



## **ORDINANCE #2020-13 ATTACHMENT A**

April 20, 2020

To: Mayor and Assembly  
Fr: Petersburg Economic Development Council

### **Re: Immediate Transfer of \$100,000 from Economic Development Fund to PEDC to support Small Businesses Impacted by Covid-19**

The unprecedented events related to the Covid-19 pandemic are currently having a significant impact on local Petersburg businesses, particularly those businesses closed to the public by state or borough mandate.

PEDC is proposing distributing \$150,000 to local businesses as soon as possible. The disbursements are designed to provide a small infusion of immediate cash to businesses most affected and secondly provide an incentive to businesses who pursue Paycheck Protection Program loans under the CARES Act.

Simply put, the amount of capital required to sustain our local businesses, maintain payrolls, pay utilities and other essential expenses needed for commerce to continue far exceeds the balance of the Economic Fund. Average monthly payroll alone for the private sector is \$3.1 million and this does not include self-employed.

It is important for our local businesses to look carefully at the available federal programs and determine what works best for their situation and pursue those options as soon as possible.

### **Proposed Response**

#### **Prioritize funding by:**

1. Businesses deemed non-essential or closed to public through state mandate;
2. Businesses with a storefront
3. Number of Employees

**1. PPP Loan Application Incentive Grant (\$100,000)** – 4 rounds of \$25,000 between April and July; grants to priority businesses completing applications to the PPP. Maximum award \$1,000.

**2. Sales Tax Rebate (\$30,000)** – Rebate of up to \$300 paid in sales tax to the borough for February sales.

**3. Targeted support to restaurants/cafes. (\$20,000)** – Working with the Chamber of Commerce to provide targeted support.

**1. PPP Loan Application Incentive Grant (\$100,000)** – 4 rounds of \$25,000 between April and July; grants to priority businesses completing applications to the PPP. Maximum award: \$1,000

**Eligibility:**

- Business is based in and has main office located in Petersburg Borough
- Business has a physical storefront located in Petersburg Borough. A business operating from a residential dwelling or co-located in a residence does not constitute a physical storefront.
- Business is registered as an active business with the Petersburg Borough or with the State of Alaska, Division of Corporations. (Seasonal businesses may not be “active” with the borough at this time but may be applying for PPP loans in anticipation a slow spring/summer all the same thus adding the language about being registered with the State.)
- Business has fewer than 25 employees

**Criteria:**

PEDC will prioritize distribution of grant funds based to businesses most adversely affected by state health mandates.

Businesses mandated to close under State Health Mandate #003

Business considered non-essential under State Mandate #011.

Business operates for-profit

Number of employees

Number of employees laid off or whose hours are reduced.

Business owners’ statement of impact of Covid-19 on their business.

**Reconsideration:**

Businesses who are denied funding may appeal to the PEDC Board of Directors for reconsideration if denied. The PEDC may seek additional guidance from the State of Alaska Dept. of Health and Human Services on questions regarding whether the business should be considered a non-essential business.

**Use of Funds**

Grant funds should be used for legitimate Business expenses. Businesses will be informed that grant funds may not be used for the following:

- Expenses that would not be considered an eligible business expense by IRS rules
- 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
- Pay down or pay off debt by more than required in underlying debt instrument.

**Modifications**

PEDC may modify criteria if funding allows or if the PPP loan program ends before June 30 due to lack of federal funds.

**2. Sales Tax Rebate (\$30,000 max)** – Cash grant equivalent to amount of sales tax remitted to Petersburg Borough for previous months sales, up to \$300.

**Eligibility:**

- Business is based in and has main office located in Petersburg Borough
- Business active and registered with the Petersburg Borough as of February 2, 2020
- Business has a physical storefront located in Petersburg Borough. A business located in a residential dwelling or co-located in a residence does not constitute a physical storefront.
- Business has fewer than 25 employees

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- Pay down or pay off debt by more than required in underlying debt instrument.

**Modifications**

PEDC may modify criteria to allow additional businesses to qualify if funding allows.

**3. Targeted support to restaurants/cafes. (\$20,000)**

In cooperation with the Chamber of Commerce, PEDC will purchase up to \$20,000 in food & beverage gift certificates. Funds will be spent equitably among all active restaurants and all active coffeeshops. Gift certificates will be distributed to first responders.

**Reconsideration:**

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