

Comments for consideration to the Economic Stabilization Task Force

May 11, 2020

My comments are focused on your charge to look at:

1. federal and state govt financial assistance opportunities
 2. explore strategies that allow JNU's business and economy to recover in the long term (I am also including comments that might help the economy recovery in the short term/reopening safely).
- It appears good news that the federal Coronavirus Relief Fund (CRF) does allow for reimbursing businesses for costs (including lost revenue) they have incurred due to the virus and temporary business shutdown (complete or partial). The challenge is that the CBJ may have competing needs for the funding. It is critical that some funding be identified for local businesses, as soon as possible. Business activity has a huge impact on a local economy and that in turn drives the CBJ revenues from sales and property taxes. CBJ revenues will recover at the rate of business activity recovery.
 - It is possible that the amount of CRF allocated to businesses can ultimately be increased if we are successful in federal legislation to allow use of federal funding to replace lost local revenues.
 - The critical need for local businesses, losing most of their revenue during the shutdown, is cash assistance or relief from cash payments due. Cash is needed ASAP to: pay rent or mortgages, pay critical staff they need going forward, procure fresh inventory or modify their business/store for social distancing requirements. Ideas include:
 - Allocate CFR funds.
 - Allocate an amount of existing CBJ financial reserves. Reserves are accumulated to provide relief when unexpected things happen. The CBJ needs to use reserves for their operations but supporting business is just as critical.
 - Options to help the economy recover:
 - Minimize any reallocation of typical CIP funds to regular operations. General government has many options for funding operations. Reallocation of CIP funds harms a regular part of the economy that goes away without funding. Thus, the option to reallocate funds regularly used for CIPs should be very low on the list of options to balance operating budget. In emergency medicine the first priority is "do no harm" – we should apply that here - not reallocate a significant amount of CIP funds.
 - If the CIP projects at risk of losing funding are primary CBJ infrastructure (utilities, main buildings, roads) another option is to fund projects with GO and revenue bonds. CBJ has the capacity to issue a reasonable amount of debt and interest rates are very low.
 - Having local control (if possible) of Covid 19 Testing capacity and timing turnaround could prove critical to safely opening up the community/economy. CBJ and local partners have made good progress

in testing programs. If everything goes right some test results can be returned in 24 hours. But this still involves test samples being sent out of state to a facility we do not control (very high risk of failure to get 24-hour result turnaround). Recommend CBJ do everything in its power to have the testing program operated locally. This may require spending in excess of \$500,000 on equipment. Costs would be federal program eligible and the risk – reward tradeoff support local testing, if we can achieve that.

Thanks for your consideration – and good luck.

Bob Bartholomew