

Captioning Transcript of Budget Committee Meeting -
October 6, 2022

"Hollander, Bill"

Good afternoon. This is the regular meeting of the Louisville Metro Council Budget Committee. Today is Thursday October 6th, it is 5:46. I realized the meeting was supposed to start at 5, but we've had a day here. And so I appreciate everybody's sticking around and joining us a little late. Let me call the role of people here council members in chambers councilman Piagentini, the vice chair Kevin Kramer I'm Bill Hollander the committee chair. I think I saw a Councilwoman George, coming in and also joining his councilwoman Armstrong, Council members Engel, Fowler, Triplett, Reed and Winkler. Oh and councilman Arthur. So, thank you all again for being around late this evening. We have 3 items of business the 1st is O-279-22 an ordinance amending ordinance number 83 series, 2022, relating to the fiscal year, 2022, 2023, operating budget for Louisville Jefferson county metro government to provide the office of management and budget with administrative authority to address variances and budgets for all council approved American rescue plan projects through limited reallocation and re appropriations of funding and to address, reporting, required for all ARP funded projects.

"Arthur, Jecorey"

Motion Arthur.

"Piagentini, Anthony"

Second.

"Hollander, Bill"

Properly moved and seconded, I will say, I think I failed to say the meeting is being held pursuant to KRS at 61.26 in council rule 5A, the CFO, Monica Harmon Monica introduce yourself and the floor is yours.

"Harmon, Monica"

Thank you very much, Monica Harmon, CFO, office of management and budget. What I have presented before you is a means to administer ARP funds, typically, council will adopt and accept a

grant in, from any federal agency, and there is not the appropriation process associated with that in by project or such, it's typically for 1 project accomplished its goals and the and the administration and accountability is to the funding agency who, which granted that granted, you do appropriate it at the annual budget with all funds budget, but these, it's typically 1 project, this is a unique funding source, it has been accomplished with through the American rescue plan and it is provided across the nation, an opportunity to provide funds to many many people, many many people in need, so to that, we need to administer these funds in in a more effective way without having to come to council for small variances in the program or project that is being done that has already been funded through Council. If you'll recall, we received 388 Million dollars, but there was a little bit more on because it was allocated based on entitlement. It was 295,772 dollars. To update council, the city has received a total funding that was appropriated and allocated to the city from the Treasury, so, what we're wanting to do is take that small bucket of money set that aside to address any overspend under that may happen that are less than 5% of the approved budget that council has appropriated or less than 100,000 dollars and if that is the amount, it exceeds that amount, then we would come back to council to address those overages or under it just the council can take appropriate action in addition to that, we are requesting to change the reporting frequency from monthly to quarterly so that you can see a more significant movement I don't think that there will be, I don't think you will lose track of the activity, and there's, as we get more involved with our other information that we're making available through the LAT team and our workday system I think you'll find that she'll be able to keep up to date on expenditures in the future in a more public way. Additionally, once we get to the end of the game, there's going to be funds that are possibly going to be remaining that are a small amount in what this does is to say, we'll treat this as revenue replacement so you won't have to take further action, so those are the items that I'm trying to basically identify and request that the council give office of management approval and keep you transparently aware of what we're doing through the quarterly reports. And with that, I'll take questions.

"Hollander, Bill"

So just to make clear what we're talking about, when you said a small amount, that's the 295,772 dollars essentially the idea is

that amount would be used to see this fund, which will rise and fall as we spend more or less on a particular project.

"Harmon, Monica"

It's basically a variance account. It's not a fund. It's an account to those shortages.

"Hollander, Bill"

Councilman Piagentini.

"Piagentini, Anthony"

Thank you, thank you Mr. chair. So there's a couple of questions, one specifically related to the language here. It says it amounts, back up in the middle of reference, Section 1, number 3, the underlying section, top of page 2, sort of middle of the paragraph it says the arp reconciliation account shall be used to address cost overruns both were previously approved grant projects and those that may be authorized without additional council approval, comma and amounts not to exceed 5% of the grant project budget or a maximum of 100,000 dollars for any individual project. I am very concerned that there is not less rough language here. I'm a little concerned there's not lesser of language here. Essentially it says that you don't have to come back to us in getting the approval for variances. It says amounts not to exceed 5% or a maximum of 100,000 dollars does that mean it is because it says, or I'm not sure how this is going to work it.

"Hollander, Bill"

It suggestion that's fine, maybe the county attorney could weigh in here? It is meant to say It can't be more than 5%, but it can't also be more than 100,000 dollars. I mean, that's what we

"Piagentini, Anthony"

Usually I'm used to and 5% and or not to exceed 100,000 dollars or something like that, like, I just want to make sure we're super clear about what is the absolute maximum because 5% of some of these projects is a flipping huge number. So if it's 100,000 dollars, I'm fine with it I just want to make sure this is what the language says, and I'm not a lawyer.

"Hollander, Bill"

So that was our intention anyway. It would be captured at 100,000 dollars.

"Hollie Hopkins"

Hollie Hopkins with the Jefferson County Attorney's office. I completely understand what you're saying, but both of you're saying, if you give me a minute to noodle with language, I can try and read something into the record for you, but or you all can trust that it will say what you want to say, and pass it out and I can send it to you all and it'll be in that form for council, but the objective as I understand it is that no single overage would be more than either 5% of the project cost or, let me back up, 5% of the project costs. But if that 5% were more than a 100,000 dollars, it would cut off at 100,000 dollars. Is that where we're trying to get?

"Piagentini, Anthony"

And, yes, it sounds like we're on the same page. So why don't why don't we do this, I hate doing legal language on the fly so let's we can move forward and I'm fine with voting this out today and we can, if we can clarify that language and if there's an amendment, we want to do on the floor, because again, it sounds like intent is 100% there, we'll wordsmith and we can do that. We don't need to hold this up for that. I do have a question that is referenced in the next paragraph so going right into the next paragraph under, line paragraph not necessarily related to, although it is related to this, but I've also received calls and I want to clarify something about how this money is and what we're telling the groups that are getting this funding, um, funds remaining reconciliation account on December 31st 2024 will be obligated to revenue replacement, yadda, yadda I'm fine with the language you use as I understand that the accurate language, which is by December 31st, 2024 all monies must be obligated by obligated. I would say, that my understanding is that means that we understand where the money's going to and it is going to go there period, full step end of conversation, my understanding is that the money must be spent, the money must be spent so actually have gone out the door expenditures right? I'm thinking of, like, cost accounting versus, you know, all these like, it's you accrue and then the money goes out. Right? So now, this isn't accrue, it's obligations not accrue I want to be clear on that, but conceptual metaphorically, we're obligated, but it may be spent

in the 2 year period between December, 21st, 31st, 2024 and December 31st 2026 correct?

"Harmon, Monica"

That is correct. That is, as I understand, exactly in the regulations, we obligate it to this bucket, and then we have to spend it in the next 2 years.

"Piagentini, Anthony"

Okay I can tell you, I, I've heard for multiple organizations, some of which are part of existing ARP allocated money some of which, we're, we're finalizing I'm actually sending an email right now to chairman Hollander and vice chair Kramer, we're going to finalize the last round of money and at a workforce was a big part of that, so, we're gonna circle back and finalize all of that and some of the groups that are involved in that are hearing from people in OMB telling them the money must be spent by December 31st, 2024 so, in some cases, they are reconfiguring project because they're paranoid that if they don't have the money spent by December 31st, 2024, they're going to lose it.

"Harmon, Monica"

What they have to do is have it obligated it with the exception of payroll and a lot of our projects involve payroll, payroll stops hard, stop December 31st, 2024 so if you have a purchase to buy a vehicle, and you've got it under contract you've got it under contract issued you've appropriated the funds, you've obligated it and you've you've said I want to buy this on December 30th of 2024, but you don't get delivery until 6 months later you are still within the regulations.

"Piagentini, Anthony"

But labor contract labor it sounds like you're saying, so so, in other words, if they have consultants, or if they have staff or whatever the deal is, if it is a labor cost role,

"Harmon, Monica"

It is payroll, not a professional service contract, labor, so if I'm paying or Metro personnel, or I'm reimbursing a grantee for their payroll, that is the end date because it is actual reimbursement for payroll.

"Piagentini, Anthony"

I'm so sorry to keep going down this path. So, because there's W2 payroll and then some of these organizations, I'm sure we'll have 1099 contractors does the regulation or the law differentiate between because I want to be super clear for our and now that we're doing on the record for these folks that are trying to manage this. Does it differentiate between 2? In other words, you have an organization that has payroll and right okay that needs to be clearly I think that needs to be spent. You're saying by December 31st, 2024 but as part of the project, right there could be to your point about the car, or it could be buildings, or it could be something else that's going to happen it's obligated, but they have contractors right who are paid on a 1099 basis right? Non non W2 employees does that have to be spent? Or are they in the obligated and spent down the road?

"Harmon, Monica"

Let me give you a good comparison. Let's just say we enter into a professional contract enter into a professional contract with an attorney, okay attorney gets is, under contract, or is an employee of, office, but we have a contract with the law firm, and they are billing us for those services under the contract we're not paying for that specific attorney and his hourly rate we're paying for the services from the law firm, based on the hourly rate that we contracted. 2 different things, if we were paying for a specific individual for their services to do on our, the grant that we express, and it's a payroll driven cost, and they provide us their wages and their time sheets and the proof that they've paid them that is the distinction.

"Piagentini, Anthony"

Okay, clear enough for me, and for today's conversation, but I would appreciate it if for all the organizations is dealing with if we could document this as clearly as humanly possible because it's I can tell you the organizations I spoke to didn't know that that was a distinction they heard all monies must be spent by December 31st, 2024, period, spent. So now, may have meant your payroll expenses, right? So, if if that can be clarified, that would be very helpful clear for me and when I talk to them, I'll say circle back with LMB I'm sure it was a miscommunication, but if we could, if we could be hyper clear on that, that would be very helpful.

"Harmon, Monica"

Not a problem.

"Piagentini, Anthony"

Thank you, thank you. Mr. Chair.

"Hollander, Bill"

Councilman Winkler.

"Winkler, Markus"

Yeah, Monica, not to beat this point in the ground, but, um, if I understand this correctly, how are we going to put 4 years of money away for, like the DOJ consent decree as an example, that was to pay staff in years 3 and 4.

"Harmon, Monica"

Well, I mean, we can't pay for staff after years 3 and 4, if it happens after December 31st, 2024, it could be for other things that are related, but it can't be for wages. Now, there's other, how do I say this, there's other creative.

"Winkler, Markus"

Yeah, I mean, I thought when the ask was to put 4 years of money aside was specifically to fund the internal accountability people that we thought we would need for a consent decree who are staff

"Harmon, Monica"

Again, I think that was presented a year ago, correct? We have a budget. We weren't going to start the work.

"Winkler, Markus"

I thought that we were supposed to be starting a lot of the work in advance of it, but, again, I'm not running this project, so I can't give you into the specifics of this specific thing, all I can tell you is the per the regulations payroll has to stop reimbursement for payroll, has to stop on December 31st of 2024. I think that Ms. Handmaker has made that clear, we've talked about this a number of times.

"Hollander, Bill"

Okay, the assistant county attorney Hollie Hopkins has given me some language councilman Piagentini, if you want to listen to this, sorry, I don't mean to interrupt your conversation. I have some potential language here, which may address this if we wanted to introduce this as an amendment today. So, where it says without additional council approval in an in amounts, not to exceed either we would add the language either, 5% of the grant project budget a maximum of 100,000 dollars comma whichever is less comma for any individual project that is that what you wrote writing language either, and whichever is less.

"Hopkins, Hollie"

Councilman Hollander, Hollie Hopkins, that placement of the phrase for any individual project I think it could stay where it is and then just have whichever is less after that.

"Hollander, Bill"

Okay. Okay. That's fine. So the language you would read without additional council approval and amounts not to exceed either adding the line with the word either 5% of the grant project budget or a maximum of 100,000 dollars for any individual project comma, whichever is less.

"Piagentini, Anthony"

Sounds good to me, I'd like to 2nd that if you're making that a motion.

"Hollander, Bill"

That's fine. So it's probably moved and seconded all in favor of of that amendment say aye, aye. Any opposed? All right so, with that amendment, any more discussion on this on this ordinance? All right, it's an ordinance it costs for roll call vote. If you please open the voting and call the role.

[vote taken]

"Brown, Marissa"

Chair Hollander? You're fine. Mr. Chair you have 10 yes votes.

"Hollander, Bill"

Thank you very much. Councilwoman Armstrong does have an excuse to absence for the rest of the meeting. She was going to be here for what we thought was going to be the meeting, but that wasn't the meeting. So so this will be on all business because of the amendment and our next council meeting. Thank you.

"Harmon, Winkler"

Thank you. Thank you. I appreciate your consideration.

"Hollander, Bill"

So, the next item is, I guess I need to read this title. Is that right? Okay. Well, it's a this is a long one okay, so item 2, O-282-22 an ordinance of the Louisville Jefferson County metro government. The issuer authorizing the issuance of revenue refunding, bond series, 2022A Masonic homes of Kentucky obligated group in an aggregate principal amount not to exceed 25 Million dollars for the purposes of refunding, existing credit facilities, buy in between Masonic homes of Kentucky, ink the corporation or the borrower and certain affiliates of the borrower and old National Bank. corporation or the borrower and certain affiliates of the borrower and old national bank formerly known as 1st, Midwest bank, the proceeds of which were collectively used to finance the costs of a daycare preschool facility, corporate resources center, senior adult, assisted living facilities, and senior adult, independent living facilities, known as the villages, all located on the campus of the corporation within the jurisdictional boundaries of the issuer and paying costs issuance of the bonds authorizing execution and delivery of a bond financing agreement and tax compliance certificate and agreement authorizing and approving certain other matters, including the execution of related documents in connection with the sale and issuance of the bonds

"Kramer, Kevin"

Motion to approve ordinance.

"Hollander, Bill"

Properly moved by vice chair Kramer and seconded by councilman Piagentini, the ordinance before us. And I don't know who's going to speak if you'll please introduce yourself for the record.

"Franklin, Mark"

Good evening, my name is Mark Franklin I'm with Dinsmore and Shelby Services as a bond counsel for the bonds. I just a quick note the bonds are to the purpose of the refinance existing debt Masonic currently holds with 1st, Midwest bank, which is now an old National Bank, the proceeds, the existing debt were spent to make improvements to its campus here within, Metro Louisville specifically with respect to the villages, which is the low income housing units, they have and also to sprout, which helps in addition to others medically fragile children Old National Bank is offered to do a taxes financing, which will help reduce the interest costs to Masonic and create savings, which you can then use, whether it's other tax exempt purposes. Things always like to say for taxes financing.

"Brown, Marissa"

Can you speak into the microphone?

"Franklin, Mark"

Oh, sorry. Let me move it up a little bit. Things always like to say for financing such as this is that Metro Louisville will not be obligated to make any payments on with respect to the bonds, the bonds would be payable slowly with moneys to be paid by Masonic homes and its affiliates and secondly, the bond financing does not include a request for, you know, property tax abatement or any other sections and that can be also common with industrial revenue bonds, so this is only the purpose of bonds is only for interest rate savings, achieved through a federal you know, tax benefit that's achieved through taxes, financing. So, we have Todd Lacey, the president of Masonic comes into, he's also with Masonic here and also, Laura Frost brown Todd, who's borrowers Council on the financing issue, they can answer any questions the committee may have.

"Hollander, Bill"

And, of course, we have some county attorney Hopkins. I know this has also been reviewed by Laura Ferguson, but county attorney in Louisville, former, I don't see anyone in the queue to speak about this. Let me see, is there anyone who has anything to say. All right, well, we appreciate your being here. Thank you very much. Thank you. for the work you did. This is an ordinance of costs for roll call. If you please open the voting.

[vote taken]

"Brown, Marissa"

Mr. Chair you have 10 yes votes.

"Hollander, Bill"

Thank you very much. The ordinance has approved and this will be on old business at our meeting. Actually I'm sorry it'll be on the consent calendar at the meeting next week. Thank you very much, thank you for staying a little late. The final item is item 3, ordinance it's O-208-22 and ordinance amending ordinance number 84 series 2022 relating to the fiscal year, 2022, 2023 capital budget for the Louisville Jefferson County, Metro government by transferring 50,000 dollars to an existing project title deed 16 line killing line sidewalk between Linwood circle and lime ridge place. Is there a motion to approve?

"Kramer, Kevin"

So moved.

"Piagentini, Anthony"

Second.

"Hollander, Bill"

Properly moved by vice chair Kramer, and seconded by councilman Piagentini the ordinances before us and I think. Our analysts, Beth Stenberg, maybe going to speak to this if anyone.

"Reed, Scott"

I'd be happy to.

"Stenberg, Beth"

Scott is here, so he can speak to it.

"Hollander, Bill"

Alright, sorry I had heard that. I know you're welcome to speak I'm sorry I heard that. I, uh, I got a text that said, maybe Beth was speaking so I certainly.

"Reed, Scott"

That's okay, that was the plan I thought I might have a work conflict Mr. Chair and here I am. So, yes, we're transferring

50,000 from a, an existing fund to a sidewalk project on, which I think is going to really benefit that area and, uh, it's going to bring the total amount to about 190,000 dollars. So, it's something that the residents there have asked for, for many years. And we really appreciate your support. Thank you.

"Hollander, Bill"

Thank you. I love CyberArk projects. I don't see anyone else in the queue is or is there any discussion?

[vote taken]

"Brown, Marissa"

Mr. Chair you have 9 yes votes.

"Hollander, Bill"

Thank you very much. The ordinance is approved, and it will be on the consent calendar at our meeting next week. And that concludes our business. Thank you all very much, without objection, we're adjourned.