



**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: Alina T. Hudak, City Manager

DATE: April 30, 2021

SUBJECT: **DISCUSS STATUS OF CARES ACT FUNDS**

### **Background**

This item was referred to the Finance & Economic Resiliency Committee (FERC) at the March 17, 2021, City Commission meeting by Mayor Gelber. The purpose of the referral is to discuss the status of CARES Act funds and evaluate the projected amounts for General Fund and Resort Tax reserves.

### **Analysis**

Miami-Dade County has received an allocation from the Coronavirus Relief Fund (CRF) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. \$100 million of that funding is being allocated for an award program for local municipalities. Of the \$100 million, \$75 million is for operational costs and \$25 million for new municipal programs.

Funds from this program may only be used to (1) cover costs that are necessary expenditures incurred due to the public health emergency with respect to COVID-19, (2) were not accounted for in the budget most recently approved as of March 27, 2020, and (3) were incurred during the period of March 1, 2020 through December 30, 2020. The County will consider reimbursement for COVID-19 related and incurred operating expenses, as well as certain new programs proposed by municipalities.

The following are not eligible under the program: (1) equipment and capital expenses; (2) loss of revenue; (3) utility payment forgiveness.

Examples of eligible costs for the \$75 million program include:

- Costs to enable remote work
- FEMA cost share (the 12.5% local cost component of FEMA PA)
- Personnel costs for hours dedicated to mitigating or responding to COVID-19
- Contact tracing
- Public health
- Expenses to facilitate compliance with public health precautions

Examples of eligible costs for the \$25 million program include:

- Rental and mortgage assistance programs
- Job training
- Childcare
- Small business grants for business interruption

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As of April 21, 2021, \$41.1 million in reimbursements have been received from Miami-Dade County for unbudgeted expenditures incurred due to COVID-19 from March 1, 2020 through December 30, 2020 and certain new programs initiated by the City. Of the \$41.1 million in reimbursements received by the City, approximately \$37 million, is for General Fund expenditures that have been incurred. As part of managing the adverse impact of COVID-19 on operations and services, the City has planned the following use of reserves:

	General Fund Reserve Amount	Resort Tax Reserve Amount
<b>Reserve as of 09/30/2019</b>	<b>\$80.6 million</b>	<b>\$15.2 million</b>
Actual Use of Reserve in FY 2020 Budget	(\$0.3 million)	(\$5.0 million)
Adopted Use of Reserve in FY 2021 Budget	(\$9.6 million)	-
<b>Projected Remaining Reserve</b>	<b>\$70.7 million</b>	<b>\$10.2 million</b>
New Estimated Budget Gap in FY 2021 Budget	(\$27.8 million)	-
CARES Act Funds to Date	\$37.0 million	-
Police Initiatives	(\$7.5 million)	-
Revised Furlough Proposal	(\$1.2 million)	-
<b>Projected Remaining Reserve</b>	<b>\$71.2 million</b>	<b>\$10.2 million</b>

Since the FY 2021 Budget was adopted, the planned use of reserves has changed primarily due to the slower than anticipated recovery in Resort Tax and General Fund revenues impacted by COVID-19. The preliminary first quarter projections (LTC# 057-2021) anticipate that an additional \$27.8 million will be needed from General Fund reserves to re-balance the FY 2021 General Fund budget. This projection will be updated in the upcoming second quarter projections in May that may include additional COVID-19 related costs approved by the City Commission during FY 2021.

Given current projections, the General Fund reserve would total approximately \$71.2 million, or 20.3%. If these projections are realized at year-end, this balance would still exceed the minimum 17% General Fund unrestricted budgetary fund balance recommended by the Government Finance Officers Association (GFOA), but be less than the General Fund Reserve policy goal of 25%.

### Mayor's Proposal

Based on the projected reserve level in the General Fund, the Mayor recommends providing additional funds to assist Miami Beach based cultural organizations due to revenue losses experienced by the COVID-19 crisis. The proposal would add \$1 million in FY 2021 and an additional \$1 million in FY 2022 from the General Fund reserve.

These amounts would be in addition to the \$1 million that was approved for the same purpose in FY 2020 and another \$1 million in FY 2021 that were both funded from the Cultural Arts Council fund balance.

### Conclusion

Based on the currently anticipated budget gap in FY 2021, the General Fund reserve would total approximately \$71.2 million, or 20.3%. Given the projected reserve level in the General Fund, the Mayor recommends providing additional funds to assist Miami Beach based cultural organizations due to revenue losses experienced by the COVID-19 crisis. The proposal would add \$1 million in FY 2021 and an additional \$1 million in FY 2022 from the General Fund reserve.