MAYOR LINDA GORTON

LEXINGTON

THERESA REYNOLDS
DIRECTOR
GRANTS & SPECIAL PROGRAMS

TO: **LINDA GORTON, MAYOR**
URBAN COUNTY COUNCIL

FROM: **THERESA REYNOLDS, DIRECTOR**
DIVISION OF GRANTS AND SPECIAL PROGRAMS

DATE: **AUGUST 17, 2026**

SUBJECT: **Reallocation of Grant Funds – Kentucky Cleaner Water Grant from American Rescue Plan Act (ARPA) Funds**

Request: The Division of Water Quality requests Council authorization for the Mayor to sign any and all documents necessary for the reallocation of all Kentucky Cleaner Water Grant funds. Excess funds assigned to completed projects require reallocation to active projects that are not fully grant funded. The total value of the awarded grant is $37,765,835, which is providing funding for nine (9) distinct, Kentucky Infrastructure Authority (KIA) approved stormwater and sanitary sewer projects.

Purpose of Request: In 2021, Senate Bill (SB) 36 allocated $250 million of the state's American Rescue Plan Act (ARPA) funds for improvements to drinking water and wastewater systems across the Commonwealth. SB36 was branded as the Cleaner Water Kentucky Program.

The program provided grant funding on a county-by-county basis, Ultimately, Fayette County was allocated over $37M in grant funding. That grant funding was further allocated on a project-by-project basis, with each project approved for funding using criteria adopted by KIA.

In August 2021, Fayette County received its first grant award, over the next three years, eight additional projects were awarded grant funding. In all cases, the grant awards were based on **estimated** project costs. As the projects moved through design and construction, it became clear that some projects had excess grant funding while others were underfunded. Council authorization is required for the Mayor to sign any and all documents necessary to make sure each of the nine projects is 100% grant funded. See Exhibit A for the project list and the current, proposed funding reallocation

What is the cost in this budget year and future budget years? There is no additional cost associated with this action.

Are the funds budgeted? Yes, all grant funds are budgeted. ARMSTRG_PS_2023, VETERAN_PK_2023, UV_GRANT_2024.

File Number: 0718-26

Director/Commissioner: Sanders/Martin