



## THE CITY OF KEY WEST

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MEMORANDUM

### EXECUTIVE SUMMARY

**TO:** Patti McLaughlin, City Manager

**FROM:** Christina Bervaldi, Finance Director

**DATE:** July 15, 2022

**SUBJECT:** Approving Amendment Two to Local Option Gas Tax Sharing Interlocal Agreement (ILA) between the City of Key West, the City of Key Colony Beach, the City of Layton, the City of Marathon, Islamorada, Village of Islands, and Monroe County, Florida.

**Action Statement:**

Authorize Mayor to approve Amendment Two to Local Option Gas Tax Sharing Interlocal Agreement (ILA) between the City of Key West, the City of Key Colony Beach, the City of Layton, the City of Marathon, Islamorada, Village of Islands, and Monroe County, Florida.

**Background:**

The Florida Department of Revenue (DOR) handles the collection and distribution of the 5-cent and 6-cent gas tax revenues to Monroe County and the municipalities within Monroe County, which includes the City of Key West. The gas tax revenues are the primary revenue source for our Internal Improvements Fund which fund street and sidewalk improvements within the City of Key West. The distributions for these funds were to be based on the transportation expenditures for the previous 5 fiscal years, unless the county and municipalities within that county entered an interlocal agreement setting forth a different distribution formula for dividing the proceeds.

In 2009, the City of Key West entered into a Local Option Gas Tax Sharing Interlocal Agreement between the City of Key West, the City of Key Colony Beach, the City of Layton, the City of Marathon, Islamorada, Village of Islands, and Monroe County which determined the distributions for the 5-cent local option gas tax would be based on the populations of the 6 participants of the ILA and the distributions of the 6-cent local option gas tax would be based on the transportation expenditures for the last 5 fiscal years of the ILA participants.

*Key to the Caribbean – Average yearly temperature 77° F.*

In 2020, Amendment One to Local Option Tax Sharing Interlocal Agreement was established which implemented periodic reviews to evaluate the method of distribution of the local option gas tax revenues at least every 2 years.

In August of 2021, representatives from Monroe County, the City of Key West, the City of Marathon, the City of Key Colony Beach, the City of Layton, and Islamorada, Village of Islands met to discuss updating the percentages based on current populations and transportation expenditures.

The update of these figures led to the following changes:

	Original 6-Cent Distribution	New 6-Cent Distribution	Original 5-Cent Distribution	New 5-Cent Distribution
<b>City of Key West</b>	36.50%	28.3%	31.21%	31.91%
<b>City of Marathon</b>	9.16%	5.30%	13.17%	11.69%
<b>City of Key Colony Beach</b>	2.00%	0.50%	1.09%	0.95%
<b>City of Layton</b>	1.00%	0.12%	0.26%	0.25%
<b>Islamorada</b>	9.64%	9.20%	9.06%	8.58%
<b>Monroe County</b>	41.70%	56.5%	45.21%	46.62%

Amendment Two will effectively reduce the City's Local Option Gas Tax revenue by approximately \$250,000.

**Financial Impact:**

Amendment Two will reduce the City of Key West's overall Local Option Gas Tax distribution share by 8%, or an estimated \$250,000 overall.

**Recommendation:**

Staff recommends that the City Commission authorize the Mayor to approve Amendment Two to Local Option Gas Tax Sharing Interlocal Agreement (ILA) between the City of Key West, the City of Key Colony Beach, the City of Layton, the City of Marathon, Islamorada, Village of Islands, and Monroe County, Florida.