

MEMO

September 2, 2020

TO: ASSEMBLY

FROM: LIZ CABRERA

RE: ECONOMIC SUPPORT FOR BUSINESSES

This memo is intended to provide background information and context for discussion regarding establishing a CARES Act funded economic support grant program for Petersburg businesses.

FEDERAL/STATE ECONOMIC SUPPORT PROGRAMS: To date, over 260 Petersburg businesses, including commercial fishermen, have received over \$6.5 million in assistance through the SBA's Paycheck Protection Program (PPP), the Economic Injury Disaster Loan – Emergency Grants (EIDL) program, and AKCARES. See details below.

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| \$ | 6,096,378 | PPP (\$2.6 m to commercial fishing businesses) |
| \$ | 261,000 | EIDL Grants |
| \$ | 300,578 | AKCARES (thru 8/21) |
| \$ | 6,657,956 | TOTAL |

These programs all have different eligibility requirements and cover different time periods. Both the PPP program and the EIDL grant program have closed and are no longer accepting new applications. The AK CARES program is oversubscribed as of today, though still accepting applications for the time being.

Still to come online is the NOAA CARES Act program for fisheries-dependent businesses. Alaska received a \$50 million allocation. The ADF&G has not released a spending plan or outlined criteria for how funds will be distributed yet. Congress seems to be inching toward some sort of agreement for another round of relief, but the program and timing are uncertain at best.

MUNICIPAL ECONOMIC SUPPORT: Several municipalities in the state have established economic support programs for businesses and nonprofits. While each program is slightly different, most programs have three or four levels of grants amounts and a business qualifies based on the amount of their past years average gross sales. This is similar to how Petersburg's nonprofit stabilization program operated. Other business grant programs opt for a small amount of grant funding (around \$1,000) but have very broad eligibility. This is particularly true for programs that include commercial fishing vessels and/or permit holders. Yet other programs require businesses to demonstrate a gross loss in sales. Several municipalities also have industry-specific programs, such as for the hospitality industry.

PROPOSED PROGRAM: There is no doubt the need for assistance in our community exceeds the amount of funding available. The program outlined in the attached resolution does not and cannot address all needs. The program opts to offer larger grants to a limited pool of eligible applicants. Eligibility is limited primarily to consumer-based businesses who rely on customers walking in or visiting their establishment. Many of these businesses have been particularly hard-hit by mitigation measures, such as social distancing, shelter-in-place orders, capacity limits, and travel mandates. Eligibility is also based on a demonstrable loss in gross sales compared to the previous year. The program is designed to provide funding to those businesses that have experienced significant economic harm.