

## CITY ADMINISTRATOR'S REPORT APRIL GM WORK SESSION

I'd like to begin with a thank you to the community for sending us terrific information, comments, and questions about the different aspects of the COVID-19 situation. We are posting information on the web page and will continue to update it.

I'd also like to recognize City staff for the outstanding effort during this critical time. Working from is challenging and staff have been able to continue productive and maintain good moral. Great job team!



### **FUNDING THE CAP**

Unless the Governor veto's this line item, it looks like we will receive the full amount of the Community Assistance Program, approximately \$75,000.



### **CARES**

The Coronavirus Aid, Relief, and Economic Security Act (CARES) was signed on March 27, 2020; below is a summary of the Act. The Act is funded at \$2trillion. There is a lot of information in the summary and you can Google the Act or look at the City's web page, but here are some important sections:

Delayed Payroll Tax

Fisheries

Funding for States – hopefully to be passed down to small local communities

FFCR Act (First Families Coronavirus Response Act)

Payments to Individuals

Rural Development

SBA Loans and Grants

Unemployment Benefits



### **LIBRARY TO BE COVID-19 FUNDING ASSISTANCE CENTER**

Would the Council like staff to convert the meeting room at the library to a funding assistance center for community businesses and workforce to apply for state and federal funding from impacts of the virus? If so, I would work with either a staff person (Jen) or a volunteer to head up the effort and to propose a program to the Mayor/Council that would elicit volunteers to familiarize themselves with the source points of information and assistance to help with the financial impacts some will feel. This effort will likely increase the hours of the staff person.

Until such time as we can interact with each other, the Clerk will be managing a section of the City's web page with information and links to apply for assistance and general information.

**THANK YOU LETTERS MAILED**

The Mayor has sent “thank you” letters to the Alaska Senate and House Finance Committee members to listening to rural communities and passing a budget that includes full funding for the Community Assistance Program and the Alaska Marine Highway, among other much needed funding. A copy of the letter has been sent to each Council member.



### **FY21 BUDGET TOWN HALL MEETING**

On March 27 an e-mail was sent to solicit interest by Council members for participating in a budget work group; I have had 1 response, there is room for 1 more.

The purpose of the work group is to discuss and/or create at least 3 budget scenarios that could be implemented. For example, rework the existing budget to reflect what we KNOW, call it Phase 1. Create Phase 2 that identifies the proposed cuts and funding strategies based on a determination of desired services that can be implemented as a budget amendment. Create a Phase 3 budget that provides for only essential services.

There are 2 (at least) considerations. 1) that we have savings of approximately \$850,000 from previous budget surpluses to assist for this year. 2) We need flexibility in development the budget so that we can adjust as we learn new budget information.

We have several small businesses that are on the edge for surviving. Although there are SBA loans, some with forgiveness by the Feds, grants, and other funding avenues, this year will be difficult on those businesses which means difficult on the community. We could look at sales tax suspension of those that have already collected taxes, so it doesn't impact their limited revenues.

In order to have the work completed by the April 16 Budget Work Session, the work group will meet on Thursday, April 9 at 10:00am via Zoom. Is there anyone else that would like to be part of the work group?

#### Delayed Payroll Tax (Division A, Title II, Subtitle C)

- Have to keep employees working.
- Not eligible for this if you take a small business loan.
- Payments due in 2021 and 2022.

#### Distilleries (Division A, Title II, Subtitle C, Sec. 2308)

- Temporary tax exemptions from an excise tax for alcohol they use to make hand sanitizer (must meet FD A guidelines).

#### Farmers (Division B, Title I)

- \$24 billion. Emergency aid and grants administered by USDA.

#### Fisheries (Division B, Title II, Sec. 12005)

- \$300 million to assist fisheries and aquaculture operators who are not covered by agricultural disaster assistance programs.
- Available until September 30, 2021.

#### Funding for States (Division A, Title V)

- AK = 1.25 billion (will be distributed within 30 days of enactment).
- Timeframe = March 1 – December 30, 2020.
- \*Note: Funding for “local governments” included in bill, but this applies to communities over 500,000.

#### Health Care (Division A, Title III, Subtitle A, D, E, and F)

- \$100 billion.
- 20% increase in Medicare payments for treatment of patients with Covid-19.
- Testing and vaccines for Covid-19 must be covered by private insurance, no cost sharing.
- Additional funding to health care providers and hospitals for provision of Covid-19 treatment.
- Expansion of telehealth programs.
- Addresses the need to stockpile drugs, PPEs, medical devices, etc. And to work on countermeasures.
- Limits liability for volunteer health care providers who assists with Covid-19 response.
- Programs for workforce development in the area of health care.

#### Housing Protections (Division A, Title IV)

- Moratorium on evictions – federally backed mortgages, rural housing vouchers.
- Forbearance on mortgage payments for certain federally backed loans.

#### Modifications to the FFCR Act, Enacted March 18, 2020 (Division A, Title III, Subtitle C)

- Employees laid off after March 1, 2020 and then subsequently rehired are eligible for the benefits in the FFCR Act.
- Additional funds to federal agencies to reimburse federal contractors who cannot work and cannot do their job remotely/telework.

#### Payments to Individuals (Division A, Title II, , Subtitle B, Sec. 2020)

- Phases out as income increases.
- Based on individual or joint filing, head of household, and children or no children.
- Baseline is \$1200 per person (\$2400 joint-filers); \$500 per child.
- Reduced at \$75,000 individual; 112,500 head of household; 150,000 joint.
- Eliminated at \$99,000 individual; \$198,000 joint.
- AGI is based on 2018 or 2019 filing. \*People who receive Social Security and don't file tax returns will have their check based on their social security amounts.
- Will take 3 weeks for checks to be distributed, may be faster if taxes filed online.

#### Retirement Accounts (Division A, Title II, Subtitle B, Sec. 2202)

- Provision allowing for penalty-free withdrawals.
- Required minimum distributions from some retirement accounts waived.

#### Rural Development (Division B, Title I)

- 20.5 million for rural business development programs.

#### Small Business Loans and Grants (Division A, Title I)

- \$10 billion for grants to cover immediate operating costs.
- \$350 billion to Small Business Administrations for Paycheck Protection Program loans intended to assist businesses to maintain payroll, benefits, mortgages, rents, utilities, etc.
  - SBA to issue regs within 15 days. Guidance for credit lenders to be issued in 15-30 days.
  - No fees to apply; no personal guarantee required; no collateral required.
  - Available for small and hospitality business with fewer than 500 employees, sole-proprietors, independent contractors, and self-employed individuals.
  - Retroactive to February 15, 2020 and available till June 30, 2020.
  - 6 weeks of payroll, capped at 1540/week/employee.
  - Have to keep employees working.
  - Max loan amount set depending on which loan an employer receives. Some loan forgiveness is available.

\$17 billion to cover six months of payments for small businesses already using SBA loans. SNAP Benefits, Etc. (Division B, Title I)

- \$25 billion for food assistance.
- \$16 billion for SNAP.
- \$9 billion for child nutrition.
- \$900 million for low income household heating and cooling assistance.

#### Transportation (Division A, Title IV)

- Airlines, Airports, Transit, Railroads.
- Airports will receive formula grants to maintain operations.
- TSA will receive additional support for response and PPE.
- \$58 billion (2\$9 in grants and \$29 in loans).
- Conditions included: no stock buybacks, limits on executive compensation, and requirements for the continuation of wages/salaries/benefits.

#### Tribal Governments (Division A, Title V)

- \$8 billion in available funds.

#### Unemployment Benefits (Division A, Title II)

- Each state will enter into an agreement with US DOL.
- Temporary Pandemic Unemployment Assistance (PUA) goes till December 31, 2020. This expands eligible workers to include self-employed or independent contractors.
- Retroactive to January 27, 2020 – DOL will establish a process for applying retroactively.
- Qualifying reasons include quarantine orders, illness of self or others due to Covid-19, schools closed and child at home, unable to reach place of employment due to public health emergency quarantine orders, or as a direct result of Covid-19 public health emergency is unable to work (business closed for example).
- Does not include employee who can telework or is receiving sick leave or other paid leave benefits.
- Increase of \$600/week on top of what states provide (for up to 4 months).
- Funding to pay the first week of unemployment for states who chose to trigger UI immediately, rather than waiting one week for eligibility.
- Additional 13 weeks UI benefits through December 31, 2020.

- 100% funding of “short-time compensation” programs through December 31, 2020. This is for employers who reduce hours rather than lay them off. It will allow employees to receive prorated UI. Also, includes grants to states to start short time compensation programs.

#### Universities (Division A, Title III, Subtitle B)

- Payments to students in federal work-study will continue.
- Interest waived on federal student loans retroactive to March 13, 2020.
- Suspension of payment of federal student loans for 6 months (note: borrower will get credit as if the payments were made for purposed of loan forgiveness programs).
- Emergency financial aid available for some students; total amount = max Federal Pell Grant.
- Students who have to withdraw from school may have loans cancelled, with some waivers available allowing them to keep the amount of the loan already received.

#### Quick Read Online Resources:

These are not in any order – they are provided for context only. Check the dates (the Act was signed on 3/27/20).

<https://www.npr.org/2020/03/26/821457551/whats-inside-the-senate-s-2-trillion-coronavirus-aid-package>

<https://www.nytimes.com/2020/03/25/us/politics/coronavirus-senate-deal.html>

<https://www.adn.com/alaska-news/2020/03/27/coronavirus-rescue-bill-contains-more-than-1-billion-in-aid-for-alaska/>

<https://www.seattletimes.com/business/washington-set-to-deliver-2-2-trillion-virus-rescue-bill-2/>

<https://www.fidelity.com/learning-center/personal-finance/coronavirus-stimulus-package>

<https://www.natlawreview.com/article/cares-act-what-employers-need-to-know-about-historic-stimulus-package>

<https://www.nationalfisherman.com/national-international/stimulus-includes-300-million-for-fisheries-and-aquaculture/>

<https://www.businessinsider.com/what-stimulus-bill-means-small-business-during-coronavirus-2020-3>

<https://www.pyapc.com/insights/paycheck-protection-loan-program-fast-facts-covid-19/>