



**City of Miami Beach**, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMITTEE MEMORANDUM

TO: Members of the Finance & Economic Resiliency Committee

FROM: Jimmy L. Morales, City Manager

DATE: April 24, 2020

SUBJECT: POTENTIAL IMPACT OF FEDERAL PROGRAMS

### **Background**

Various new federal programs have been recently implemented through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and Federal Reserve action that provide assistance for state and local governments in navigating the significant economic impacts from COVID-19. The economic impact to the City of Miami Beach is higher than most local governments due to the city's high dependency on the tourism and hospitality industry.

### **Analysis**

The programs most applicable to the City of Miami Beach include several components of the CARES Act and two Federal Reserve programs. Descriptions of each program are listed below along with the potential impact to Miami Beach.

### **CARES ACT**

#### **Coronavirus Relief Fund – \$150 billion**

The CARES Act establishes a \$150 billion "Coronavirus Relief Fund" for state, local, and tribal governments to use to cover any costs related to COVID – 19 (direct aid). \$139 billion of that will be shared among the 50 states proportionally by population with each State receiving at least \$1.25 billion. Local governments must have a population that exceeds 500,000 to receive a direct allocation. The State of Florida will receive \$8.3 billion.

- The City of Miami Beach does not qualify for a direct allocation but may potentially receive funding through the State of Florida.

#### **Department of Justice Grants, Byrne JAG – \$850 million**

Funds will assist state, local, and tribal officers in responding to coronavirus. These funds will go directly to state and local governments, with no match required, and will support criminal justice needs related to coronavirus, including overtime for state, local, and tribal officers; personal protective equipment and supplies; and medical needs and other supplies for inmates in state, local, and tribal prisons, jails, and detention centers.

- City's Allocation is \$218,594. The City will apply for the following: 1) \$91,595 – Supplies: personal protective equipment and hand sanitizer; 2) \$126,999 – Contracted Services: (Vehicle and Facility Decontamination, and COVID-19 symptom checks)

#### **Community Development Block Grant (CDBG) – \$5 billion**

CDBG will provide provides communities and states with funding to provide a wide range of resources to address COVID-19, such as services for senior citizens, the homeless, and public health services. Funding will be distributed using formula.

- City's allocation is \$564,726 and will apply for the following: \$84,641–Partially cover general fund salaries for 2 employees; \$25,235–COVID-19 tests for seniors; \$200,000–Small Business Assistance; \$214,400–Rent assistance; \$40,000–Food assistance for non-elderly.

### **Federal Emergency Management Grants – \$45.4 billion**

These are funds to continue FEMA's entire suite of response and recovery activities and reimbursements provided to states and localities nationwide by the Disaster Relief Fund for emergency and major disaster declarations, as well as funding for FEMA facilities and information technology required to support FEMA's lead role in coordinating federal response activities. The bill also includes \$400 million for grants that can be disbursed in a timely manner for firefighters, emergency managers, and providers of emergency food and shelter.

- The City of Miami Beach can apply to FEMA for reimbursement for eligible emergency protective measures. The City will be identifying any eligible expenses and apply for reimbursement.

### **Federal Transit Administration Transit Infrastructure Grants – \$25 billion**

Funds will be distributed to transit providers, including states and local governments across the country, for operating and capital expenses. Funding will be distributed using existing FTA formulas.

- The City has communicated with the FTA Region IV Administrator and Miami-Dade County staff regarding applying for an allocation of these funds. The City of Miami Beach is not a designated recipient of FTA Section 5307 formula funds at this time; therefore, we are not eligible to receive FTA funding through the CARES Act.

### **Homeless Assistance Grants – \$4 billion**

These funds will enable state and local governments to address coronavirus among the homeless population. These grants, in combination with additional waiver authority, will provide effective, targeted assistance to contain the spread of coronavirus among homeless individuals. These grants will also provide state and local governments with homelessness prevention funding for individuals and families who would otherwise become homeless due to coronavirus.

- Half of the funds are allocated to the Emergency Solutions Grant Program for Entitlement Communities. The City of Miami Beach is not an entitlement community. Distribution of the remaining funds has not been defined at this time.

## **FEDERAL RESERVE**

### **Municipal Liquidity Facility Fund**

The Federal Reserve established the Municipal Liquidity Facility to help state and local governments better manage cash flow pressures to continue to serve households and businesses in their communities.

The facility fund will purchase up to \$500 billion of short-term notes directly from U.S. states, U.S. counties with a population of at least two million residents, and U.S. cities with a population of at least one million residents. Eligible state-level issuers may use the proceeds to support additional counties and cities. Borrowing terms include 2 year maximum maturity with pricing based on issuers credit rating at time of purchase. Proceeds may be used to manage cash flow impacts from delayed tax filing deadlines, potential lost taxes or revenue losses from the COVID-19 pandemic, and/or to pay for debt service payments coming due.

- The City of Miami Beach does not currently have a need for this type of short-term loan/bridge financing. If it did, it could request funds from the State, which would be subject to availability and any other State criteria. This program does not allow for refinancing or long-term borrowing.

**Market Mutual Fund Liquidity Facility Fund**

The Federal Reserve established the Money Market Mutual Fund Liquidity Facility, or MMLF, on March 18, 2020, to broaden its program of support for the flow of credit to households and businesses. The Federal Reserve Bank of Boston will make loans available to eligible financial institutions secured by high-quality assets purchased by the financial institution from money market mutual funds. Money market funds are common investment tools for families, businesses, and a range of companies. The MMLF will assist money market funds in meeting demands for redemptions by households and other investors, enhancing overall market functioning and credit provision to the broader economy.

On March 20th, the Fed began to accept municipal bonds purchased from mutual funds as collateral for lending to banks through the MMLF. By accepting short-term municipal bonds as collateral for lending to banks, the Fed made it easier for banks to turn municipal bonds into cash, making them more attractive to hold and helping to stabilize the municipal market.

- This program provides loans to banks secured by collateral, including municipal bonds. It is intended to help money market funds meet demands for redemptions and helps to stabilize the municipal bond market. The City of Miami Beach is not eligible for such funding.

**Conclusion**

Although the COVID-19 related federal programs to date do provide limited assistance to the City of Miami Beach through reimbursement of COVID-19 related expenditures, they do not address the dramatic decrease in revenue we have experienced, especially given the City's dependence on tourism and hospitality. The City will continue to actively monitor any new federal or state legislation that assists the City with the significant financial impact of COVID-19.

JLM/JW