

October 20, 2020

FOR YOUR INFORMATION

To: Mayor and Members of Council

From: Paula Boggs Muething, City Manager *PBM*

Subject: Update on Coronavirus Relief Fund Allocation

The purpose of this memorandum is to provide the Mayor and the City Council with an update on funding received by the City from the State of Ohio and Hamilton County under the Coronavirus Relief Fund (CRF), established by the United States Department of the Treasury pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

Funding Update

The Fiscal Year (FY) 2021 Approved Budget Update includes the use of \$32.0 million in CRF funding plus an additional \$10.2 million from the Ohio Revised Code (ORC) Section 133.12 approved borrowing. In order to avoid incurring additional interest expense, the City Administration's goal for FY 2021 was to utilize CRF dollars in place of the borrowed funds, if such CRF funding became available. Fortunately, in a third round of CRF distributions from the State, the City received an additional \$10.9 million in CRF funds. This additional allotment will allow the City to avoid using borrowed funds for operations, which translates into estimated interest savings of approximately \$2.6 million in FY 2022 through FY 2030. Further, the FY 2020 Closeout memo included a pledge of \$2.5 million from the Economic Downturn Reserve account, but with this additional allotment of CRF funds this pledge is no longer required.

Uses of CRF Funding

Under applicable provisions of the CARES Act and in accordance with Treasury guidance, CRF funds must generally be utilized for necessary expenses incurred due to COVID-19 that were not accounted for in the City's FY 2020 Budget and that are incurred between March 1, 2020 and December 30, 2020. However, in acknowledgement of the emergency nature of the program and the particular importance of public health and public safety personnel in combating COVID-19, Treasury permits local governments to utilize CRF funds for payroll and benefit expenses of public safety and public health personnel that are substantially dedicated to mitigating or responding to COVID-19, even if included in the City's FY 2020 budget. The chart below summarizes the City's use of received CRF funds for such purposes and for certain unbudgeted unemployment expenses, all incurred during FY 2020.

City of Cincinnati
Summary of Reimbursement of CRF Eligible Expenditures
General Fund for FY 2021

Fire Personnel and Benefits to be billed to County	\$ 17,000,000	
Remaining Fire Personnel and Benefits	<u>\$ 15,158,836</u>	
Total Fire Personnel and Benefits		\$ 32,158,836
Police Salaries and Benefits		\$ 7,231,498
Unemployment		\$ 1,608,220
Health Department Salaries and Benefits		<u>\$ 1,221,446</u>
Total FY 2020 Reimbursements for FY 2021 Budget		\$ 42,220,000

After the expenditures outlined above, there are \$8.9 million in CRF funds remaining for eligible expenditures. As identified in the chart below, the City Administration has identified uses for some of these remaining dollars to reimburse additional FY 2020 expenditures incurred that were not reimbursed during FY 2020, primarily to other restricted funds.

City of Cincinnati
Summary of Reimbursement of CARES Eligible Expenditures
Restricted Funds FY 2020 Expenditures

Laptop purchase for Work from Home Employees	78,115	
Fund 364 Unbudgeted FY 2020 Expenditures	208,842	
Fund 395 Unbudgeted FY 2020 Expenditures	1,311,786	
Fund 446 Unbudgeted FY 2020 Expenditures	<u>322,329</u>	
Total FY 2020 Reimbursements		\$ 1,921,072

Additionally, the City Administration has identified certain additional expenses that are necessary to respond to or mitigate COVID-19 and that have occurred or will occur before December 30, 2020, as described in the following chart:

City of Cincinnati
Summary of Reimbursement of CARES Eligible Expenditures
All Funds FY 2021 Estimated Expenditures

Health Department Contact Tracing/PPE	500,000	
CRC Wifi for Virtual Learning	250,000	
IT Additional expenditures for technology	120,000	
Virtual Learning Program Subsidy	300,000	
Fund 395 Unbudgeted FY 2021 Expenditures	<u>1,300,000</u>	
Total FY 2021 Uses		\$ 2,470,000

In addition to the eligible expenses identified above, the City Administration is proposing a \$4 million local economic stimulus plan to support some of our hardest hit small businesses: dining and drinking establishments. These establishments are an economic engine for our region, job creators for our citizens, and community anchors for our neighborhoods. Over the last decade, growth in the City's food and beverage industry has fueled tourism, bringing outside investment and spending into the City and our region. The multiplier effect of this spending resonates throughout our regional economy, supporting businesses and jobs well beyond the establishments themselves. Further, patronage of these establishments supports vibrant and safe neighborhoods by creating active public spaces that in turn drive development and further investment. COVID-19 has forced temporary closures and required that these establishments operate for shorter hours and at lower capacity. Winter weather will present an entirely new challenge for these small businesses, as outdoor dining becomes more difficult. Therefore, the City Administration has been working with a coalition of local restaurant owners, 3CDC, the Cincinnati USA Regional Chamber, and the Mayor's Office to develop an economic stimulus program to assist this industry. The program will provide for a quick deployment of CRF funds to help these small businesses that have faced some of the greatest economic challenges posed by COVID-19 and have received little direct government assistance to date. The details of this proposed program are included as Attachment A to this memorandum.

The remaining approximately \$589,000 in CRF funds must be expended for eligible CRF expenses prior to December 30, 2020. To date, the City Administration has received a proposal from Councilmember Kearney, proposing funding for the Cincinnati Arts Access Fund in the amount of \$200,000. An ordinance has been requested for this item and there is sufficient funding in place for the proposed use.

In addition to Councilmember Kearney's request, the City Administration has also received a request from Councilmember Landsman for several non-COVID related expenditures. These proposed expenditures are not eligible CRF expenditures; however, as identified above, the City Administration is proposing to fully fund the Recreation Wi-Fi program related to virtual learning centers and the Health PPE/Contact Tracers with CRF funds, instead of partially funding those programs out of the General Fund as previously contemplated as part of the FY 2020 carryover. This will result in \$434,250 available in the General Fund for one-time programs. Councilmember Landsman has proposed use of these one-time funds for a grant to the Dragonfly Foundation in the amount of \$250,000, for the purpose of providing support for families affected by pediatric cancer, and for a grant to Rosemary's Babies in the amount of \$184,250, for the purpose of providing housing and critical support to adolescent parents and families in need. An ordinance has been requested for these items and there is sufficient funding in place for the proposed uses.

After accounting for Councilmember Kearney's and Councilmember Landsman's proposals, there is a remaining balance of approximately \$389,000 in CRF funds for additional eligible COVID-related expenditures.

Conclusion

The CRF allocation received from the State and Hamilton County has allowed the City to avoid material layoffs and balance its FY 2021 Approved Budget Update through reimbursement of CRF eligible expenditures incurred in FY 2020. This has also allowed the City to recoup expenditures incurred by restricted funds to battle the COVID-19 pandemic. The remaining funds must be deployed for eligible expenses, in accordance with the CARES Act and applicable Treasury guidance, by December 30, 2020; therefore, it is of the utmost importance that the City Administration be able to move quickly to deploy these funds. The uses proposed in this memorandum will permit for a timely and impactful use of the funds, ensuring among other uses support for virtual learning, continued Health Department operational support, and an economic stimulus program to help critically important dining and drinking establishments survive the coming winter months. By approving this report, the City Administration will take the necessary next steps to implement this plan.

Attachment A



Taste of Cincinnati "All Winter Long"

The City of Cincinnati is generously funding a program that will stimulate and sustain the City's restaurant economy and retain service sector jobs throughout the 2020 winter season. Through a collaboration with the Cincinnati USA Regional Chamber (Chamber), a \$4 million grant will fund operational support for restaurants and bars and create a "Taste of Cincinnati" program to support employment by encouraging increased patronage through investments in marketing and promotional offers. Please note that due to COVID-19 all details of the program remain subject to change if necessary to ensure the safety and health of participants and the public.

Program Description:

Applicant Eligibility:

- Must have a brick-and-mortar location physically located within the City of Cincinnati
- Must be either:
 - A restaurant that typically serves dine-in breakfast, lunch, or dinner¹ OR
 - A bar establishment, licensed by the State of Ohio
- Must be open a minimum of 5 days and 25 hours per week to customers throughout the year (i.e. not a seasonal operator)
- Must not be a Chain Restaurant²
 - If an applicant is not a Chain Restaurant but has multiple locations under the same brand within the City, then the applicant may apply for up to five locations but will not receive funds for more than 3 locations within the City limits. Establishments that are part of a restaurant group with different brands may apply separately for each brand.
- Must not have an established vehicle drive-thru
- Must not have a financial or ownership connection to any employee of the City or the Chamber
- Must be able to attest to financial need for the grant due to increased expenses or decreased revenues due to COVID-19
- Must not have material liquor violations, code violations, or excessive calls for service within the past 12 months

Process for Selection:

Interested and eligible restaurants and bars will apply, at no cost, with the Chamber during a set period of time. Once the application period has closed, the Chamber will confirm eligibility of applicants and randomly select eligible applicants until the program is at capacity.

Interested participants can apply for one of three levels:

- Full-service restaurant that includes dinner service: Expected \$10,000 grants
- Limited-service restaurants that serve only breakfast or lunch: Expected \$5,000 grants
- Bars with limited or pre-packaged food service: Expected \$5,000 grants

The total number of grants will be determined by the number of applicants for each category. Grant amounts may be adjusted based on the number of applications received.

¹ An establishment is still eligible if it is temporarily not serving dine-in customers due to COVID-19 but would typically do so.

² A "Chain Restaurant" is a restaurant or bar that has six or more establishments located anywhere in the world and maintains features such as a standardized menu, branding, décor, etc.

Eligible Grant Uses and Conditions:

This program is intended as an economic support program to assist restaurant and bars in maintaining operations in the face of the challenges presented by COVID-19, including required reduced hours and capacity. Therefore, grant funds may be utilized for any operational expense that a recipient deems necessary for continuation of operations; however, it is recommended that the funds be utilized to finance expenses that will increase an establishment's ability to safely serve patrons throughout the COVID-19 pandemic—such as personal protective equipment for staff or installation of improvements or equipment that will increase the safety of patrons or staff. In no circumstances may the funds be utilized for the purchase of alcohol.

As a condition of accepting a grant under this program, each recipient will be required to (i) be open at least 5 days and 25 hours per week until April 1, 2021; (ii) agree to employ as many staff as financially feasible during this period; and (iii) participate in the Taste of Cincinnati® All Winter Long Promotional Program (as further described below).

Taste of Cincinnati® All Winter Long Promotional Program:

The Taste of Cincinnati® All Winter Long program is a marketing and promotional campaign that is focused on supporting service sector jobs and restaurant and bar operations by encouraging increased but safe patronage of establishments.

Each restaurant or bar will be required to offer a food or beverage discount to patrons, such as gift card discounts, buy-one-get-one offers, free items with the purchase of another item, or percentage discounts. Establishments are encouraged to be creative and select discounts that are sustainable throughout the program and drive traffic. Specials can be limited to certain days or certain times. Coupled with a robust marketing effort, the Taste of Cincinnati® website will feature all participating restaurants and details of the available specials. Patrons will print out offers or show them to servers on their phone.

The Chamber will be coordinating an appropriate and safe timing for this promotional event. Each recipient will be required to participate and hold open the promotional offer until the aggregate value of the discount or promotion offered to the public is equal to half of the received grant amount (ex. \$5,000 if a \$10,000 grant is received). Once a recipient has given away the minimum required value, then the recipient may opt-out of continuing as part of the promotion; however, all recipients are encouraged to continue their promotion for the entirety of the program.