


April 30, 2021

FOR YOUR INFORMATION

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To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager 

Subject: Updated Local Fiscal Recovery Fund Information

This is an update to the City Administration's recommended uses of the Local Fiscal Recovery Fund, which is part of the federal stimulus known as the American Rescue Plan (ARP). We provide this updated information based on recently revised advice from the UC Economics Center on the projected impacts of COVID-19 on the City's municipal income tax revenues. We also provide additional detail on several of the proposed support programs.

As previously discussed, the United States Department of Treasury has not yet released guidance on the use of the Local Fiscal Recovery Fund dollars; therefore, program structures and parameters may be adjusted to conform to further guidance. It is important, however, to clarify that the recommendations fall within two categories: several programs fall squarely within the parameters of the legislation – those include direct relief for lost revenues and income stemming from the impacts of pandemic related emergency orders and regulations or resulting economic conditions; improvements to civic and outdoor spaces that create safe gathering opportunities for the public; and programs focused on ameliorating the ongoing impacts of the pandemic. There are other recommendations, namely those that fund capital expenditures that are not directly pandemic related, for which the eligibility will largely rely upon further clarification in the form of Treasury guidance. We will provide further analysis and updates on those projects as soon as we are in receipt of the guidance.

Updated Income Tax Forecast

The City of Cincinnati received an updated income tax forecast from the UC Economics Center as part of the FY 2022 - FY 2023 Biennial Budget process. The revised forecast includes a decrease of General Fund income tax revenue of \$34 million for FY 2022 due primarily to the increased number of commuters that will continue to work from home after the pandemic. UC Economics Center staff will present this information at the Budget and Finance Committee at 1pm on May 3, 2021.

The Tentative Tax Budget (TTB) income tax estimate was \$311 million and has been revised down to \$277 million, resulting in a revised budget deficit for FY 2022 of \$67.5 million. The

Administration's original ARP plan included using \$31 million to close the deficit plus earmarked an additional \$18.5 million for a revised income tax forecast. The new plan includes the use of an additional \$31 million for the FY 2023 projected budget deficit.

The result is an updated plan submitted by the Administration to prioritize the use of ARP dollars (Attachment 1). The City was notified that there will be additional ARP dollars received that have also been incorporated in the updated plan. First, there is an additional allocation of \$9.9 million of HOME dollars through HUD that has been allocated to affordable housing line items in the plan. Second, there is an additional \$9.9 million of ARP dollars for Health Department activities which has also been allocated as part of this plan.

Funds will be disbursed in May of 2021 and May of 2022. The plan splits the funding between year one and year two and appropriation ordinances will be submitted for the year one funding. Year two funding will be reviewed and adjusted in the future if necessary, as actual income tax collections are received and there is more certainty to the impact of employees continuing to work from home. Also, there is ongoing litigation challenging H.B. 197's authorization during the pandemic for a city to continue collecting municipal income taxes from remote-working employees that would be commuting to offices within the city but for the pandemic. While there has been a positive ruling in a trial court in Franklin County dismissing the case in cities' favor in Franklin County, there is still risk to the City of Cincinnati in the court case filed against the City in Hamilton County. In addition, there is risk that an appellate court could overturn favorable holdings in Hamilton County or Franklin County. If the City does not prevail in this litigation and appeals, it could result in an order to refund City income taxes in excess of \$100 million. The Administration will continue to monitor this situation closely and revise the plan if necessary.

Supplemental Support Program Descriptions

The following programs were developed and proposed in order to provide rapid relief to persons, communities, and organizations that have been hit hard by the pandemic. Administering this unprecedented level of stimulus and aid funding is a substantial organizational undertaking. In order to distribute as much funding as quickly as possible that will provide a lifeline for Cincinnatians, their communities, their businesses, and their cultural institutions, the Administration has proposed the following programs. We can quickly administer the funds by leveraging relationships with partner organizations, and we target sectors and operations that were impacted by the pandemic related emergency orders and regulations. Upon Council approval of funding ordinances, we can ensure that relief funds are deployed within days of their receipt on May 11th.

Extended Pool Season and Recreation Center Summer Hours

The proposed \$400,000 and \$650,000 allocations will, respectively, allow for extension of the pool season for all Cincinnati Recreation Center pools and will allow for expanded summer hours at Cincinnati recreation centers. The purpose of this investment is to provide additional opportunities for Cincinnati youth to utilize these public facilities, which provide a positive and safe place for recreation. COVID-19 has severely disrupted schooling, childcare, and job opportunities and these additional hours are intended to

help mitigate those negative impacts and expand recreational opportunities for youth and parents.

Cincinnati USA Convention & Visitors Bureau Support

A \$1 million operating grant is proposed to the Cincinnati USA Convention and Visitors Bureau to fund operations and promotional activities that will assist in the economic rebound of the City's economy from the negative economic impacts of COVID-19. Funding will help Cincinnati to accelerate the return of conventions, events, and tourism to our region.

Social Services Operational Grants

This proposed program will distribute \$2 million in operating grants to human service and violence prevention funding recipients under the City's FY 2020 budget. This funding will be distributed to each organization based on the actual amount returned during the pandemic from the 25% reduction exercise that occurred during the FY 2020 budget and will be provided to fund regular operations to the extent negatively impacted by COVID-19, increase financial stability of these organizations, or to provide additional services focused on addressing the negative impacts of COVID-19.

Public Museum Support

To be deployed through a partnership with ArtsWave, this \$1 million proposed program will quickly provide operational grants to public, non-profit museums to assist in stabilizing the finances of these important cultural institutions that have been severely impacted by COVID-19. The City will work with ArtsWave to structure eligibility criteria for the program then rapidly deploy funds to all organizations utilizing a fair and equitable allocation methodology.

ArtWorks Youth Employment Initiative

This \$1 million initiative will fund a youth employment proposal made by ArtWorks that will create employment and job training opportunities for approximately 50 youth over a period of two years. The employment will focus on graphic design, mural creation, and environmental design, but the program also includes a job readiness and skills training component as well as an employer match.

PIVOT

This proposed \$1 million allocation will provide resources to the Cincinnati Police Department's existing Place Based Investigations of Violent Offender Territories (PIVOT) program. The COVID-19 pandemic has generated an increase in criminal activity locally and nationwide. The goal of the PIVOT program is to disrupt offenders' ability to harm individuals and the surrounding community, using a problem-oriented approach that capitalizes both on focused deterrence and place network interventions.

Keep Cincinnati Beautiful (KCB) Blight Abatement

This proposed \$500,000 program will increase neighborhood blight abatement activities through a continued partnership with Keep Cincinnati Beautiful to keep our neighborhoods clean and reduce blight citywide. This program will be structured to

counteract the negative economic impacts of COVID-19, particularly increased commercial vacancy resulting from closures.

Clifton Cultural Arts Center

This proposed \$500,000 program will provide operational support to the Clifton Cultural Arts Center to support service delivery and community programming. The program will be focused on counteracting the negative impacts of COVID-19, including the impacts of the pandemic youth education, cultural enrichment, and community relationships.

Community Economic Advancement Initiative

This proposed \$980,000 program will provide operational support to the Community Economic Advancement Initiative to address negative economic impacts of COVID-19 through delivery of economic, social, and cultural program services supporting the African American Community in Cincinnati, which community has been disproportionately impacted by the pandemic.

CityLink Expansion

This proposed \$250,000 grant to CityLink will support the expansion of program services by providing resources for operations and capital improvements to the CityLink Center located at 800 Bank Street in the West End. CityLink's services, including job training and education, are critical to assisting lower and moderate-income residents in rebounding from the impacts of the pandemic.

BLINK 2022

This proposed \$1 million investment will act as seed money for organizing and planning the return of the light-based art festival BLINK in 2022. Funds will be granted to the Cincinnati USA Regional Chamber. The purpose of this proposal is to attract the economic and community benefits that this event brings to our community and bring economic life back to our urban core, which has been severely impacted by COVID-19.

Restaurant Grant Phase 2

This proposed \$4 million program will be deployed through a partnership with the Cincinnati USA Regional Chamber in a similar fashion to the previously launched Taste of Cincinnati All Winter Long partnership, which deployed \$4 million in CARES funding late in 2020. This partnership would continue with the previously established program structure and fund operational grants to restaurants and bars located in the City of Cincinnati. Program parameters are intended to follow closely the parameters used for the Taste of Cincinnati All Winter Long program but will be adjusted to better match the evolving needs of this industry.

Neighborhood Activation Fund

This proposed \$3 million fund will provide resources to support community projects and events in neighborhoods, with the purpose of restoring community fabric and rebuilding relationships that have been suffered due to the pandemic. Eligibility criteria will be established with input from external stakeholders but are expected to include items such as community concerts, art installations, block parties, and other initiatives that bring

activity and vibrancy to our neighborhoods. These funds will be deployed through a competitive application process.

Neighborhood Business Districts Support Grants

A proposed \$3.75 million program will be utilized to assist our neighborhood business districts in rebounding from COVID-19. Funded activities may include capital projects, business start-up expenses, and other investments that will help neighborhood business districts stabilize and recover. These funds will be deployed in partnership with the Cincinnati Neighborhood Business Districts United (CNBDU) organization.

Minority Business Partnerships

This \$3 million proposed program will provide operational support to a partnership between the Urban League and the Port of Greater Cincinnati Development Authority. The funding would support program services to assist minority businesses, including provision of funding for securing or improving commercial space and back office support.

Minority Business Accelerator-Ascend

This \$5 million proposed program would provide funds to Ascend*Cincy, a partnership between the City, Urban League, the Greater Cincinnati African American Chamber of Commerce, and the Minority Business Accelerator to provide staffing, accounting, human resources, financial coaching, and other assistance to black-owned businesses, which have been disproportionately impacted by COVID-19. The City will work with these partners to develop program criteria to best address the needs of this community.

Women Business Program

This proposed \$2 million program will provide funds to a partnership with Main Street Ventures to provide both operational grants and training to new and established women-owned businesses. This initiative would leverage the program structure already established by Main Street Ventures but increase scale and impact by providing additional resources. The goal of this initiative will be to create job opportunities for residents and entrepreneurship opportunities for women – including women in business that have carried a disproportionately high burden in managing the social challenges of the pandemic.

Performing Arts Support Grants

This proposed \$7 million dollar program will provide \$6 million in direct operating grants to performing arts organizations across the City and will provide another \$1 million to directly fund public performances in our civic spaces, urban core, and neighborhoods. These dollars are intended to be deployed through a partnership with Arts Wave, and the City will work with Arts Wave to structure eligibility criteria for the program then deploy funds to all organizations utilizing a fair and equitable allocation methodology.

BLM Mural

This proposed \$250,000 investment will provide funds to restore the Black Lives Matter (BLM) mural on Plum Street outside of City Hall and would also provide funds for a

historical plaque explaining the mural's backstory and events centered around the mural.

Tree Canopy Expansion

This proposed \$1 million program will provide resources to expand the City's existing urban forestry tree canopy program by planting additional trees in Cincinnati neighborhoods. Neighborhoods that lack existing street tree canopies will be prioritized in an effort to mitigate heat and improve environmental conditions in these City neighborhoods.

Outdoor Dining Grant Program (Neighborhoods)

This proposed \$2 million grant program will provide resources for bars and restaurants in our neighborhoods to invest in outdoor dining infrastructure and improvements to add both safe outdoor dining options to match changing consumer tastes due to COVID-19 and to add vibrancy to our neighborhood streetscapes. These funds will be deployed through a competitive application process.

Bethany House Additional Project Costs

This proposed \$1.3 million investment will assist Bethany House in covering increased project costs for construction of a new family shelter. COVID-19 has impacted the Bethany House clients and increased the need for this project, but it has also impacted construction costs. The funds will help ensure that the project is financially viable and will create construction jobs in addition to serving low-income and homeless persons disproportionately affected by the pandemic.

Affordable Housing Trust Fund

This proposed \$8.1 million investment will be deployed through the City's recently established partnership with the Cincinnati Development Fund. These funds will be utilized to provide assistance to affordable housing development projects and will support the City's broader affordable housing initiatives, including by supplementing Section 108 debt financing for affordable housing.

HARBOR Program Expansion

This proposed \$500,000 will go to the Homeowner Assistance Repairs and Building Order Remission (HARBOR) program in the Department of Buildings and Inspections, which provides financial assistance to low-income, owner-occupied homeowners. These dollars will be targeted to those households whose incomes have been negatively impacted by COVID-19.

Port Authority Affordable Housing Projects

This proposed \$5 million program will provide direct subsidy to the Port of Greater Cincinnati Development Authority to develop single-family homes in Cincinnati neighborhoods, providing homeownership opportunities for low or moderate income households that have experienced job or housing instability due to COVID-19. This program will also redevelop vacant lots owned by the Hamilton County Land Reutilization Corporation.

Build Cincinnati Development Fund

This proposed \$2 million program will provide additional resources to the Build Cincinnati Development Fund program to help finance commercial and residential development within the City, with a particular focus on hard-to-finance high-density residential and commercial projects in our urban core and in neighborhood business districts. COVID-19 has drastically impacted our urban core and neighborhood business districts. The purpose of this investment is to generate both construction jobs and increase residential and commercial availability to attract residents and tenants back to the center of our City and to our neighborhood centers.

Additional Demolition and Blight Abatement

A proposed \$1 million program would provide additional resources to the City's Building and Inspections Department in order to fund additional demolition and blight abatement work in coordination with our neighborhoods to encourage redevelopment of vacant, blighted lots, and to increase safety and quality of life for residents.

Conclusion

The COVID-19 pandemic and resulting emergency orders and regulations have had devastating economic and social impacts on our City and residents. While these impacts may far outlast the pandemic, we have an opportunity to immediately ameliorate the effects through quick deployment of the American Rescue Plan dollars. The Administration's updated recommendations prioritize utilizing these dollars to provide long-term fiscal stability for the City; to provide rapid short-term relief to struggling businesses, organizations, and cultural institutions; and to invest in programs and infrastructure that benefit individuals most impacted by the pandemic.