



January 4, 2021

Ms. Polly Ruddick  
 Office of Homelessness Prevention and Intervention  
 101 E. Vine St., Suite 100  
 Lexington, KY

Re: Budget Modification -- Welcome House Lexington Payee Program

Dear Ms. Ruddick:

The Representative Payee Program is a long-term program which doesn't operation like a short-term or medium-term intervention like a shelter or RRH housing program. It's a long-term commitment to clients so longer contract periods are advantageous to us and especially the clients who enroll. Many clients stay on for several years, so it's important to protect the longevity of the program. COVID-19 has had a significant impact on travel and navigating other Lexington provider relationships while they have been on lock-down and operating in crises mode. We essentially lost a year of effective opportunity to grow the program. Extension of the contract and reduction of currently scheduled payments reduces their short-term cash owed by Lexington which can help them manage within budgets for the next couple of years.

The current budget and contract calls for a total of \$483,557 to be disbursed via fixed quarterly disbursements to Welcome House over three years from 7/1/2019 to 6/30/2022.

CURRENT CONTRACT AGREEMENT					
	Year 1	Year 2	Year 3		
	July 1, 2019 - June 30, 2020	July 1, 2020 - June 30, 2021	July 1, 2021 - June 30, 2022		TOTAL
Contracted Budget	\$ 156,054	\$ 160,595	\$ 166,908	\$	483,557

While quarterly disbursements are not contingent on proof of exact actual expenditures, it is Welcome House's intent to keep program costs close to and in alignment with what is being disbursed. Due to several factors including conservative budgeting and a reduced client caseload, the actual operating

We anticipate the underspending trend to continue in the contract and as such, are proposing to modify the budget and contract in order to bring future payments more into alignment with anticipated costs going forward. Under the revised proposed budget, we still anticipate we could serve up to 60 clients at a time. This helps to alleviate Welcome House showing large cash surpluses on the project and makes the average cost of services rendered less for LFUCG; i.e. of better value. With three payments still remaining in the 2nd contract year, we are proposing to reduce the quarterly payment for year's 2 and 3 to \$22,377 (from current payment amount of \$40,149 per quarter). We are also proposing to forego the disbursement for Q2 of Year 2 in order to help right size the trends that already occurred in the first 5 quarters.

PROGRAM-TO-DATE EXPENSE ACTIVITY						
			<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Program-To-Date</u>
			July 1, 2019 - June 30, 2020	July 1, 2020 - Sept 30, 2020	n/a	July 1, 2019 - Sept 30, 2020
Contracted Budget/Paid PTD	\$	156,054	\$	40,149	-	\$ 196,203
Amount Expensed PTD	\$	106,069	\$	24,607	-	\$ 130,676
Amount Below Contract PTD	\$	49,985	\$	15,542	-	\$ 65,527

PROPOSED EXTENSION AND PAYMENT PLAN						
			Remaining Quarters for Pmnt	Amount Previously Paid	Amount Proposed For Future Pmnt	Proposed Contract Pmnt For Remaining Q's
Year 1 Budget			0	\$ 156,054	\$ -	\$ -
Remaining Year 2 Budget			2	\$ 40,149	\$ 44,755	\$ 22,377
Proposed Annual Year 3 Budget			4	\$ -	\$ 89,509	\$ 22,377
Addtl Contract Year 4 Budget			4	\$ -	\$ 92,194	\$ 23,049
Addtl Contract Year 5 Budget			4	\$ -	\$ 94,960	\$ 23,740
Proposed Amount of Future funding					\$ 321,418	
Current Remaining Contract Value	\$	287,354				

The current contract has payments of \$287,354 owed for the remaining 7 quarters in Year 2 and 3 but the proposed contract plan would only have payments of \$134,264. By reducing the exposure and payment size needed in year 2 and 3, Welcome House would like to extend the contract for 2 more years at this reduced budget in order to increase the longevity of the program for current and future participants as well as to be more effective with the dollars

already awarded. Note that the proposed plan, if approved, would cost a total of \$517,621, (\$34,064 more than the original total contract value) in order to cover a full 5 years and 2-year extension from the original 3-year agreement. This is a 7% increase to the total contract amount but allows for 2 full additional years because of the significant reduction in payments for the remainder of existing periods.

Sincerely,

A handwritten signature in black ink, appearing to read 'Danielle Amrine', with a stylized flourish at the end.

Danielle Amrine  
Executive Director