




City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
From: John Leach, Municipal Administrator 
Date: May 21, 2020
Subject: Timing and of CARES Act funding and Associated Milestones

Issue:

The City and Borough of Sitka is poised to receive in excess of \$14 million dollars in ACRES Act pass-thru grant from the State of Alaska. Accordingly, ordinances are being proposed to establish subsidization programs to be funded by CARES Act grant funds.

The purpose of this memo is to articulate the timeline and steps necessary for receiving CARES Act grant funds and for the disbursement of such funds if the accompanying subsidization program ordinances are approved. It is important to specifically point out that, even if subsidization programs are created through the passage of ordinances, that no actual subsidization payments will be made until grant funding is received and receipt of such funding can only occur after certain milestones are accomplished.

Analysis:

Timeline and Steps Required to Actually Receive CARES Act grant funding

The State of Alaska has advised that two sequential steps must be completed for Sitka to receive CARES Act funding, once the State begins actual disbursement of CARES Act grant funds (which has not yet commenced). Those two sequential steps are:

- (1) A Municipality must pass a Resolution for acceptance of Coronavirus Relief Funds. A proposed Resolution accompanies this memorandum for Assembly consideration and action.
- (2) Once a Resolution has been passed, a Municipality will be required to enter into a formal grant agreement with the State of Alaska, Department of Commerce and Economic Development (DCCED). DCCED has forwarded a

draft agreement to Sitka, but it is unclear whether Sitka, upon passage of the required Resolution, can simply fill in the blanks in the draft agreement and submit it. It is highly likely that DCCED, upon receipt of a valid resolution, will subsequently prepare a formal grant agreement itself, with all required information, and send that to Sitka for execution. The reason this nuance is important is that no funds will be disbursed until a formal grant agreement is entered and the administrative steps DCCED must take may delay actual receipt of funds by several weeks.

Development of Disbursement Program Administrative Policies to Simultaneously Coincide

Staff intends to rapidly commence immediately with the development of administrative policies and procedures for the proposed disbursement programs outlined in the accompanying ordinances.

It is possible that ordinances are passed, and administrative policies are fully developed and approved before the process of receiving and executing a grant agreement with DCCED is completed. This may especially be the case if the preparation of grant agreements by DCCED is delayed for some administrative or legal reason.

Recommendation

Staff recommends that the Assembly approve the accompanying Resolution for Acceptance of Coronavirus Relief Fund and approve the ordinances establishing subsidization programs to be funded with grant funds. All parties must understand, however, that until the CBS actually receives a grant agreement from DCCED and signs and returns it, no funds will be received, and no subsidization payments will be made.