



TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, City Manager

DATE: June 26, 2020

RE: **Resolution No. 20-2781 – Establishing The CARES Act Electric Utility Subsidy Payment Program; And Establishing An Effective Date**

The attached resolution was prepared by Finance Director Bob Newell, who requested that it be placed before the City Council for consideration at its meeting of July 2, 2020. If adopted, Resolution No. 20-2781 provides for establishing the CARES Act Electric Utility Subsidy Payment Program using \$2,440,000 in City and Borough CARES Act funding. Subsidy payments will be available in the amounts of \$400 for residential customers and \$1,600 for business customers. A full explanation of the proposed program is detailed in the Finance Director's transmittal memorandum and requires no elaboration on the part of my office. I concur with Mr. Newell's recommendation.

As KPU operates the electric utility on the island's road system and the Ketchikan Gateway Borough has contributed \$1,000,000 to this program, City and Borough residents will be eligible to participate in the subsidies.

The Finance Director and the KPU Sales, Marketing and Customer Service Manager will attend the City Council meeting of July 2, 2020, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended the City Council adopt the motion approving Resolution No. 20-2781 establishing the CARES Act Electric Utility Subsidy Payment Program; and establishing an effective date.

Recommended Motion: I move the City Council approve Resolution No. 20-2781 establishing the CARES Act Electric Utility Subsidy Payment Program; and establishing an effective date.

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Bob Newell, Finance Director
Camille Nelson, Financial Analyst
Phone: (907) 228-5621
Facsimile: (907) 228-5617

To: Karl R Amylon, City Manager/KPU General Manager

From: Bob Newell, Finance Director

Date: June 23, 2020

Subject: **Resolution No. 20-2781, Establishing The CARES Act Electric Utility Subsidy Payment Program; And Establishing An Effective Date**

At its special meeting of June 11, 2020, the City Council developed and approved a plan for spending the first installment of the City's CARES Act funding. In addition to the \$5.9 million received from the State of Alaska, the Ketchikan Gateway Borough has agreed to transfer up to \$1.2 million of its CARES Act funds to City for the purpose of funding an electric utility subsidy payment program and a sheltering and food security program to be administered by the City. The programs developed and approved by the City Council are listed below.

Electric Utility Subsidy Payment Program	\$2,440,000
Moorage Subsidy Payment Program	299,347
Daycare Assistance Program	350,000
Small Business Assistance Program	2,480,000
Residential Rent and Mortgage Assistance Progra	1,000,000
Sheltering and Food Security Program	200,000
Non-Profit Assistance Program	350,000
	<u>\$7,119,347</u>

Resolution No. 20-2781 has been prepared for the purpose of establishing and implementing the electric utility subsidy payment program for individuals and businesses in our community that are experiencing an economic hardship as a result of the COVID-19 pandemic.

The Electric Utility Subsidy Payment Program will be administered in-house by the Finance Department. The subsidy payment will amount to \$400 for a residential customer and \$1,600 per for a business customer and will be limited to one payment per household and one payment per business. Applications will be made available at City Hall, KPU Sales Marketing and Customer Service, the Borough offices at White Cliff and on the City's website. The period for applying for a subsidy payment ends on August 15, 2020 and all payments will be made to the customer's electric utility provider no later than September 15, 2020. Applications will be processed daily and payments will be made to the electric utility provider on a weekly basis.

A draft copy of the application is attached for your review. While we believe that draft is the final version of the application, we would like to reserve the right to make changes as we deem necessary to simplify the application and comply with the provisions of the CARES Act.

The cost of this program is estimated at \$2.44 million. It will be funded solely from CARES Act funds provided by the Ketchikan Gateway Borough and the City of Ketchikan. Based on the subsidy payments of \$400 and \$1,600 as outlined above, we estimate there is sufficient funding to cover about 70% of the electric customers served in within our community. Using May 2020 billing data from KPU, the average residential electric bill was \$142 and the average commercial

Karl. R. Amylon
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or business bill was \$836. These figures only include electric utility charges. They do not include other utility charges.

I recommend that the City Council pass Resolution No. 20-2781 establishing the CARES Act Electric Utility Subsidy Payment Program. The proposed program will not come close to addressing all the economic hardships facing our community but it is a good start given the need to fast track its implementation. Depending on how this program works for the community, we may want to consider another round of funding this fall when the weather turns cold. I would also recommend expanding the program to include heating fuel.

Recommended Motion:

I move the City Council pass Resolution No. 20-2781 establishing the CARES Act Electric Utility Subsidy Payment Program; and establishing an effective date.

CITY OF KETCHIKAN, ALASKA

RESOLUTION NO. 20-2781

A RESOLUTION OF THE COUNCIL OF THE CITY OF KETCHIKAN, ALASKA ESTABLISHING THE CARES ACT ELECTRIC UTILITY SUBSIDY PAYMENT PROGRAM; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City of Ketchikan, Ketchikan Gateway Borough and City of Saxman issued a joint declaration of local disaster emergency on March 16, 2020 recognizing that the COVID-19 pandemic has created a public health emergency that is affecting the life, health, welfare or property of the residents and businesses of the community of Ketchikan; and,

WHEREAS, funds in the amount of \$12,281,651 are available in 2020 through the State of Alaska from the Coronavirus Aid, Relief and Economic Security (CARES) Act that was passed by the US Congress in March 2020 and signed into law by the president of the United States; and,

WHEREAS, funds in the amount of \$1,000,000 are available from a transfer of CARES Act Funds from the Ketchikan Gateway Borough to the City of Ketchikan to help fund an electric utility subsidy payment program; and,

WHEREAS, CARES Act funds can be used to provide economic support to those suffering from employment or business interruptions due to COVID-19 related business closures; and,

WHEREAS, the cruise ship industry is the mainstay of Ketchikan's economy and the community was expecting a record 1.2 million visitors during the 2020 cruise ship season and a sizeable increase in employment opportunities as businesses gear up to provide amenities and services for the visitors; and,

WHEREAS, in response to the COVID-19 pandemic, the Canadian government, Port of Seattle, Centers for Disease Control and Prevention and State of Alaska have issued directives and mandates that have resulted in cancellation of the 2020 cruise ship season and the curtailment of the operations of many local businesses; and,

WHEREAS, the cancellation of the 2020 cruise ship season together with other impacted segments of the local economy has had significant detrimental impact on the local economy and has resulted in a projected unemployment rate for April 2020 of 17.3% in the Ketchikan Gateway Borough that is creating financial hardships for its residents and businesses, many of which depend on a healthy, robust economy from late spring to early fall to help make ends meet during the winter; and,

WHEREAS, the City Council passed and approved Resolution No. 20-2780 amending the 2020 General Government Operating and Capital Budget to provide a supplemental appropriation in the

amount of \$2,440,000 for the purpose of establishing an electric utility subsidy payment program to provide some financial relief to residents and business that have been impacted by the COVID-19 pandemic.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan, Alaska as follows:

Section 1: The establishment of the CARES Act Electric Utility Subsidy Payments Program (EUSPP) is approved.

Section 2: The EUSPP shall only be implemented to the extent CARES Act funds sufficient to fund the program are received from the State of Alaska, Department of Commerce, Community, and Economic Development and those funds are deemed to be eligible to be used for this program.

Section 3: The EUSPP shall be administered in accordance with the following policy and procedures:

- a) Applicants shall complete an application form and submit it to the City Finance Department and must satisfy certain criteria in order to be eligible for an electric utility subsidy payment. An applicant must certify that they are suffering from an economic hardship caused by loss of employment or business interruptions due to COVID-19 related business closures.
- b) Subsidization shall be in the form of general governmental subsidy payments to electric utilities accounts for the benefit of eligible applicants and shall be processed on a first come-first served basis until the funding has been exhausted.
- c) Only one application per household or per business is allowed. Applications must be submitted by August 15, 2020. If the application is denied, the applicant may appeal to the City Manager. The City Manager's decision is final.
- d) Any incomplete or duplicate application will be rejected. For those complete and eligible applications, upon acceptance the Finance Department will disburse the subsidy payments to the electric utility provider for accounts of those applicants accepted. All subsidy payments will be applied to accounts by September 15, 2020.
- e) The electric utility subsidy payment for each eligible residential applicant is a one-time payment of Four Hundred Dollars (\$400).
- f) The electric utility cost subsidy for each eligible business applicant is a one-time payment of One Thousand Six Hundred Dollars (\$1,600).
- g) The Finance Director shall have the responsibility of developing administrative policies and procedures, which shall be approved by the City Manager, necessary for implementation of this program.

Section 4: The EUSPP is open to residential and business electric utility customers that satisfy the following eligibility criteria and terms:

- a) An applicant must be a customer receiving and responsible for paying for the electric utilities for (1) a residential dwelling in which the applicant has resided in since at least March 16, 2020, and currently still occupies; or (2) business in which the applicant has operated since at least March 16, 2020 and continues to operate.
- b) An applicant shall be eligible for a subsidy payment if the applicant certifies in his or her application as follows:
 - 1) Residential applicants:
 - a. The applicant is currently a resident of Ketchikan and has been a resident of Ketchikan since at least March 16, 2020.
 - 2) Business applicants:
 - a. The applicant has been operating continuously since at least March 16, 2020, has a current Alaska Business License and is registered with the Ketchikan Gateway Borough for the collection and payment of sales taxes, and has no outstanding unpaid sales tax liens.
 - b. The applicant is not a C Corporation traded on the U.S. stock exchange or corporate equivalent entity traded on a foreign stock exchange, and owned in whole or majority-owned by such a publicly traded corporation.
 - c. The applicant is not a national chain that owns and operates a company owned store or franchise in the Ketchikan Gateway Borough.
 - d. The applicant is currently not in bankruptcy proceedings.
 - e. The applicant must have a permanent physical presence in the Ketchikan Gateway Borough for the sale of goods and services and must employ at least one full-time employee on a year round basis.
 - f. The applicant is not a marijuana business licensed under Alaska Statutes 17.38.
 - 3) All applicants:
 - a. The applicant has incurred an economic hardship due to the COVID-19 public health emergency.
 - b. The applicant shall apply the subsidy payment to an electric utility account affected by the economic hardship caused by the COVID-19 public health emergency and has not received grants, subsidies or any other form of federal or state financial assistance for the payment of electric utility fees charged to this account.
 - c. The applicant continues to face an economic hardship due to the COVID-19 public health emergency.
- c) An applicant must authorize the City to issue a subsidy payment to the applicant's electric utility provider.
- d) An applicant is eligible for a subsidy even if the applicant has overdue charges owed to the utility. A subsidy applied to an account with overdue charges will be first applied to those overdue charges. Any portion of a subsidy not applied to costs on account by December 30, 2020 shall be returned to the City.

Section 5: Definitions.

- a) Economic hardship means, as a result of the COVID-19 public health emergency, business or personal or household disposable income has decreased and/or normal business or personal or household expenses have increased, such that it has become impossible or difficult to make ends meet and/or any money reserves of the applicant have been and/or are being significantly depleted, and that the subsidy payments are needed in order to receive essential services.
- b) Subsidy payment means a grant to individuals and businesses facing economic hardships that allows them to pay their electric utility fees.
- c) Residential means electric utility accounts established for residence purposes in individual private dwellings or apartments.
- d) Business means electric utility accounts established for commercial and industrial enterprises but excludes local, state and federal governments and their agencies.

Section 6: This resolution is effective immediately upon passage and approval.

PASSED AND APPROVED THIS 2nd day of July, 2020.

Robert W. Sivertsen Mayor

ATTEST:

Kim Stanker, City Clerk



Ketchikan Gateway Borough
and
City of Ketchikan

CARES Act Electric Utility
Subsidy Payment Program



APPLICATION

SECTION 1 – APPLICANT INFORMATION

Applicant Name:

Contact Name:

Contact Phone Number:

Contact email address:

Physical Address:

City:

State:

Zip:

Mailing Address:

City:

State:

Zip:

Utility Service Provider Name:

Account #:

Service Provider Address:

IRS Taxpayer Identification Number (TIN) or proprietor's
Social Security Number: (SSN will be kept confidential)

SECTION 2 – GENERAL INFORMATION

The Cares Act Utility Subsidy Program Payment Program was established for the purpose of providing economic support to individuals and businesses suffering an economic hardship due to the COVID-19 public health emergency. An 'economic hardship' means, as a result of the COVID-19 public health emergency, business or personal or household disposal income has decreased and/or normal business or person or household expenses have increased, such that it has been impossible or difficult to make ends meet and/or any money reserves of the applicant have been and/or are being significantly depleted and that the subsidy payments are needed in order to receive essential services.

Applicants eligible for a grant through the Cares Act Electric Utility Subsidy Payment Program will receive a one-time payment: residential applicants will receive \$400 and business applicants will receive \$1,600.

Applications must be received or postmarked by 15th day of August, 2020 and may be submitted by email to: citycs@ktn-ak.us or hand-delivered or mailed to the City of Ketchikan at 334 Front Street, Ketchikan, AK 99901, Attn: Finance Department. Applications may be amended before the deadline. Incomplete applications will be rejected. Applicants will be notified of the status of their application via email to the contact person listed on the application. Questions about the grant program, applications process or application status must be directed to Cares Act Accounting Tech, (907) 228-5605, or citycs@ktn-ak.us. Only one application per household or business is allowed. If the demand for grants exceeds the City's available funds, please note that the City will process applications on a first come-first served basis until the funding has been exhausted.

SECTION 3 – GRANT REQUEST INFORMATION

Please specify which type of electric utility payment subsidy you are requesting: Residential Business

STATEMENTS FOR RESIDENTIAL APPLICANTS:

Yes No I am currently a resident of Ketchikan and have been a resident of Ketchikan since at least March 16, 2020.

STATEMENTS FOR BUSINESS APPLICANTS:

Yes No My business has been operating continuously since at least March 16, 2020, has a current Alaska Business License and is registered with the Ketchikan Gateway Borough for the collection and payment of sales taxes, and has no outstanding unpaid sales tax liens.

Yes No My business is a C Corporation traded on a U.S. stock exchange or a corporate-equivalent entity traded on a foreign stock exchange, and owned in whole or majority-owned by such a publicly traded corporation.

Yes No My business is a national chain that owns and operates a company owned store or franchise in the Ketchikan Gateway Borough.

Yes No My business is currently in bankruptcy proceedings.

Yes No My business has a permanent physical presence in the Ketchikan Gateway Borough for the sale of goods or and services and employs at least one full-time employee on a year round basis.

Yes No My business is a marijuana business licensed under Alaska Statute 17.38.

STATEMENTS FOR ALL APPLICANTS

Yes No My household or business has incurred an economic hardship due to the COVID-19 public health emergency.

Yes No I shall apply the subsidy payment to an electric utility account affected by the economic hardship caused by the COVID-19 public health emergency and have not received grants, subsidies or any other form of federal or state financial assistance for payment of electric utility fees charged to this account.

Yes No I continue to face an economic hardship due to the COVID-19 public health emergency.

Briefly describe how COVID-19 has created an economic hardship for you:

To be considered, the applicant must respond all of the statements listed above.

SECTION 4 – SIGN AND CERTIFY

As an official signer for the applicant, I certify that the information provided in this application is true and accurate and acknowledge that the funds will be spent by the required deadline of December 30, 2020. I agree to assist in the verification of information provided in this application and to provide additional information to the city, if required. I authorize the City of Ketchikan to issue my subsidy payment to the electric utility provider referenced in section 1 of this application.

Signed: _____ **Date:** _____

Print Name: _____ **Title:** _____

suggested limiting the amount of exclusions to ensure the money gets out quickly. She noted the Permanent Dividend Fund will be coming out in July which will help individuals through the summer. She continued then the Borough and City can assist individuals with the second and third rounds of funding to help them get through the winter months.

NEW BUSINESS

Suggested Programs for Funding from the First Installment of CARES Act Relief Funds

Moved by Coose, seconded by Kiffer the City Council direct staff to finalize programs for the disbursement of CARES Act Relief funding in the amount of \$5,919,347 to City residents and businesses as determined appropriate by the City Council.

Suggested Programs	Amount
Utility Assistance	\$ 1,440,000
Moorage Assistance	\$ 300,000
Daycare Assistance	\$ 350,000
Small Business Assistance	\$ 2,480,000
Residential Rent & Mortgage Assistance	\$ 1,000,000
Non-Profit Organizations	\$ 350,000

Manager Amylon gave a summary of the monies that are being made available to the City and Borough, noting the City has \$5.9 million available in the first round. He said it is up to the Council's discretion in terms of how you want to distribute these funds. He indicated staff has put together a draft outline with suggestions for the Council. He said what staff has proposed is in no means written in stone. He said he agreed with the comments made during persons to be heard, there is a lot of need out there and not enough money. He said his office did not receive much of feedback from the community. He explained because of that it is hard to define what the need is in terms of where to target the money and where it will be most effective. He said his office put together a simple program that would make assistance available to areas in which people will need help with, the longer the pandemic goes on.

The Manager's Office submitted a general outline for the first round of funding with recommendations and suggested combining some of the funds with the Borough for quick distribution.

A lengthy discussion ensued between the Councilmembers on what they would like to see regarding programs and distribution amounts for this round and future allocations is summarized below.

- After the distribution of the first round, the Council will have a clearer view of where the second and third round should be dispersed.
- Discussion regarding additional funding to daycare providers and local non-profits to ensure aid to the homeless, disabled and vulnerable people of the community.
- Discussion of collaborating with the Borough and local non-profits.
- Recommendations on application forms and the best way to get the applications and information out to community members.
- Clarification on policies and procedures.
- Possible future joint discussion with the Borough after distribution of first round of funding to discuss dispersal of second and third rounds.
- Discussion regarding different models available for grant distribution.

Councilmember Coose called the question on the motion.

Motion passed with Zenge, Flora, Chapel, Bergeron, Coose, Kiffer and Gage voting yea.

MAYOR AND COUNCILMEMBER COMMENTS

Councilmember Flora stated this topic requires a healthy discussion to get the money out into the community as expeditiously as we can. He reiterated comments that this money will not make individuals or a business's whole, but will help them get by. He said lets learn from this first phase and we can do a better job the second time around.

Councilmember Kiffer echoed Councilmember Flora's comments. He stated that we need to get this process started. He said as a body we will be able to see what did and did not work well and discuss what we can do it make it better for the next round.

Councilmember Zenge said she appreciated all of the work staff has done and all of those in the community who have reached out with their concerns.

Councilmember Bergeron stated that we need to put this money where it would do the most good and felt tonight's process was rushed. He said we have an obligation to seriously consider the best use of these funds whether they go to individuals, non-profits or local businesses.

Councilmember Gage said she is willing to spend more time on this discussion because this has to do with the lives and the wellbeing of everyone in our community. She encouraged everyone to think about what was discussed here tonight. She commented on the COVID-19 unemployment that is available and the difficulties of applying for it. She asked how can we assist people regarding care providers. She echoed Councilmember Chapel's comments on offering mental health services for the community.

Mayor Sivertsen said today was to listen to people and that there is a lot of need out there and we have not even touched the surface yet. He stated we have to move forward with some type of plan and we need to work with the community. He informed we will learn more about our community as we go through this process. He said he hopes that people who need this funding will have access to it. He noted that we need to keep our eye on the ball and adjust as needed to make things right for everyone.

ADJOURNMENT

As there was no further business, the Council adjourned at 7:21p.m.

Robert Sivertsen, Mayor

ATTEST:

Kim Stanker, MMC
City Clerk

FYI ITEMS INCLUDED – None