

ARP Update to Budget Committee

March 24, 2022



TOPICS FOR TODAY

- Metro Council Resolution and Ordinances
- ARP Funds Appropriated
- ARP Funds Remaining
- Administration
- Revenue Replacement
- Next Steps



PRIORITY AREAS FOR ARP EXPENDITURES

- Resolution established seven priority areas for the use of ARP funds:
 - Homelessness and Affordable Housing
 - Workforce Development
 - Healthy Louisville/Healthy Neighborhoods
 - Public Safety



PRIORITY AREAS FOR ARP EXPENDITURES Cont.

- Premium Pay
- Public Health Contingencies
- Eligible Infrastructure



METRO COUNCIL ARP PRIORITY AREA WORK GROUPS

- Work groups established for strategy, policies, and funding recommendations
- Work group members are as follows:
 - Homelessness and Affordable Housing
 - Arthur, Hollander, McCraney, Reed



METRO COUNCIL ARP PRIORITY AREA WORK GROUPS Cont.

- **Workforce Development**
 - Hollander, Piagentini, Winkler
- **Healthy Louisville/Healthy Neighborhoods**
 - Armstrong, Fowler, Hollander, Kramer
- **Public Safety**
 - Engel, Hollander, James
- **Premium Pay**
 - Hollander, Holton-Stewart, James, Kramer, Peden, Winkler



METRO COUNCIL ORDINANCES

June 2021 (Ordinance 87)	Million \$ (rounded)
<ul style="list-style-type: none">• General fund reimbursement of ARP expenses	\$15

June 2021 (Ordinance 90)	
<ul style="list-style-type: none">• Response to Covid Health Needs	\$13
<ul style="list-style-type: none">• Economic Stability	\$17



METRO COUNCIL ORDINANCES

November 2021 (Ordinance 168)	Million \$ (rounded)
• Homelessness and Affordable Housing	\$89
• Premium Pay	\$28
• Response to Covid Health Needs	\$13
• Public Safety	\$42
• Compliance and Reporting	\$10



METRO COUNCIL ORDINANCES, Cont.

December 2021 (Ordinance 197)	Million \$ (rounded)
• Public Safety Hiring Incentive	\$5
• Restricted Revenue Replacement	\$15

AMOUNTS DEFERRED

	Million \$ (rounded)
Office of Youth Development	\$ 9 (reduced from \$15M)
FY 23 Response to Covid Health Needs	\$12
Compliance and Reporting	\$10

FUNDING TOTALS

	Million \$ (rounded)
TOTAL FUNDS RECEIVED	\$388
Less funds appropriated	\$247
FUNDS REMAINING	\$141
Less funds deferred	\$ 31
REMAINING BALANCE INCLUDING DEFERRED AMOUNTS	\$110

OMB

- Initiation of the budget and monitoring of budget following appropriation
- Assist with the procurement of services through agreement
- Process, track and report on actual expenditure
- Review and validate compliance with agreements and Treasury guidelines

OMB Cont.

- Work with Departments in monitoring performance
- Work with auditors on Annual Single Audit
- Reporting with Council, ACRF, Single Audit, Treasury and others as requested
- Close out grant programs
- Record retention

LOUISVILLE ACCELERATOR TEAM

- Manage Request for Application (RFA) process
- Provide technical assistance to sub-recipients
- Assist with grant agreement process
- Monitor projects
 - Weekly meetings with award recipients
 - Problem resolution
 - Goal is to manage projects to success

LOUISVILLE ACCELERATOR TEAM

- Reporting
 - Metro Council
 - US Treasury Quarterly Project and Expenditure Report
 - US Treasury Recovery Plan Performance Report (annual)
 - Others as requested
- Close out projects
- Record retention

METRO DEPARTMENTS

- Serve as subject matter experts during RFA process
- Initiate grant agreement process
- Monitor projects
- Monitor performance
- Participate in close out process
- Record retention

MAYOR'S OFFICE

- Federal Government liaison
 - Funding
 - Rules interpretation
- Benchmark national best practices
- Program execution
- On-going communications with residents
- Seek/evaluate/respond to input and questions from residents
- Collaborate with Metro Council members to establish priorities
- Leverage relationships with foundations, businesses and community leaders

RESIDENTS AND STAKEHOLDERS

- Provide input on community priorities
- Respond to Requests for Information on best practices
- Submit proposals to implement ARP priorities
- Conduct projects
- Support community organizations

REVENUE REPLACEMENT

Eligible uses for ARP funds are as follows:

- Public health
- Economic hardship
- Premium pay
- Water, sewer, broadband infrastructure
- **Revenue replacement**

REVENUE REPLACEMENT Cont.

Revenue replacement

- Allows for the provision of government services to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency.
- Revenue replacement is the most flexible category of funds.

REVENUE REPLACEMENT Cont.

- Government services are those services provided through Metro Government departments, or related agencies, over which the Mayor effectively has control.
- Metro Government's budget documents provide historical examples of government services it provides.

REVENUE REPLACEMENT Cont.

- The reporting requirements for government services using revenue replacement funds is much less onerous than for projects in the other ARP eligible categories.
- ARP projects should be categorized as “revenue replacement” projects whenever possible. This will reduce the overall projected cost of reporting and compliance.

REVENUE REPLACEMENT Cont.

- Some projects are already required to be funded with revenue recovery funds (e.g. hiring incentives, public safety), and all future projects can be “revenue replacement”.
- OMB is ranking the administrative complexity of existing projects to determine which ones should also use revenue recovery funds to the extent of those funds.

American Rescue Plan Forecasted Recoveries FY20-FY23

	FY19 Base Year	FY20	FY21	Forecasted FY22	Forecasted FY23	FY2020-23
Control Forecast						
Property Taxes	\$ 170,602,995	\$ 174,531,481	\$ 190,079,616			
Occupational Taxes	432,693,080	422,401,863	472,543,075			
All Other	<u>210,351,176</u>	<u>173,385,014</u>	<u>177,019,510</u>			
Total	\$ 813,647,251	\$ 770,318,358	\$ 839,642,191	\$ 861,999,430	\$ 890,272,900	
Conterfactual Revenue (Growth Rate 5.2%)		\$855,956,908	\$900,466,667	\$947,290,934	\$996,550,063	
Revenue Reduction/ Replacement		\$ 85,638,550	\$ 60,824,476	\$ 85,291,504	\$ 106,277,163	\$ 338,031,693

NEXT STEPS

- Work group members recommend allocation of remaining funds between priority areas
- Consideration should be given to meet future imbalance of general fund operational expenses compared to forecasted revenues
- Ordinance is filed to appropriate funds

NEXT STEPS Cont.

- Funds are appropriated
- Project selection is finalized and contracts executed
- Project management, reporting and administration continue until project completion