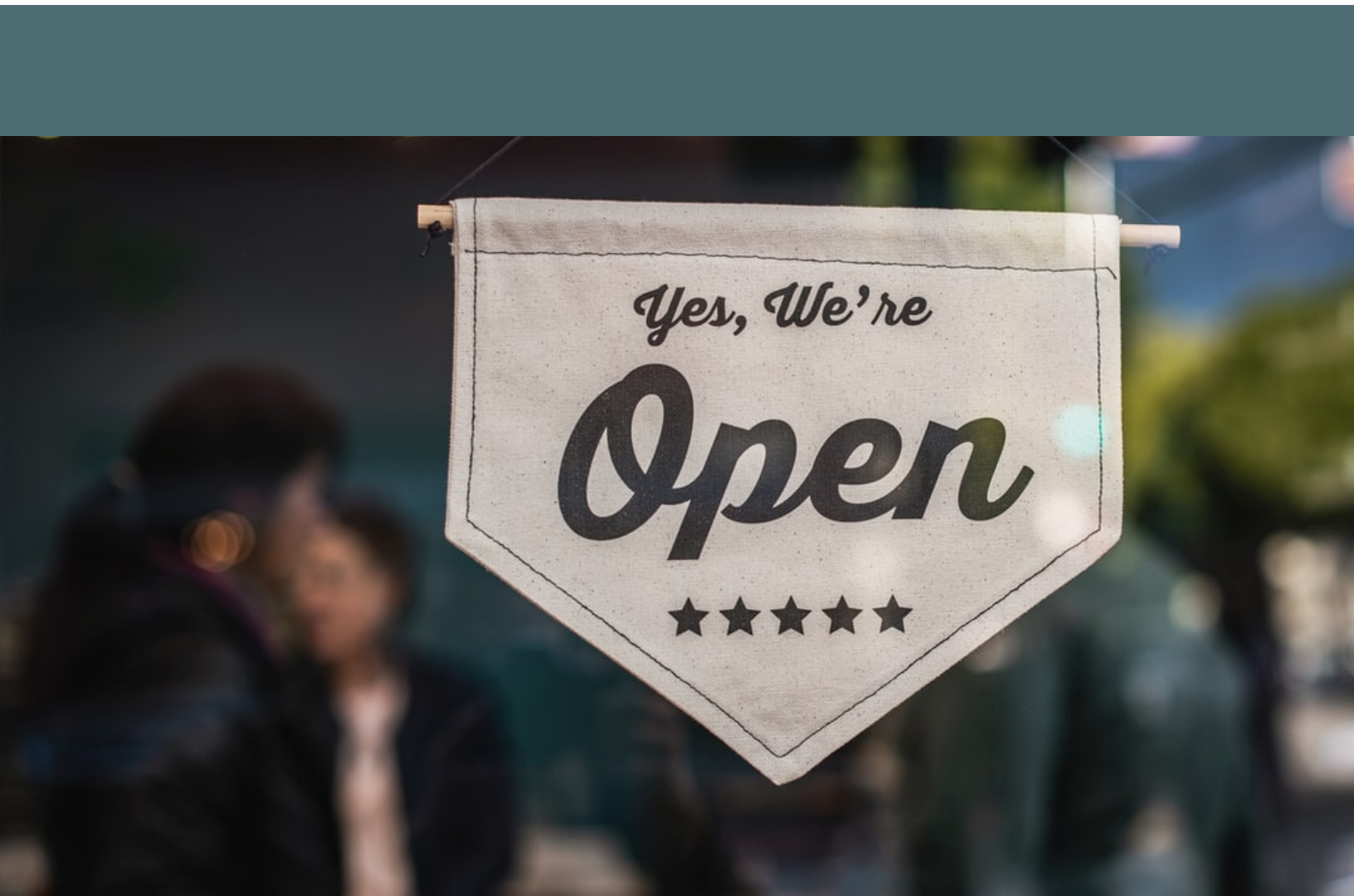




## Establishing City of Kenai COVID-19 Relief and Recovery Grant Programs



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*We're  
focused  
on getting  
relief funds  
into the  
community  
we serve*



**410**

small  
businesses in  
Kenai\*



**106**

nonprofits  
serving the  
community



**3,117**

individual  
households

\*Businesses with more than \$50,000 in gross revenues reported on 2019 sales tax returns

## Introduction

The Kenai City Council on May 20 approved an approach to distributing CARES Act funds received by the City, identifying broad categories, governmental, private, and nonprofit to help provide economic relief due to the public health emergency. The Administration focused on developing the three grant programs outlined in this document to provide meaningful impact in the community in an expeditious manner.

Along with myself, the team included Project Lead Larry Persily (hired as a temporary employee for this effort), Finance Director Terry Eubank, City Attorney Scott Bloom, and Assistant to City Manager Christine Cunningham. We considered a wide range of programs and guidance along with the need for timely relief support with as few restrictions as possible to ensure relief funds can be spent as needed, balanced with accountability, and a simplified process that is in the best interests of both the City and applicant.

I believe we have assessed the requirements and needs of the City soundly, producing a set of responsive programs to ensure we, as a City, succeed in expending funds to best serve the citizens of Kenai with responsible management.

*Paul Ostth*

# Overview

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The City of Kenai expects to receive \$7,700,832 from the Federal Government passed through the State of Alaska for expenditures in response to and to aid in the economic recovery from the COVID-19 Public Health Emergency. The Administration has evaluated an approach to distributing the economic recovery funds identifying how to best support the long-term recovery of our local economy. This approach includes an allocation plan for expenditure of these funds approved by City Council and designed to identify broad categories, governmental, private, and nonprofit where help is needed due to impacts associated with the COVID-19 Public Health Emergency.

\$2,500,000 – First Responder and Incident Management Team Payroll. This allocation includes a reimbursement of City payroll expenses for Fire Department, Police Department, Public Safety Dispatch, and Incident Management Team.

\$3,000,000 – Business and Nonprofit Entity Recovery Grants. This allocation includes grant awards to qualifying City of Kenai businesses or nonprofits affected by COVID-19 to offset impacts or to provide mitigation. The City will administer a grant program to determine eligibility and requirements that may apply. The grant program guidelines are included in this document.

\$300,000 – CARES Act Administration & Non-Payroll Expenditures. This allocation includes reimbursement of City expenses related to COVID-19, which have been documented. These expenses include City purchases to ensure the health and safety of City employees and residents due to the disaster. All expenditures from this department will follow all City code requirements.

\$900,832 – Individual Assistance Grants. This allocation will include grants to nonprofits to assist Kenai households impacted by COVID-19. The City will administer a grant program to determine eligibility restrictions and requirements that may apply. Once fully developed, the grant program guidelines will be brought to Council in the form of a resolution for consideration.

\$1,000,000 – City Resiliency and Recovery. This allocation will include City of Kenai capital projects or expenses intended to mitigate the impacts of COVID-19. All expenditures from this department will follow all City code requirements.

# Small Business



The grant categories for small businesses will be divided into four levels, based on each business' 2019 total gross sales for four quarters as reported on their tax returns to the Borough:

- Up to \$2,500 for businesses with 2019 revenues of \$50,000 to \$100,000
- Up to \$5,000 for businesses with 2019 revenues of \$100,000 to \$250,000
- Up to \$7,500 for businesses with 2019 sales of more than \$250,000
- Up to \$10,000 for businesses with 2019 sales of more than \$500,000

If the demand for grants exceeds the City's available funds, the City reserves the right to prorate the grants equally to all recipients to stay within available funding.

A business must have been in existence as of January 1, 2020, to qualify. That would not exclude an existing business with a state license, and that has previously filed tax returns with the Borough even though it may have reported no operations in January 2020 (such as a seasonal business).

For purposes of determining eligibility for a new business without a full year's tax returns for 2019, the City would take gross sales reported for any quarters in 2019 or the first quarter 2020 and extrapolate the numbers to estimate a full year's sales for the business.

Businesses that are not required to file sales tax returns with the Borough must provide a copy of their most recent federal income tax return or other proof of revenues as deemed suitable by the City review committee to determine the level of grant award they might qualify to receive.

The business must be located within the City of Kenai, with a valid state business license and be current in its sales tax registration with the Kenai Peninsula Borough. The business owner(s) does not have to be a resident of the City of Kenai.

The program is open to all qualifying businesses, regardless of whether they have applied for or have obtained any other state or federal COVID-19-related assistance.

The program will exclude from eligibility:

- C Corporations traded on a U.S. stock exchange or a corporate-equivalent entity traded on a foreign stock exchange, and businesses owned in whole or majority-owned by such a publicly traded corporation
- National chains that own and operate their premises in Kenai; franchise owned-and-operated businesses in Kenai would be eligible
- Businesses with a City lien for code enforcement
- Businesses with a Borough lien for unpaid sales taxes. A sales tax delinquency would not disqualify a business from the grant program unless the borough has initiated a lien on that debt. Businesses that have entered into a payment plan with the Borough and are adhering to that plan would be eligible for the grant, so long as the lien has been lifted
- Businesses currently in bankruptcy proceedings

(continued on next page)



# Small Business

- Businesses that lack a permanent physical presence in the City for the sale of goods or the provision of services with at least one employee assigned to that facility
- Marijuana businesses

Businesses sharing physical quarters may each apply and qualify for their own grant, so long as each business has its own state license, files a sales tax return under its own name and does not share the same ownership with the other co-located businesses.

Applicants are required to self-certify that they have been affected by the COVID-19 public health emergency and resulting economic impacts. The intent of the federally funded CARES Act program is to assist communities and businesses that suffered economic harm from the public health emergency. Impacts could include, though are not limited to, loss of sales due to mandatory shutdown, inventory loss, additional operating expenses of reopening and protecting staff and customers, including funds already spent for those purposes.

Businesses will not be required to detail specifically (in dollars) how they have been affected.

Business will be asked how they might use the money, making clear that the application question is voluntary and for informational purposes only to gauge community need and effectiveness of the program.

Applicants will be required to check a box that states they intend to remain in business into 2021.

The grant funds must be fully expended by December 30, 2020.

The applicant must certify that the information provided is true and accurate and that they agree to assist in the verification of information provided in the application and to provide additional information to the City, if requested.

The application period will be open for two weeks. The City review committee will verify the information as the applications come in, but the City will hold off paying out any funds until after the deadline period has closed and the total amount of eligible requests is known.

The review committee will determine whether the application is complete and the business is eligible under the program requirements. The committee will not judge the need or use of the money.

An applicant denied by the review committee may appeal to the City Manager (in writing). Any appeal must be filed in writing by 5 p.m. the 10th calendar day after the day the applicant received notice from the City.

It is the City's intent, to the extent allowed by law, that the review committee's work and discussions, and the applications themselves, will not be available to the public. The names of businesses that receive grants and the amount each receives will be considered a public record.

The City reserves the right to amend any criteria or procedures as may be required if new state or federal guidelines are issued.

# Nonprofits



The grants for nonprofits would be divided into three levels to help meet the needs of repairing the economic damage to nonprofits caused by the COVID-19 public health emergency:

- Up to \$10,000 for nonprofits of less than \$50,000 in annual income
- Up to \$25,000 for nonprofits of between \$50,000 and \$250,000 in annual income
- Up to \$50,000 for nonprofits of more than \$250,000 in annual income

If the demand for grants exceeds the City's available funds, the City reserves the right to prorate the grants equally to all recipients to stay within available funding.

Annual income will be determined by the nonprofit's most recent IRS Form 990 from 2018 or 2019. For those nonprofits that do not file with the IRS, the City will accept an audited financial statement or an unaudited statement by a third-party preparer.

The program is open to nonprofits that provide services to residents of the City, regardless of where the nonprofit has its main office — though the nonprofit must have a physical or service presence within the City of Kenai — and regardless of whether the local chapter or affiliate is part of a larger statewide or national organization.

Additional eligibility rules:

- The grants will be available only to IRS-certified 501 nonprofits (the full list of IRS 501 nonprofit categories will be on the application)
- The nonprofit must have been in operation serving City of Kenai residents since at least January 1, 2019
- A majority of the group's local board of directors or local advisory board and its officers must be Alaska residents. A local affiliate of a national organization must have a local advisory or governing board
- Faith-based nonprofits are eligible, so long as they provide services which are promoted and available to the general public without regard to religious affiliation.
- Nonprofit organizations "that are principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting, or primarily engaged in political or lobbying activities" are not eligible (as per 13 CFR § 120.110(k) in the Code of Federal Regulations)

The grant funds must be fully expended by December 30, 2020.

The program is limited to nonprofits economically damaged by the COVID-19 public health emergency. The nonprofit will be required to certify and briefly describe how it and/or its work has been affected, but will not be required to provide financial statements, budgets, receipts or other records detailing the financial damages.

# Nonprofits

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The program is open to all qualifying nonprofits, regardless of whether they applied or obtained any other state or federal COVID-19-related assistance.

Applicants will be asked to provide a brief report to the City no later than one year after receipt of the grant funds, reviewing the use of the money. This is voluntary and is requested to assist the City in evaluating the impact of the program.

A nonprofit cannot obtain a grant through the City's CARES Act-funded grant program for nonprofits while also receiving a grant as a small business, even if the nonprofit also operates a business enterprise in Kenai.

The applicant will need to certify that the information provided is true and accurate, and they agree to assist in the verification of information provided in the application and to provide additional information to the City, if requested.

The application period would be open for two weeks. The City review committee will verify the information as the applications come in, but the City will hold off paying out any funds until after the deadline period has closed and the total amount of eligible requests is known.

The review committee will determine whether the application is complete and the nonprofit is eligible under the program requirements. The committee will not judge the need or use of the money.

An applicant denied by the review committee may appeal to the City Manager (in writing). Any appeal must be filed in writing by 5 p.m. the 10th calendar day after the day the applicant received notice from the City.

It is the City's intent, to the extent allowed by law, that the review committee's work and discussions, and the applications themselves, will not be available to the public. The names of businesses that receive grants and the amount each receives will be considered a public record.

The City reserves the right to amend any criteria or procedures as may be required if new state or federal guidelines are issued.



# Individual Assistance

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Individual Assistance grants will include grants to nonprofits to assist City of Kenai households impacted by COVID-19. The City will administer a grant program to determine eligibility restrictions and requirements that may apply. Once fully developed, the grant program guidelines will be brought to Council in the form of a resolution for consideration.

This program is currently being developed by Administration.

# Conclusion

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The City of Kenai will administer the grant programs without incurring the additional cost of an outside group or foundation to screen, process or assist in administration of the grant program.

In order to reach the small businesses and nonprofit organizations in the City that may be eligible, a successful community outreach strategy is necessary. This strategy will include the following:

- Press Releases to local media
- Direct mail to small businesses and nonprofits
- Coordination with the Kenai Peninsula Economic Development District (KPEDD), Kenai Chamber of Commerce and Visitor Center (KCCVC), and Small Business Development Center (SBDC)
- Social Media posts

Information about the program as well as application forms, FAQs, a summary of the program and application process, and timetable will be provided on the City's website at [www.kenai.city](http://www.kenai.city) as well as a direct contact email and phone number for inquiries.