



CITY OF PHILADELPHIA

OFFICE OF THE DIRECTOR OF FINANCE

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ROB DUBOW
Director of Finance

November 24, 2020

Harvey Rice
Executive Director
Pennsylvania Intergovernmental Cooperation Authority
1500 Walnut Street, Suite 1600
Philadelphia, Pa. 19102

Dear Harvey:

Thanks for your letter of November 23rd expressing your concern about the \$22.8 million fund balance projected for FY21 in the recently released quarterly report. The Administration shares your concern about the low fund balance, and, in the rest of this letter, I'll discuss some of the steps that we're taking to address that slim projected fund balance.

We're taking multiple steps that should help our fund balance. First, guidance from the federal government has made clear that personnel costs incurred because of the pandemic are reimbursable under the CARES Act. Since we have had significant public health and public safety costs related to the pandemic, we will be shifting a portion of those costs from our general fund to the CARES Act Funds. The COVID-19 Recovery Quarterly Report shows that we will be charging \$76.5 million to CARES Act Funding. That shift was not reflected in the Quarterly City Managers Report.

In addition to seeking reimbursement for certain General Fund personnel costs through our CARES Act funds, we also expect to be reimbursed through FEMA Public Assistance for eligible costs associated with the City's response to COVID-19. We are working with departments to review costs and supporting documentation. This process will allow us to better estimate what will be reimbursed, and this estimate will continue to be refined as we begin submitting cost documentation to FEMA.

We are also looking at taking other steps to ensure that we maintain positive fund balances. We are also: Reviewing our contingency plan to see which elements have not yet been implemented and would make sense to move forward with; working with departments to see whether there are other cuts that we can implement; and reviewing each potential hire to determine whether there are opportunities to continue reducing staffing. We will keep PICA informed as the steps outlined in this letter are implemented.

Thank you again for your ongoing attention to the City's finances and we look forward to continuing to work with you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rob Dubow', written over a light blue rectangular background.

Rob Dubow
Director of Finance