



# City of Homer

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Homer City Council

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## Memorandum 20-070

TO: HOMER CITY COUNCIL

FROM: MAYOR CASTNER AND COUNCILMEMBERS LORD AND ADERHOLD

DATE: JUNE 8, 2020

SUBJECT: CITY OF HOMER CARES ACT FUNDING

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The City will be receiving over \$7.8M from the State of Alaska in federal CARES Act funds. During a worksession on May 6, 2020, the Council discussed opportunities for economic assistance payments for Homer's small businesses as well as individuals/households within the City.

Resolution 20-051 authorized the City Manager to sign the CARES Act funding grant agreement with the State and accept funding. A copy of the signed grant agreement is included as backup. Included with this memorandum are backup documents from the Alaska Municipal League (AML) and the Foraker Group regarding grant program guidance for using these funds. Council has received previous attachments with Federal Treasury Guidance for local government use of funds.

For our June 8<sup>th</sup> meeting, Council will have Ordinance 20-25 & 20-25(S), appropriating the first CARES Act payment. Resolution 20-057 outlines the parameters of a Small Business Economic Relief Grant (SBERG) Program, with the accompanying policy document, which is funded through Ordinance 20-25/(S). The program policy takes into consideration the guidance from AML/Foraker who encourage simple and concise applications for small business grants under \$25,000.

The Mayor has been in contact with the Kenai Peninsula Borough Finance Department and Kenai Peninsula Economic Development District (KPEDD). From his communications, we have a basic idea of the potentially qualifying businesses in the City of Homer. The Kenai Peninsula Borough reported that 943 businesses filed first quarter reports and collected City of Homer tax, and 79 businesses that normally collect City of Homer sales tax filed first quarter reports with no sales tax collection. Of those 1,022 businesses, 33 were in arrears of payments and 17 had missing prior reports; under the proposed guidelines these 50 businesses would not be eligible for grant payments until they are again in good standing with the Kenai Peninsula Borough Tax Department. A blank sales tax return form is included with this memorandum. The sponsors recommend using Q3 2019, Q4 2019, or Q1 2020 borough tax filings as a filter for business eligibility. This takes into consideration businesses that may have requested to pre-file for a period of time over the winter. We're likely considering a small number of businesses in this potential gray area.

The full Council should develop a further strategy for the full amount of CARES Act funding, understanding the guidance and grey areas existing around authorized uses. All uses of the funds must be clearly and logically demonstrated to be necessary responses to the Covid-19 pandemic, as determined by the Council. Council will also

need to come to a decision as to whether or not staff should pursue FEMA reimbursement for FEMA-eligible expenses, as that will impact the CARES Act appropriation in Ordinance 20-25/(S).

Priorities discussed include:

- Small Business Assistance (funded within the current legislation before Council): Governments have discretion to determine what payments are necessary. US Treasury guidelines and expanded discussion state that a program that is aimed at assisting small businesses with the costs of business interruption caused by required closures should be tailored to assist those businesses in need of such assistance. Program policy, including eligible expenses, has been outlined in the SBERG Program policy document that accompanies Resolution 20-057.
- Household Assistance (ideas discussed include direct payments, utility payments, rent assistance)
- Nonprofit Assistance (consider exploring the Homer Foundation Covid-19 response fund, and understanding potential drawbacks to pass-through funding outlined by AML/Foraker Group)
- Covering eligible municipal costs both incurred and anticipated

We should also acknowledge the unknowns before us in terms of potential response costs in the coming months for the City as well as for the community. The guidance document from AML/Foraker Group encourages municipalities to think of providing assistance now, as well as 3-9 months from now. Again, when considering plans for CARES Act funds, Council must also consider potential FEMA funds available and the overall funding strategy for Covid-19 response that maximizes opportunity and is in the best interest of the community.