



## MEMORANDUM

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Date: December 14, 2023

To: Honorable Mayor and Commissioners

Via: Albert P. Childress *APC*  
City Manager

From: Christina Bervaldi  
Finance Director

Subject: **Community Development Office Payment to Key West Housing Authority**

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### Introduction

Respectfully request the City Commission to approve an allocation of funding in the amount of \$150,333.10 for the operations of the Community Development Office for Fiscal Year 2022-2023 and all years prior, authorizing any budget transfers and adjustments needed.

### Background

In April of 1988, the City of Key West and the Key West Housing Authority (KWH) entered into an Administrative Agreement, including a Management Plan, regarding the day-to-day operations of Community Development Office (CDO). This agreement was amended on July 29, 2004, and again on April 19, 2006 to also include Workforce Housing Ordinance Enforcement.

On June 20, 2020, via Resolution 20-092, the Administrative Agreement was renewed for an additional term of five (5) years for the period of October 1, 2019 through September 30, 2024.

The operational expenditures of the CDO are covered by the program income derived from several housing strategies under the CDO. These expenditures include salaries and benefits, accounting fees, rent, insurance, office supplies, etc. Should such program income not cover the full annual operating costs of the CDO, the City is obligated to fund the difference to allow KWH to effectively manage the CDO and cover any budget shortfalls which are created. Annual budgets to represent these amounts are presented and approved by the City Commission as part of the City's budget process.

Beginning in Fiscal Year 2020, program income was no longer sufficient to cover the entire cost of the CDO's annual operations, and the City was required to find an alternative funding source for these expenditures. This has been the case on an annual basis since that time. The allocations are detailed below:

<b>Fiscal Year</b>	<b>Total CDO Budget Amount</b>	<b>City of Key West Operational Support Budget Requested</b>
2019 – 2020	\$109,391	\$76,391
2020 – 2021	\$110,302	\$77,302
2021 – 2022	\$115,314	\$82,308
2022 – 2023*	\$117,525	\$83,469

\*Requested, Not Allocated

In August of 2022, via KWHHA Resolution 22-2604, pursuant to Section V of the Administrative Agreement between the City of Key West and the Key West Housing Authority, the KWHHA Board of Commissioners authorized KWHHA staff to begin negotiations with the City of Key West to develop a plan of termination to phase out responsibilities of the CDO from KWHHA and back to the City.

On January 18, 2023, via Resolution 23-023, the City Commission authorized the City Manager to negotiate a transition agreement for the City to assume responsibilities of the CDO from the Key West Housing Authority to include operational and financial matters.

As a result of the planned transition, the budget for the Community Development Office provided by the KWHHA for Fiscal Year 2022-2023 was not reviewed during the FY2022-2023 September budget hearings and adoption and the Key West Housing Authority's budget request of \$83,469 was not allocated. During the transition period, the KWHHA continued to support the Community Development Office as needed.

The transition began in December 2022 with the transition of the annual workforce housing monitoring back to City staff and as of August 31, 2023, all program transitions are complete.

As part of the financial reconciliation, it has been determined that in addition to the budget allocation of \$83,469 for FY2022-2023, an additional allocation in the amount of \$66,864.11 is necessary to fully reconcile accounts. Over the course of the last several years of CDO operations, the budget allocations were funded as requested, however, there were instances where the actual expenditures for the Fiscal Year were higher than estimated resulting in the additional funding required.

**Procurement**

Approval of this Resolution will approve an allocation of funding in the amount of \$150,333.10 for Fiscal Year 2022-2023 and all years prior CDO operations. This funding allocation will be paid for out of the Community Development Office Account Number 120-5401-554-3100.

**Recommendation**

The City Manager's Office recommends the Mayor and Commission approve the resolution authorizing a funding allocation in the amount of \$150,333.10 to the Key West Housing Authority for the operations of the Community Development Office for Fiscal Year 2022-2023 and all years prior; authorizing and budget transfers and adjustments as needed.

**Exhibits:**

**CKW Resolution 20-092**

**Administrative Agreement**

**CDO Management Plan**

**KWHA Resolution 22-2604**

**CKW Resolution 23-023**