AGENDA
FERNANDINA BEACH CITY COMMISSION
WORKSHOP
MARCH 5, 2024
5:00 PM
CITY HALL COMMISSION CHAMBERS
204 ASH STREET
FERNANDINA BEACH, FL 32034

1. CALL TO ORDER

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE

4. DISCUSSION

4.1 **AMERICAN RESCUE PLAN ACT (ARPA) FUNDS - WATER AND SEWER EXTENSIONS -** *This item is placed on the agenda at the request of Commissioner Ross.*

5. ADJOURNMENT

ANY PERSON WISHING TO APPEAL ANY DECISION MADE BY THE COMMISSION WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH MEETING OR HEARING WILL NEED A RECORD OF THE PROCEEDINGS, AND, FOR SUCH PURPOSES, MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS MADE. AT THE DISCRETION OF THE MAYOR, A RECESS MAY BE SCHEDULED EVERY NINETY MINUTES.

Persons with disabilities requiring accommodations in order to participate should contact the City Clerk at (904) 310-3115 or TTY/TDD 711 (for the hearing or speech impaired).

CITY COMMISSION AGENDA ITEM
City of Fernandina Beach

SUBJECT: Discussion
American Rescue Plan Act (ARPA) Funds - Water and Sewer Extentions

ITEM TYPE: Discussion

REQUESTED ACTION:

SYNOPSIS: This item is placed on the agenda at the request of Commissioner Ross.

FISCAL IMPACT: Fiscal impact will be based upon City Commission direction.

CITY ATTORNEY COMMENTS: N/A

CITY MANAGER RECOMMENDATION(S): At the pleasure of the City Commission.

Andre Desilet, Utilities Director	2/27/2024
Kim Briley, Deputy City Clerk	2/27/2024
Charles George, Interim City Manager	2/27/2024

Caroline Best

Date: February 20, 2024

Submitted By: Caroline Best, City Clerk

COMMISSION ACTION:

March 5, 2024

City Commission Workshop

Topic – Redeployment of American Rescue Plan Act "COVID funds"

The following projects are funded with "COVID" funds:

- **Broome Street Water Main** - $100k budgeted – No work has begun on this project
- **Friendly Road Water Main** - $400k budgeted – No work has begun on this project
- **Clinch Drive Force Main** - $150k budgeted – No work has begun on this project
- **Citrona Drive Water Main** -$350k (design $47k) - in the design phase with the noted budget and expenditures
- **Amelia Road Water Main**- $330k (design $48k)- in the design phase with the noted budget and expenditures

Four of these projects are outside the City limits dedicating $1,230 million dollars to infrastructure that will not serve City residents.

The Area 5 [Alachua Street] and Area 6 [Ash Street] stormwater projects, which have been fully funded for engineering but not fully funded for construction. More than $700,000 is needed to fully fund construction of these projects. Additionally, there is a need for stormwater management at Center and Front Streets that has not been funded for engineering or construction. These projects are entirely in the City.

All of the above projects qualify for the "COVID money".

Please consider the following:

- Finish the design on the **Citrona Drive Water Main** and the **Amelia Road Water Main** projects. Discuss with the County whether they would be willing to fund construction of these projects outside the City limits in which the engineering is completed. It would be a joint effort with the City supplying the engineering and County funding the construction.

- Defer work on the **Friendly Road Water Main** project and the **Clinch Drive Force Main** project.

- Continue to fund the **Broome Street Water Main** project.

- Use any unused design and the "construction" money from the above listed projects located outside the City limits to fund the Area 5 and Area 6 and Center Street projects located in the City

- If there is any available money after the completion of the projects located in the City, use the remaining money for other stormwater projects in the City limits.

Submitted By Commissioner Chip Ross

Fernandina Beach ARPA allocation to the Fernandina County Police and Fire Departments

Background

The City of Fernandina Beach (the City) is considering utilizing American Rescue Plan Act (ARPA) funding to make payments towards the provision of government services for the Fernandina Police and Fire Department for Public Safety Salaries and Benefits. The Final Rule stipulates those funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, including first responders. The exact language for the Final Rule can be found in Appendix A: American Rescue Plan: The Final Rule and Public Safety Salaries.

Regular salaries of public safety officers are explicitly eligible. While extraordinary payments to an unfunded liability are explicitly disallowed, the Final Rule does state that regularly occurring contributions to benefits as part of a payroll contribution are allowed, as they can all be qualified as a "Provision of Government Services." Therefore, it is necessary to determine the proportion of the City's yearly obligation that goes towards these payments to establish a payment buildout that obligates $6,595,742 in revenue replacement ARPA funds and meets all federal requirements.

Per ARPA guidelines, the City may reimburse for eligible costs incurred after March 3, 2021. The Fiscal Year 2021-2022 is being considered for the reimbursement period, specifically the check dates occurring from **10/8/2021 to 7/29/2022.**

Budgetary Information

The City of Fernandina Beach provides Public Safety services to its residents through the Fernandina Beach Fire Department and Police Department. Appendix B: Fiscal Year 2022 (FY22) budget details the exact amount the City expended for the provision of these services.

The total budget for Police Services for Fiscal Year 2022 is $3,658,217.05 The total budget for Fire/EMS Services for Fiscal Year 2022 is $3,021,623.10. Additionally, the City pays for FICA, retirement, health insurance, life insurance, and uniform allowances towards the staff, as summarized in Table 1 below.

Table 1: Summary of Public Safety Considerations

	Police Services	Fire Services	Total
Salaries	$2,509,147.06	$2,107,741.98	$4,616,889.04
FICA	$181,920.96	$154,106.34	$336,027.30
Retirement	$592,805.88	$479,251.40	$1,072,057.28
Health Insurance	$332,180.70	$261,198.62	$593,379.32
Life Insurance	$11,452.96	$9,609.76	$21,062.72
Uniform	$30,709.49	$9,715.00	$40,424.49
Total	**$3,658,217.05**	**$3,021,623.10**	**$6,679,840.15**
ARPA Funds Allocation			**$(6,595,742.00)**
Amount Over Allocation			**$84,098.15**

The City has paid a total of $6,679,840.15 towards public safety salaries and covered benefits in FY22 and must consider a payment buildout that does not exceed the City's ARPA Allocation of 6,595,742.00. To meet the City's obligations and remain within federal requirements, the following payment recommendation has been presented in Table 2:

Table 2: Budgetary Payment Recommendation:

	Police Services	Fire Services	Total
Salaries	$2,486,536.12	$2,107,741.98	$4,594,278.10
FICA	$181,920.96	$154,106.34	$336,027.30
Retirement	$592,805.88	$479,251.40	$1,072,057.28
Health Insurance	$332,180.70	$261,198.62	$593,379.32
Life Insurance			
Uniform			
Total	**$3,593,443.66**	**$3,002,298.34**	**$6,595,742.00**
ARPA Funds Allocation			**($6,595,742.00)**
Amount Over Allocation			**$0.00**

To match the expenditures with the entirety of the City of Fernandina Beach's ARPA Allocation, the City needs to reduce the amount of partial payments to line items, and maximize the amount of singular line to be eliminated from the payment schedule. It is recommended that the City eliminate the Life Insurance and Uniform payments from the buildout. However, this leaves a total of **$22,610.94** remaining above the allocation. To avoid making partial payments towards any benefit or retirement contributions, it is recommended that the City deduct that overage from the salary portion of the Police Services budget, leaving a total of **$2,486,536.12** to be paid towards Police Services Salaries.

Summary and Conclusion

It is our recommendation that the City of Fernandina Beach utilize the budgetary buildout in Table 2 and contribute funds from ARPA revenue replacement towards the Public Safety Salaries and Benefits. This will provide for a fast, simple, and compliant method of expending the federal grant and meeting the goals and objectives of the city. Furthermore, the payments may be made retroactively for the current Fiscal Year without impacting the previous Fiscal Year's budget and avoiding any further administrative burden.

The Final Rule clarified the Interim Final Rule's allowance of Revenue Replacement funds to include the "provision of government services" and the definition of government services to include:

> "Government services include, but are not limited to, maintenance or pay-go funded building of infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services."

Furthermore, the Final Rule goes on to specifically enumerate which public sector employees are to be considered eligible stating:

> "Public safety employees would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians, medical examiner, or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel. Human services staff include employees providing or administering social services; public benefits; child welfare services; and child, elder, or family care, as well as others."

Therefore, it has been determined that the regular salaries of Police and Fire are an explicitly eligible use of revenue replacement funds. While payments towards an unfunded liability are disallowed, payments towards other covered benefits would be allowed:

> "For purposes of this restriction on pension deposits, the interim final rule defined deposit to mean "an extraordinary payment of an accrued, unfunded liability." The interim final rule also specified that a deposit does not include routine contributions made as part of a payroll obligation, such as the normal cost component of a pension contribution or the component that consists of amortization of unfunded liabilities calculated by reference to the employer's payroll costs. The interim final rule applied the restriction on pension deposits to all recipients."

Through the above mentioned provisions, it is concluded that regular salaries and covered benefits are an explicilty eligible use of Revenue Replacement Funds.

The official documents from the treasury can be located at the following:

Final Rule:

https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf

Final Rule Overview:

https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf

Appendix B: Fiscal Year 2022

City of Fernandina Beach
Police and Fire Salary and Benefits
Check Date 10/8/2021 to 7/29/2022

Object	Description	Police	Fire	Total
51200	SALARIES	2,509,147.06	2,107,741.98	4,616,889.04
51210	WC REIMB			-
52100	FICA	181,920.96	154,106.34	336,027.30
52200	RETIREMENT	592,805.88	479,251.40	1,072,057.28
52300	HEALTH INSUR	332,180.70	261,198.62	593,379.32
52301	LIFE INSUR	11,452.96	9,609.76	21,062.72
55210	UNIFORM	30,709.49	9,715.00	40,424.49
		3,658,217.05	3,021,623.10	6,679,840.15
	American Rescue Plan Act Funds Allocated to the City			**(6,595,742.00)**
			Amount over Allocation	84,098.15

Org	Object	Project	Description	2022 Revised Budget	2022 Actual	2022 Available	2022 Percent	2022 Original Budget	2021 Revised Budget	2021 Actual
0012100	51200		SALARIES	3,161,367.00	2,575,379.15	669,751.36	78.81	3,166,367.00	2,971,383.00	2,891,893.39
0012100	51210		WC REIMB	-	(26,376.00)	26,376.00	-	-	-	(658.62)
0012100	51300		SEASONAL/TEMPORARY	-	-	-	-	-	-	-
0012100	51350		PART-TIME	144,051.00	42,134.36	104,302.81	27.59	144,051.00	89,412.00	67,608.38
0012100	51400		OVERTIME	147,110.00	143,459.17	14,237.23	90.32	147,110.00	159,840.00	154,358.01
0012100	51500		INCENTIVE	22,500.00	19,093.89	4,106.31	81.75	22,500.00	20,123.00	20,122.80
0012100	52100		FICA	266,230.00	200,394.25	72,540.09	72.75	266,230.00	268,351.00	226,930.33
0012100	52200		RETIREMENT	1,007,367.00	638,945.80	390,337.39	61.25	1,007,367.00	876,176.00	876,175.87
0012100	52300		HEALTH INSUR	561,288.00	391,055.34	170,232.66	69.67	561,288.00	515,061.00	507,624.79
0012100	52301		LIFE INSUR	15,444.00	12,639.53	2,804.47	81.84	15,444.00	14,712.00	14,429.94
					3,996,725.49					

From the Pay registers

				Police	Admin	Total			
	51200		SALARIES	2,509,147.06	228,777.69	2,737,924.75	2,737,932.21	(7.46)	Reduced Salaries for Uniform Allowance
	51210		WC REIMB			-			
	51300		SEASONAL/TEMPORARY			-			
	51350		PART-TIME			-			
	51400		OVERTIME			-			
	51500		INCENTIVE			-			
	52100		FICA	181,920.96	15,181.56	197,102.52	200,394.25	(3,291.73)	FICA on PT
	52200		RETIREMENT	592,805.88	46,139.92	638,945.80	638,945.80	-	
	52300		HEALTH INSUR	332,180.70	58,874.64	391,055.34	391,055.34	-	Admin incl Retiree stipend and admin fee
	52301		LIFE INSUR	11,452.96	1,189.57	12,642.53	12,639.53	3.00	
	52400		WORKERS' COMP			-			
				3,627,507.56	350,163.38	3,977,670.94			
			Uniform	30,709.49					
			Total	3,658,217.05					

Org	Object	Project	Description	2022 Revised Budget	2022 Actual	2022 Available	2022 Percent	2022 Original Budget	2021 Revised Budget	2021 Actual	
0012200	51200		SALARIES	2,190,963.00	1,950,345.98	306,922.01	85.99	2,190,963.00	2,029,623.00	2,029,622.85	Reduced GL by Retro to T Silcox entered DROP s/b pension refund
0012200	51210		WC REIMB	-	(697.20)	697.20	-	-	-	-	
0012200	51300		SEASONAL/TEMPORARY	-	-	-	-	-	-	-	
0012200	51350		PART-TIME	-	-	-	-	-	-	-	
0012200	51400		OVERTIME	204,300.00	187,545.29	16,754.71	91.80	204,300.00	227,588.00	199,489.75	
0012200	51500		INCENTIVE	13,680.00	11,206.46	2,947.64	78.45	13,680.00	12,960.00	12,372.92	
0012200	52100		FICA	184,137.00	157,242.09	31,737.29	82.76	184,137.00	173,668.00	162,596.05	
0012200	52200		RETIREMENT	736,628.00	488,017.69	263,174.96	64.27	736,628.00	737,454.00	696,418.14	
0012200	52300		HEALTH INSUR	438,072.00	273,690.90	164,381.10	62.48	438,072.00	407,691.00	380,173.83	
0012200	52301		LIFE INSUR	11,676.00	9,838.65	1,904.23	83.69	11,676.00	11,232.00	10,881.44	
					3,077,189.86						

From the Pay registers

				Firefighters	Admin	Total			
	51200		SALARIES	2,107,741.98	41,336.89	2,149,078.87	2,149,097.73	(18.86)	Reduced Salaries for Uniform Allowance
	51210		WC REIMB			-		-	
	51300		SEASONAL/TEMPORARY			-		-	
	51350		PART-TIME			-		-	
	51400		OVERTIME			-		-	
	51500		INCENTIVE			-		-	
	52100		FICA	154,106.34	3,162.27	157,268.61	157,242.09	26.52	
	52200		RETIREMENT	479,251.40	8,766.29	488,017.69	488,017.69	-	
	52300		HEALTH INSUR	261,198.62	12,492.28	273,690.90	273,690.90	-	Admin incl Retiree stipend and admin fee
	52301		LIFE INSUR	9,609.76	228.89	9,838.65	9,838.65	-	
	52400		WORKERS' COMP			-		-	
				3,011,908.10	65,986.62	3,077,894.72			
			Uniform	9,715.00					
			Total	3,021,623.10					

Org	Object	Project	Description	Project Nane
3151000	56300	18002	IMPROVEMENTS	Area 5 Drainage
3151000	56300	23044	IMPROVEMENTS	Friendly Road Water Main
3151000	56300	23045	IMPROVEMENTS	Clinch Drive Water Main
3151000	56300	23046	IMPROVEMENTS	Citrona Drive Sewer Main
3151000	56300	23051	IMPROVEMENTS	Amelia Road Sewer Main
3151000	56300	23052	IMPROVEMENTS	Amelia Road Water Main
3151000	56300	23059	IMPROVEMENTS	Amelia Island Parkway WM Relocation
315	59990		RESERVE	

2024 Revised Budget	2024 Actual	2024Encumbrances/Requisitions	2024 Available
1,524,305.00	175,332.85	1,348,323.99	648.16
357,000.00	0.00	0.00	357,000.00
350,000.00	18,330.60	20,117.83	311,551.57
150,000.00	0.00	0.00	150,000.00
166,434.00	0.00	30,347.50	136,086.50
166,433.00	0.00	30,347.50	136,085.50
138,000.00	138,000.00	0.00	0.00
2,852,172.00	331,663.45	1,429,136.82	1,091,371.73
220,507.00	0.00	0.00	220,507.00

City of Fernandina Beach

YEAR-TO-DATE BUDGET REPORT

FOR 2024 04

	ORIGINAL APPROP	REVISED BUDGET	YTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	% USED
315 OTHER CAPITAL IMPROVEMENTS							
315 36110	INTEREST						
	-15,000.00	-15,000.00	-11,405.20	-2,921.54	0.00	-3,594.80	76.0%
315 38910	CASH BALANCE FORWARD						
	-3,057,679.00	-3,057,679.00	0.00	0.00	0.00	-3,057,679.00	.0%
315 59990	RESERVE						
	220,507.00	220,507.00	0.00	0.00	0.00	220,507.00	.0%
TOTAL OTHER CAPITAL IMPROVEMENTS							
	-2,852,172.00	-2,852,172.00	-11,405.20	-2,921.54	0.00	-2,840,766.80	.4%
TOTAL REVENUES							
	-3,072,679.00	-3,072,679.00	-11,405.20	-2,921.54	0.00	-3,061,273.80	
TOTAL EXPENSES							
	220,507.00	220,507.00	0.00	0.00	0.00	220,507.00	
3151000 OTHER CAPITAL IMPROVEMENTS							
3151000 56300 18002	IMPROVEMENTS						
	1,519,305.00	1,519,305.00	175,332.85	175,332.85	1,341,022.38	2,949.77	99.8%
3151000 56300 23044	IMPROVEMENTS						
	357,000.00	357,000.00	0.00	0.00	0.00	357,000.00	.0%
3151000 56300 23045	IMPROVEMENTS						
	350,000.00	350,000.00	18,330.60	0.00	20,117.83	311,551.57	11.0%
3151000 56300 23046	IMPROVEMENTS						
	150,000.00	150,000.00	0.00	0.00	0.00	150,000.00	.0%
3151000 56300 23051	IMPROVEMENTS						
	166,434.00	166,434.00	0.00	0.00	21,957.50	144,476.50	13.2%
3151000 56300 23052	IMPROVEMENTS						
	166,433.00	166,433.00	0.00	0.00	21,957.50	144,475.50	13.2%
3151000 56300 23059	IMPROVEMENTS						
	143,000.00	143,000.00	138,000.00	76,500.00	0.00	5,000.00	96.5%
TOTAL OTHER CAPITAL IMPROVEMENTS							
	2,852,172.00	2,852,172.00	331,663.45	251,832.85	1,405,055.21	1,115,453.34	60.9%
TOTAL EXPENSES							
	2,852,172.00	2,852,172.00	331,663.45	251,832.85	1,405,055.21	1,115,453.34	
GRAND TOTAL							
	0.00	0.00	320,258.25	248,911.31	1,405,055.21	-1,725,313.46	100.0%

** END OF REPORT - Generated by Ashley Butler **

RESOLUTION 2022-161

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, ALLOCATING $6,595,742 FROM AMERICAN RESCUE PLAN FUNDS TO REIMBURSE THE GENERAL FUND FOR PUBLIC SAFETY SALARIES AND BENEFITS AND ALLOW FOR A TRANSFER TO THE ARPA CAPITAL FUND; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS the City received $6,595,742 dollars through the American Rescue Plan Act (ARPA) signed into law by President Joseph Biden on March 11, 2021; and

WHEREAS the City approved the American Rescue Plan Act Agreement as Resolution 2021-143; and

WHEREAS the Final Rule also offers a standard allowance for revenue loss of $10 million, allowing recipients to select between a standard amount of revenue loss (which the City has selected) or complete a full revenue loss calculation. Recipients that select the standard allowance may use that amount – in many cases their full award – for government services, with streamlined reporting requirements; and

WHEREAS The Final Rule stipulates those funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, including first responders. The regular salaries of Public Safety Officers, such as Police and Fire are explicitly eligible; and

WHEREAS, In the ARPA guidelines, the City may reimburse for eligible costs incurred after March 3, 2021. The Fiscal Year 2021-2022 is being considered for the reimbursement period, specifically the check dates occurring from 10/8/2021 to 7/29/2022; and

WHEREAS, the City's consultant, Anser Advisory, formally Government Services Group, recommends that the City utilize the ARPA revenue replacement towards the Public Safety Salaries and Benefits; and

WHEREAS the revenue replacement option will increase the FY 2021/2022 Budgeted transfers in and out by $6,595,742. The increase to the General Fund Transfer to ARPA Capital Fund account, 0018100 59315 for $6,595,742 and increase the ARPA Capital Fund Transfer from General Fund, account 315 38101 for $6,595,742. This will also increase the Total City Budget from $170,801,864 to $177,397,606.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FERNANDINA BEACH, FLORIDA, THAT:

SECTION 1. The City Commission hereby approves the use of the ARPA revenue replacement for the regular salaries of Public Safety Officers, such as Police and increasing the Total City Budget from $170,801,864 to $177,397,606.

SECTION 2. The City Commission hereby approves the increase to the General Fund Transfer to ARPA Capital Fund account, 0018100 59315 for $6,595,742 and increase the ARPA Capital Fund Transfer from General Fund, account 315 38101 for $6,595,742

SECTION 3. The City Commission authorizes the City Manager to work with the City Comptroller to reallocate the funds.

SECTION 4. This Resolution shall take effect immediately upon passage.

ADOPTED this 6th day of September, 2022.

CITY OF FERNANDINA BEACH

MICHAEL A. LEDNOVICH
Commissioner – Mayor

ATTEST:

CAROLINE BEST
City Clerk

APPROVED AS TO FORM AND LEGALITY:

TAMMI E. BACH
City Attorney