

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Interim City Manager Rickelle Williams

DATE: June 28, 2024

TITLE: DISCUSSION REGARDING SMALL BUSINESS GRANT FUNDING FOR BUSINESSES IN AUGUST AND SEPTEMBER MONTHS

BACKGROUND/HISTORY

On December 13, 2023, the Mayor and City Commission referred item C4 X (attachment A), sponsored by Commissioner Rosen Gonzalez referred to the Finance and Economic Resilience Committee (FERC), to discuss developing a small business grant fund for restaurants, with some of the funding coming from the Greater Miami Convention & Visitors Bureau (GMCVB) and the City matching these funds. As indicated in the attached referral memo, the intent of this small business grant would be to stimulate business development by providing a one-time subsidy of \$10,000 exclusively to restaurants in Miami Beach during the slow months of August and September (low period). Vice-Mayor Kristen Rosen Gonzalez suggested that Miami Beach has become hyper-seasonal in a way that has not been witnessed before, and would like to offer funding for these businesses when business is likely to be slow.

During the City Commission meeting, Commissioner Alex Fernandez recommended, and the Commission agreed, that the Administration should explore not limiting the grants to restaurants and to include other businesses including, but not limited to, retailers, salons, and hospitality-focused retail stores.

This item has been included on prior FERC agendas but has not been reached.

ANALYSIS

Following COVID-19 era spikes, year over year, Resort Tax and hotel occupancy data suggest a cooling period and moderate decline in tourism activity. According to the Miami Beach Visitor and Convention Authority (MBVCA), hotel occupancy rates for the week ending September 9, 2023, were at 57.5%, a 12.8% decrease from the 70.3% occupancy rate for the week ending July 29, 2023. The hotel occupancy rate for Miami Beach during August 2023 was 65.4%, presenting a 3.4% decrease from August 2022.

Small businesses play a vital role in the economy, contributing to job creation and economic growth. However, these businesses often face significant financial challenges that can hinder their progress and long-term viability. Grants have proven to be an effective source of financial relief for small businesses as they do not have to be repaid and may be used for a wide range of purposes, from covering administrative costs and business expenses to funding special projects and beautifying the exterior of a storefront. Miami Beach has successfully administered three (3) small business grants over the last three (3) years to neutralize the direct and indirect impact of the pandemic and recovering economy.

The first grant the Economic Development Department administered during the COVID-19 pandemic was the City of Miami Beach Restaurant Reimbursement Grant. This grant program

provided eligible restaurants with up to \$1,000 in reimbursement for expenses incurred by delivery service apps such as UberEATS, Grubhub, DoorDash, and Postmates between March 12, 2020 and October 31, 2020, per the emergency declaration enacted by the City Manager. This program was able to assist twenty-eight (28) total restaurants, twenty-five (25) of which are still operating in Miami Beach.

On May 13, 2020, through Resolution No. 2020-31256, the Small Business COVID-19 Relief Program (Round 1) was approved by the City Commission and funded via Community Development Block Grant-Coronavirus (CDBG-CV). The CDBG-CV funding was appropriated by the U.S. Department of Housing and Urban Development (HUD) to the City of Miami Beach through the Office of Housing and Community Services and allocated to the Economic Development Department by way of a Memorandum of Understanding (MOU) as a subrecipient for this purpose.

The City Commission allocated \$200,000 in funding, of which \$140,000 was disbursed to fourteen (14) qualified Miami Beach small businesses, at \$10,000 per business, during the initial launch. For purposes of the grant, a small business was classified as a business with 10 employees or less. On October 28, 2020, the City Commission approved Resolution No. 2020-31471, which provided an additional \$600,000 in grant funding to thirty (30) eligible small businesses through the Emergency Small Business Reimbursement Grant Program (Round 2). The remaining \$60,000 in unexpended funds from Round 1 was later reallocated to the Emergency Small Business Reimbursement Grant Program (Round 2) for a total of \$660,000 to thirty-three (33) eligible businesses.

The CDBG-CV-funded grants required job creation or retention for a low-to-moderate income Miami Beach resident for a twelve-month period. Thirty-one (31) businesses that received CDBG-CV funding were able to either create and/or retain a position for a qualified low-income Miami Beach resident.

Miami-Dade County has also provided, on a recurring basis, small business grant programs, such as the Mom and Pop Small Business Grant Program in Districts 4 and 5, spanning Miami Beach. In Fiscal Year (FY) 2023 this program, provided up to \$5,000 to eligible businesses. In FY 2023, \$10,000 was awarded, collectively, to five (5) Miami Beach businesses out of approximately \$87,000 allocated for District 4. For FY 2022, \$22,500 was awarded to nine (9) Miami Beach small businesses out of \$80,308 allocated for District 4. Note that District 4 is inclusive of municipalities outside of Miami Beach.

In review of the City's CDBG-CV funded grant, there is a demonstrated need to make funding available for a broad range of industries, as only nine (9) of the forty-seven (47) total businesses that received funding were restaurants. In conversations by Economic Development staff with small business owners citywide, the primary use for financial assistance in low tourism months would be for rental assistance. The feedback received revealed that as commercial rent prices continue to increase, businesses are struggling to balance and survive low periods. The availability of meaningful financial assistance during this low period can significantly impact the viability of a business for the rest of the calendar year. Grant assistance could allow businesses to maintain Miami Beach residents as employees as well.

Miami Beach's small business community continues to experience challenges with some businesses closing and/or seeking out locations in cities with lower commercial rents. However, a small business grant program presents an opportunity to support and service the small business community with practical and attainable access to capital to bridge a short-term financial gap.

With a \$100,000 budget, the Administration could create a three (3)-year Miami Beach Bridge Grant Program. The program could provide twenty (20) grants of up to \$5,000 to twenty (20)

eligible small businesses to help offset the economic impact of the slower tourism/hospitality season. Note that City funding for this proposed grant has not been identified, allocated or budgeted. It is recommended that program feasibility and funding be considered as part of the Fiscal Year 2025 Budget process. The GMCVB has not committed to offering funding for this purpose, but has indicated willingness to potentially provide support in the form of waivers (or the like) to allow participation, by restaurants, in the Miami Spice restaurant promotional program.

Eligibility criteria may include:

- Located in Miami Beach and in operation with a Business Tax Receipt (BTR) for at least two (2) years
- Registered as an active entity with the Florida Division of Corporations
- No affiliation with a national chain business or franchise
- In “good standing” with the City of Miami Beach and Miami-Dade County including but not limited to an active City of Miami Beach Business Tax Receipt (BTR) and Miami-Dade County Local Business Tax Receipt; No outstanding federal, state, and local taxes or outstanding debt to the City of Miami Beach
- Revenue/Annual Sales limit as evidenced by recent business tax filings

Potential ineligible businesses may include:

- Franchises and national chain businesses
- Health, medical, and social service businesses such as, but not limited to, walk-in clinics, pain management clinics, hospitals and all affiliated services, chain pharmacies, detoxification centers/clinics, residential care facilities, and labs
- Agricultural service industries
- Not-for-Profit organizations
- Tattoo parlors
- Body piercing or body art shops
- Adult entertainment facilities
- Adult-oriented or adult-themed businesses
- Nightclubs, standalone bars, or taverns
- Liquor stores
- Gun shops
- Pawn shops
- Home-based businesses
- Businesses that sell paraphernalia that may be considered drug paraphernalia
- Vitamin shops

The grant program could be designed to provide financial assistance, on a reimbursement basis, for some or all of the following expenses:

- Monthly utility bills such as:
 - Electricity
 - Water
- Professional Services such as:
 - Payroll
 - Marketing/advertising
 - Technology
- Rent/Lease/Mortgage expenses
- Hard costs such as:
 - Repairs and/or replacement of equipment

Alternatively, grants may be awarded without correlation to reimbursement of expenses.

FISCAL IMPACT STATEMENT

Funding for a grant program has not been identified or appropriated. The Administration has included a \$100,000 potential budget allocation within this memorandum for discussion purposes.

Does this Ordinance require a Business Impact Estimate? (FOR ORDINANCES ONLY)

The Business Impact Estimate (BIE) was published on . See BIE at:
<https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notice/>

FINANCIAL INFORMATION

CONCLUSION

The Administration recommends exploring the necessity, feasibility, and budget impact of creating a pilot Miami Beach small business development grant program to stimulate business growth and innovation, reduce business closures, encourage employee retention, and bridge financial gaps. It is recommended that program feasibility and funding be considered as part of the Fiscal Year 2025 Budget process.

Applicable Area

Citywide

Is this a “Residents Right to Know” item, pursuant to City Code Section 2-17?

No

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

Department

Economic Development

Sponsor(s)

Commissioner Kristen Rosen Gonzalez