did an amazing job this spring suddenly shifting to remote learning. Our student participation in the remote learning activities we offered was high with principals reporting no less than 90% student engagement; however, the academic load was reduced significantly in order to make the sudden shift to remote learning feasible. Additionally, students experienced trauma associated with the isolation and fear brought on by the pandemic itself and we found that we needed to focus on social emotional health as a priority in order for students to engage in the academic work. Our plan is to leverage AmeriCorps volunteers during the 2020-21 school year to provide academic tutoring and trauma support for our students, as well as purchase laptops for high school students to keep on track with on-time graduation.

The Corporation for National Community Service and the Center for Disease Control have partnered to encourage organizations to utilize national service programs, such as AmeriCorps, as part of ongoing COVID-19 response efforts. Annually, 5 AmeriCorps members are embedded within the school district and provide a variety of services to our students from afterschool tutoring to supporting students in a culinary arts career program. We have had great successes by leveraging AmeriCorps volunteers and our request builds on these experiences.

Our request is to engage 12 additional AmeriCorps volunteers for the 2020-21 school year. Seven would provide academic tutoring to students during the school day to remediate lost learning from this spring due to COVID-19 and the limitations of remote learning, 4 would provide mental health support to our students not impacted by the trauma and isolation resulting from the pandemic, and 1 would be a lead volunteer so we would not need to increase our long-term staff to manage the increase in personnel.

Although we were able to loan technology to any family that needed a device this spring, it is not feasible to continue to do so especially if we go in and out of periods of remote learning, which is very likely. We will need to have technology in our schools and our students will need to have a device to take home. We have a plan to provide an iPad to any PK-8 student that needs technology at home through our CARES Act funding and through our partnership with Sitka Tribe of Alaska and our involvement in the Supporting Transitions and Educational Promise SE Alaska (STEPS) grant. However, our high schools students will need more robust technology than an iPad can offer and we do not have adequate CARES Act funding to meet the need for our high school students. With graduation credit considerations at stake, our high school students need to have a device at the ready; however, even with combining available resources we do not have enough funding to get the device they need.

We are aware that the City's CARES Act funding has a December deadline for expenditure of funds and that purchases must be directly related to COVID-19. Our request fits the timeline and intent, as we can bill in the fall for the AmeriCorps volunteers who would serve the entire school year and the laptop purchase for high school students would be a one-time purchase completed as soon as we received notice of approval. Both of the elements of our request are directly related to the COVID-19 pandemic.

Each of our proposed 12 AmeriCorps volunteers will cost \$15,000 for a year of service for a total of \$180,000 and \$250,000 would be adequate to meet our high school student laptop needs, which brings our total request to \$430,000. Thank you for considering our request for COVID-19 relief for our students, and for your service to our community.

Sincerely,

A handwritten signature in cursive script that reads "Mary Wegner".

Dr. Mary Wegner
Superintendent