



## THE CITY OF KEY WEST

Post Office Box 1409 Key West, FL 33041-1409 (305) 809-3700

MEMORANDUM

### EXECUTIVE SUMMARY

**TO:** Patti McLauchlin, City Manager  
Todd Stoughton, Assistant City Manager

**CC:** Mark Finigan, Chief Financial Officer

**FROM:** Carolyn Sheldon, Senior Grants Administrator

**DATE:** September 1, 2021

**RE:** Approving the attached “American Rescue Plan Act Coronavirus Local Fiscal Recovery Fund Agreement” with the Florida Division of Emergency Management (FDEM) in the amount of \$12,079,588.00 (FDEM Agreement No. Y5151). Authorizing the City Manager to approve and execute the funding agreement and related documents; Authorizing the City Manager to approve and execute subsequent amendments to this funding agreement which may adjust to increase funding allocations to the City or modify the project scope; and authorizing necessary budget amendments and transfers to accept the funding.

#### **ACTION STATEMENT:**

This resolution will approve the attached “American Rescue Plan Act Coronavirus Local Fiscal Recovery Fund Agreement” with the Florida Division of Emergency Management (FDEM) in the amount of \$12,079,588.00 (FDEM Agreement No. Y5151). Authorizing the City Manager to approve and execute the funding agreement and related documents; Authorizing the City Manager to approve and execute subsequent amendments to this funding agreement which may adjust to increase funding allocations to the City or modify the project scope; and authorizing necessary budget amendments and transfers to accept the funding.

#### **BACKGROUND:**

In May 2021, the U.S. Department of the Treasury (“Treasury”) announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act (ARPA) of 2021, to provide \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments for the purpose of providing funds to local governments to facilitate the ongoing recovery from the COVID-19 pandemic.

ARPA allocated \$19.5 billion total with \$1.4 billion of that amount reserved for the State of Florida to disburse to non-entitlement units (NEUs) of local government, like the City of Key West. NEUs typically serve populations of less than 50,000. The allocation to the City is \$12,079,588.00.

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

**PURPOSE AND JUSTIFICATION:**

The allocation of ARPA Local Fiscal Recovery Funds can be used for any expenses eligible under ARPA Coronavirus State and Local Fiscal Recovery Funds in these four categories: 1) Public Health and Economic Impacts 2) Premium Pay for Essential Workers 3) Revenue Loss and 4) Investments in Infrastructure. Examples include: to respond to the public health emergency with respect to COVID-19; to respond to workers performing essential work during the public health emergency; for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year; or to make necessary investments in water, sewer, or broadband infrastructure.

**FINANCIAL IMPACT:**

With the approval of FDEM Agreement No. Y5151, the City will receive up to a maximum disbursement amount of \$12,079,588.00 to be recorded as deferred revenue in Account 0010000 2230000 (General Fund / Revenue / Deferred Revenue). As expenses are approved by FDEM, revenue will be recorded in the appropriate account. Example uses of ARPA Local Fiscal Recovery Funds can be found in the attached Quick Reference Guide.

The State of Florida, through FDEM, will make a disbursement of each non-entitlement unit of local government’s allocation based on the list of non-entitlement units published by Treasury and based upon the State’s calculation of the Recipient’s proportional share of the total population of all non-entitlement units in the State (see “NEU allocation list” file). Treasury expects to make payments to states for distribution to NEUs in *two equal tranches* approximately twelve months apart. Disbursement from FDEM to the City will be as follows:

Within 30 Days of the State/FDEM receiving payment from the US Department of the Treasury

Initial disbursement to the non-entitlement unit of local government of 50% of the total amount allocated to the non-entitlement unit (\$12,079,588.00 x 50% = **\$6,039,794.00**). This disbursement is the “First Tranche.”

Not earlier than 12 months from the date upon which the State/FDEM makes the initial disbursement

The Treasury is expected to release the “Second Tranche” amount to the State no earlier than 12 months after the date on which the First Tranche payment is made to the State. The State/FDEM will—within 30 days of receiving payment from the Treasury—make a second disbursement (Second Tranche) to the non-entitlement unit of local government (\$12,079,588.00 x 50% = **\$6,039,794.00**).

Please note the Treasury may permit payment within such other time period.

Non-entitlement units of local government are required to submit annual Project and Expenditure Reports. The initial report will cover from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent annual reports will cover one calendar year, October 1 – September 30, and must be submitted to Treasury by October 31. Reports are submitted using the Unique Identifier Code FL0155. NEUs must submit a copy of the report to FDEM.

**RECOMMENDATION:**

Staff recommends that the City Commission approve the attached “American Rescue Plan Act Coronavirus Local Fiscal Recovery Fund Agreement” in the amount of \$12,079,588.00 (FDEM Agreement No. Y5151).