

**PETERSBURG BOROUGH
RESOLUTION #2020-16**

**A RESOLUTION APPROVING THE EXPENDITURE OF \$500,000 FROM THE CARES ACT
SPECIAL REVENUE FUND FOR ECONOMIC SUPPORT TO BUSINESSES HARMED BY
THE CONTINUING COVID-19 PUBLIC HEALTH EMERGENCY**

WHEREAS, on March 11, 2020, the World Health Organization declared the COVID-19 virus a pandemic and Governor Mike Dunleavy declared a public health disaster emergency in the State of Alaska; and

WHEREAS, on March 16, 2020, the Borough Assembly ratified a Local Emergency Declaration for the Petersburg Borough in regard to the ongoing pandemic; and

WHEREAS, ongoing public health mandates and alerts, including interstate travel mandates, issued by the State of Alaska and the Petersburg Borough, and CDC guidance are critical in mitigating the rate of spread of the COVID-19 virus; however, they have had and are continuing to have significant negative impacts on the business community, including business closures, interruptions, and unanticipated costs; and

WHEREAS, disruptions to workers and small businesses are serious, as small businesses are critical to our economy, provide the foundation of employment, consumer services for the community, and revenue for the municipality to continue to provide essential services for the public welfare and benefit; and

WHEREAS, small business plays a vital role in the overall health and welfare of Petersburg's citizens and resources are necessary to help small businesses survive and certain small businesses reasonably require economic support to survive; and

WHEREAS, on March 27, 2020, the United States Congress adopted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") which, among other things, amended Section 601(a) of the Social Security Act and established the Coronavirus Relief Fund, as added by section 5001 of the Coronavirus Aid, Relief, and CARES Act Small Business and Community Support Fund Grant Agreement – Page 2 Economic Security Act ("CARES Act") (PL 116-136), established the Coronavirus Relief Fund (CRF) and appropriated \$150 billion to the Fund be used to make payments for specified uses to States and certain local governments; and

WHEREAS, guidance issued by the U.S. Treasury Department to date indicates that necessary expenditures incurred due to the COVID-19 public health emergency include costs to support local businesses that suffered losses due to COVID-19 business interruptions, or costs for personal protective equipment or other materials, supplies and equipment needed to safely operate following a COVID-19-related closure; and

WHEREAS, the State of Alaska allocation of CRF resources has been designated to reimburse local governments in the state for specified expenditures through grant agreements administered by the Alaska Department of Commerce; and

WHEREAS, the Assembly determines that the appropriation of funds provided for herein are necessary and will serve a public purpose and the general welfare of the community of Petersburg by relieving economic distress caused by the COVID-19 public health crisis; and

WHEREAS, further detail on this request is attached hereto as Attachment A.

THEREFORE BE IT RESOLVED, the Petersburg Borough Assembly hereby approves the expenditure of \$500,000 from the CARES Act Special Revenue Fund to provide economic support to Petersburg businesses harmed by the continuing Covid-19 public health emergency.

Passed and approved by the Petersburg Borough Assembly, Petersburg, Alaska this 8th day of September 2020.

Attest:

Mark Jensen, Mayor

Debra K. Thompson, Borough Clerk

Attachment A

Economic Support Grants

Eligibility:

- Physically located in Petersburg Borough;
- Business was established and licensed by the State of Alaska prior to March 11, 2020
- Business registered with the Petersburg Borough Finance Office prior to March 11, 2020;
- Business has on average 25 employees (full-time equivalent) or fewer;
- Business is organized for-profit, including sole proprietorship;
- Business experienced economic harm due to Covid-19 public health emergency; and
- Business has demonstrated loss in gross sales of at least 20% or at least \$10,000 during April, May, June 2020 compared to gross sales from April, May, June 2019. (Gross sales are based on amount reported on Sales Tax Return Forms or Transient Room Tax Forms submitted to the borough in 2019 and 2020*.)

Awards:

Grant awards will be based on a percentage of lost revenue. The maximum grant award is \$25,000. Grant awards will be prorated if funding requests exceed amount of available funding.

Ineligible Businesses:

Marijuana businesses licensed under Alaska Statute 17.38;
Businesses that have filed for bankruptcy or prohibited from receiving federal funds;
Businesses not physically located within the Petersburg Borough; and
Nonprofit corporations or entities.

Allowable Expenses:

Use of these funds is regulated by the Federal CARES Act and guidance from the US Dept. of Treasury. In general, funds may be used for the following types of expenses. The eligible timeframe is March 11, 2020 – December 30, 2020.

- Business owner: Wages, commissions, income, or net earnings (i.e. Schedule C) from self-employment;
- Payroll costs and expenses (Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit);
- Rent or mortgage payments for business facilities (unless otherwise waived by lessor/lender);
- Utilities payments, including electricity, heat, water, telephone, and internet;
- Purchase of personal protective equipment required by the business;
- Business-related equipment and services (Equipment and services vital to continue standard operation of the business as it was before the COVID-19 public health emergency, or equipment or services necessary for adapting to amended business operations during or after the COVID-19 public health emergency); and
- Expenses necessary to replenish inventory or other necessary re-opening expenses (Inventory vital to continue standard operation of the business as it was before the COVID-19 public health

emergency, or inventory necessary to adapt to amended business operations during or after the COVID-19 public health emergency).

Examples of Ineligible Uses of Funds:

- Expenses that would not be considered an eligible business expense by IRS rules;
- New equipment to expand services, expand business operations, or unnecessarily replace or upgrade currently functional equipment are not eligible;
- New types of inventory to expand services, expand operations, or that were not previously used by the business are not eligible;
- Any business expenses claimed or paid by other assistance/relief programs, including PPP or EIDL;
- Insurance premiums (other than payments required for the provisions of group health care benefits to employees as part of payroll costs and expenses);
- Political contributions;
- Bonuses to owners or employees;
- Wages to any member of owner's family who is not a bona fide employee;
- Charitable contributions;
- Gifts or parties;
- Draw or salary to owner that exceeded the amount that they were paid on a weekly or monthly bases by for the same period last year; and
- Pay down or pay off debt by more than required in underlying debt instrument.