

The City Council of the City of Charlotte, North Carolina convened for a Strategy Session on Monday, April 13, 2020 at 6:34 p.m. in Room CH-14 of the Charlotte Mecklenburg Government Center with Mayor Vi Lyles presiding. Councilmembers present were Dimple Ajmera, Tariq Bokhari, Ed Driggs, Larken Egleston, Julie Eiselt, Malcolm Graham, Renee Johnson, James Mitchell, Matt Newton, Victoria Watlington, and Braxton Winston II.

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**Mayor Lyles** called the meeting to order at 6:34 p.m. Tonight's Business Meeting is being held as a virtual meeting in accordance with the electronic meeting statute. The requirements of notice, access, and minutes are being met through electronic means. The public and the media are able to view this meeting on the Government Channel, which we are highly recommending, the City's Facebook Page, or the City's YouTube Page. I will begin with the introductions of the City Council, followed by the introductions of our staff that are sitting at our six-foot separation area.

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### **INVOCATION AND PLEDGE**

Mayor Lyles gave the Invocation followed by the Pledge of Allegiance to the Flag by Councilmember Julie Eiselt.

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### **BUSINESS MEETING**

#### **ITEM NO. 1: CONSENT AGENDA**

Motion was made by Councilmember Egleston, seconded by Councilmember Driggs, and carried unanimously to approve the Consent Agenda as presented with the exception of Item No. 17 which was pulled for a separate vote.
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The following items were approved:

#### **Item No. 10: Citywide Maintenance, Repair, and Operating Supplies Cooperative Purchasing Contracts.**

(A) Approve the purchase of maintenance, repair, and operating supplies from cooperative contracts, (B) Approve a unit price contract with W. W. Grainger for the purchase of maintenance, repair, and operating supplies for a term of one year under OMNIA Partners contract 192163, (C) Approve a unit price contract with Fastenal Company for the purchase of maintenance repair, and operating supplies for a term of one year under OMNIA Partners contract 2018-000208, and (D) Authorize the City Manager to extend the contracts for additional terms as long as the cooperative contracts are in effect, at prices and terms that are the same or more favorable than those offered under the cooperative contacts.

#### **Item No. 11: Citywide Safety Supplies**

(A) Approve unit price contracts for the purchase of safety supplies for a term of three years to the following: Korman Signs, Inc., Northern Safety Co., Inc., Safety Products, Inc., and (B) Authorize the City Manager to renew the contracts for up to two, one-year terms with possible price adjustments and to amend the contracts consistent with the purpose for which the contracts were approved.

#### **Item No. 12: Public Safety and Emergency Preparedness Supplies**

(A) Approve the purchase of public safety and emergency preparedness supplies from a cooperative contract, (B) Approve a unit price contract with Safeware-Mallory for the purchase of public safety and emergency preparedness supplies for a term of two years under Omnia Partners Contract #440008468, and (C) Authorize the City Manager to

extend the contract for additional terms as long as the cooperative contract is in effect, at prices and terms that are the same or more favorable than those offered under the cooperative contract.

**Item No. 13: Elevator Equipment, Maintenance and Repair Services**

(A) Approve the purchase of elevator equipment, maintenance, and repair services from cooperative contracts. (B) Approve unit price contracts for the purchase of elevator equipment, maintenance, and repair services to the following: Otis Elevator Company for a term of five years under Omnia Partners Contract # 2019001563, Schindler Elevator Corp. for a term of one year under Sourcewell contract #100516-SCH, and ThyssenKrupp for a term of one year under Sourcewell contract #100516-TKE, and (C) Authorize the City Manager to extend the contracts for additional terms as long as the cooperative contracts are in effect, at prices and terms that are the same or more favorable than those offered under the cooperative contracts.

**Item No. 14: Hydraulic Pressure Hose Repair and Replacement Services**

(A) Approve a unit price contract with Pirtek Southend for hydraulic pressure hose repair and replacement services for an initial term of three years, and (B) Authorize the City Manager to renew the contract for up to two, one-year terms with possible price adjustments and to amend the contract consistent with the purpose for which the contract was approved.

**Item No. 15: Waterproofing Services**

(A) Approve unit price contracts with the following companies for waterproofing services for an initial term of three years: Strickland Waterproofing Co., Inc., Mecklenburg Restoration, LLC; and (B) Authorize the City Manager to renew the contracts for up to two, one-year terms with possible price adjustments and to amend the contracts consistent with the purposes for which the contracts were approved.

**Item No. 16: Paw Creek Pump Station Upgrades Construction**

Approve a guaranteed maximum price of \$15,634,000 to State Utility Contractors, Inc. for Design-Build construction services for the Paw Creek Pump Station Upgrades project.

**Item No. 18: Airport Concourse A West Ramp Expansion, Phase 2 Change Order**

Approve change order #2 for \$4,000,000 and a contract time extension to Flatiron Constructors Inc. – Blythe Development Company, A Joint Venture for settlement of claims, and final closeout of Concourse A West Ramp Expansion, Phase 2 Site Preparation, and Paving Project.

**Item No. 19: Airport Environmental Assessment for the Fourth Parallel Runway Contract Amendment**

Approve contract amendment #1 for \$867,317 with Landrum & Brown, Inc. for an Environmental Assessment for the Fourth Parallel Runway and associated projects.

**Item No. 20: Refund of Property Taxes**

Adopt a resolution authorizing the refund of property taxes assessed through clerical or assessment error in the amount of \$1,701,914.03.

The resolution is recorded in full in Resolution Book 50, at Page(s) 500-520.

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## ITEM NO. 17: CATS TICKET VENDING MACHINE REPLACEMENT PARTS

Motion was made by Councilmember Egleston, seconded by Councilmember Bokhari, to (A) Approve the purchase of ticket vending machine replacement parts, by the sole source exemption, (B) Approve a contract with SPX Corporation dba Genfare for the purchase of ticket vending machine replacement parts for an initial term of three years, and (C) Authorize the City Manager to renew the contract for one, two-year term with possible price adjustments and to amend the contract consistent with the purpose for which the contract was approved.

The vote was taken and recorded as follows:

YEAS: Councilmembers Eiselt, Ajmera, Mitchell, Egleston, Graham, Watlington, Johnson, Newton, Bokhari, and Driggs.

NAYS: Councilmember Winston.

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## POLICY

### ITEM NO. 2: CITY MANAGER'S REPORT

**Marcus Jones, City Manager** said as we discussed last week, what I was going to do was come back to you today and talk a little bit about the FY2020 challenges as well as the FY21 budget. Before I go into that I see that Denada has my 30-day report on the screen so I will go through that pretty quickly as customary during the Manager's Report. We have tonight's Business Meeting followed by the Zoning Meeting next week and then as we scroll this up, we also have on the last Business Meeting of the month, we have a COVID-19 Update as well as we will be receiving the \$50 million grant for the RNC (Republican National Convention). That is something that the Council has to approve to receive. On May 4<sup>th</sup> we will have the budget presentation followed by May 11<sup>th</sup> which is a Budget Public Hearing. I know that there are a lot of things that the Council would like to discuss in terms of the budget, so we stopped at the 11<sup>th</sup> so you would have an idea of what is planned. What I would like to do tonight is just go through an update of 2020 and the outlook for 2021 and I think that will help inform how you would like to move forward over the course of the next months. Mayor, if that is fine, I would like to go into the presentation.

**Mayor Lyles** said I think that we would like to have a discussion around those following so that we could set up a schedule that is appropriate for our budget deliberations and consistent with the declarations, rules, and regulations. So, we will be talking to everyone about that.

**Councilmember Watlington** said I have a question about May 4<sup>th</sup>, I know we discussed adding that 90-day action item from December regarding Transportation Improvements on May 4<sup>th</sup>. I didn't see it there, so I just wanted to make sure that was still on the docket.

Mr. Jones said sure, I believe we can do that on the 27<sup>th</sup> of April as a part of the Manager's Update.

### **Fiscal Year 2020 and Fiscal Year 2021 General Fund Budget Updates**

**Marcus Jones, City Manager** said the purpose of tonight is to, as I mentioned earlier, to just give you an update on the 2020 General Fund Budget Outlook as well as the 2021 General Fund Outlook and some of the challenges that we will have for 2021. One of the keys is that if we start off with your Annual Strategy Session, we discussed really four priority areas for the Council. If we go back to January 6<sup>th</sup> at the Strategy Session, there was a robust conversation around safe and healthy communities, and we were

working with the County in terms of a violence reduction strategy. Then as we moved forward to the Annual Strategy Meeting, it was very clear that in terms of business and workforce development, something that been worked on during the 2019 Annual Strategy Meeting, the Council wanted to move forward and do more in that area. The Great Neighborhoods and Housing, while we started off in 2018 with a focus on that area, Council really wanted a stronger focus on our Corridors of Opportunity, and then lastly, in terms of the long-term outlook we were focusing on Mobility, Connectivity, and Accessibility. We talked about the Silver Line, we talked about bus frequencies, and really a long-term strategy around that. But then we had COVID-19, and while this is a rapidly evolving situation this impact is wide, and it touches every member of our community. While we are in constant collaboration with our partners, it is important to have a balanced approach because there are so many needs, so many requests, and so much uncertainty. That is one of the goals of this evening, to bring you up to speed as to where we are and what we are seeing.

One of the things we talked about I believe at our March Strategy Session was a 2019 Report that came out from the Rating Agencies, Moody's to be specific, that looked at the 25 most popular cities and wanted to know how did they stand in terms of being resilient in terms of a financial crisis. Charlotte was in that top tier of being prepared. We have a sound financial position and one of the reasons that is important, we have this large diverse tax base, but a lot of the discussion has been around our reserves. So, I wanted to tackle that upfront.

In terms of our policy, we have a 16% reserve that is related to what we would have in our fund balance, but I wanted to move away a little bit from that and talk about it more in real terms. What is important is, when you start to think about your unassigned fund balance it is really for some of those unexpected occurrences that may impact your core operations. So, for us that 16% is one number, but when you start to think about the GFOA(Government Finance Officers Association) requirements and best practices, they basically boil this down to two months of cash on hand that would be the same as your operating expenditures. So, you would have enough money to operate for two-months, let's say if everything dried up. For us that 16% actually represents something a little bit less than two months of operating costs or revenues that come in. To be closer to two-months it would be closer to 16.7% so we are a little bit less than two months that we have in our unassigned balance. There has been a lot of discussions about the North Carolina Local Government Commission and it recommends eight percent. I think that is fine, but the issue is that if we had an 8 % unassigned balance it would be the equivalent of one-month of revenues in terms of your operations. So, I just wanted to put it more in a perspective that when we start to think about this unassigned fund balance it is more related to when you have a dramatic issue that comes up, you have an opportunity to keep core services operating. If you go into that unassigned fund balance, for the most part, the rating agencies, if you aligned it up for something that is considered a core service, that is fine, but even with that, there is the expectation that you have a plan put together to replenish the use of those funds. Again, while we are in a very strong financial position, I wanted you to look at this in terms of what is a GFOA requirement, or suggestion, or strong recommendation and how we are consistent with that.

The economic impacts of COVID-19 and these are just the data that is out there, we have seen unemployment up. The number of economists believe that the decline in the GDP of 30% for the quarter two of 2020, consumer confidence, which was extremely high prior to this, is on the decline, and the federal stimulus package is being used to help smooth this to the extent that it is possible.

Let's talk a little bit about the revenue impacts because this first slide will be important as we move forward because it really puts us into the position of understanding what we are up against. So, I really want to focus on four taxes that have an impact on our revenue situation. The four taxes are the property tax, sales tax, occupancy tax, and the food and beverage tax. We will start off with the property tax as we go across. So, when we look at the General Fund, the impact is considered low. For the most part, what we have are that those rates have been set, those bills have gone out and we don't see

that in the short-term as a high impact. The same thing on the general fund and the general capital fund, but then when we start to look at sales tax, sales tax represents about 16% of the General Fund budget and about 15% of our Capital Investment Plan so, having volatility in sales tax is something that concerns us both from the General Fund side as well as the capital fund side.

Transit, as we think about the CATS(Charlotte Area Transit System) system, we have 2.5 cents sales tax that comes back to the City, but one-half of that percent goes over to CATS and it is worth more than 50% of the revenue that comes into CATS and that has a high impact on CATS also. I'll speak about CATS and the Airport and the Water fund and the Stormwater fund later in the presentation, but I just wanted to start off with the sales tax impact.

While our occupancy tax, when you start to think about the hotel tax, the eight percent and the food and beverage tax, the one percent, goes over to our tourism fund, which we will talk about at the end, and not the General Fund. The impact on the hospitality funds of COVID-19 is very high. What does that mean for our General Fund revenue? The best place as a starting point is to go back, and I started off with the Annual Strategy Session and then I'll pivot back to it, so during the Annual Strategy Session, we call it the mid-year update, we were basically seeing our revenue track a little bit better than the budget. We were a little bit better in property tax, we were better in sales tax, and at that point, sales tax was up nine percent over the previous year. The Utility Franchise Sales Tax was doing well and all of the other revenue, which includes license and fees, intergovernmental, and all others were still tracking fine in terms of the forecast, so at that point, we were up \$2.2 million for the year-end. As you recall, what happens at the end of the year, we make sure we have enough funds set aside for our 16% reserve, and anything over and above that goes into the PAYGO (Pay-As-You-Go) pot for one-time expenditures.

Now let's move forward to what has happened to our forecast since the changes related to COVID-19. As I mentioned earlier sales tax is about 16% of our General Fund revenue. What we saw is at mid-year, that middle column, we were tracking ahead again nine percent above where we were the year before at \$120 million. What we've seen right now is the impact of this current fiscal year is almost a \$9 million hit. That is based on basically losing somewhere between 25% and 30% of our sales tax revenue over the last three months of the fiscal year, so April, May, and June. What you will also see is that we have a hit in other sources and that is really driven by, for the most part, we will see a decline in license and fees and also, for example, we have school resource officers that are deployed at the schools. Because the schools are closed the resource officers are helping us being on the street, but the reimbursement that we would get from CMS, we no longer have. So, we moved from roughly a mid-year being \$2.2 million to the good on the revenue side to almost \$14 million down on the revenue side, which gives us a reason to pause.

2020 Actions; what we are trying to do on the left side again, we started off feeling that we would be up in terms of revenue, but that is not where we are going to end. So, what we've done, and I spoke about this a little bit last week, we have initiated a citywide hiring freeze that does not relate to Police and Fire, Sworn Officers. We are also continuously reviewing all of our spending and we are seeing what would be the utilization of the CARES Act (Coronavirus Aid, Relief, and Economic Security Act) funds when possible. As a matter of fact, some directions were to come out today, they did, didn't really help us much, but there are out there and right now we don't see the CARES Act helping us on the revenue side for the General Fund. It is a little different for Aviation and for CATS. So, some of the stresses that we have is this potential shortfall on the revenue side of almost \$14 million. We have a special pay incentive that I think is important for our employees as we go through this crisis and we are also having our concern about staffing our operations. Right now, we've been very fortunate in terms of the limited number of cases, but as this continues there is a concern about our ability to staff all of our operations. So, what I would say is that if we were to use our reserve that I mentioned earlier, to end the fiscal year and balance it again, that would be one of the reasons why we have the reserve in the first place. Our goal is not to go into it, but if we

had to go into that reserve to balance 2020 it would be important for everybody to know that we do need to have a plan of how to get that reserve back up. You just don't go into it and say well, I'm going to spend it, you have to a plan to see how you would repay other reserves.

As I move into 2021, I think it is important to discuss the ripple effect of the sales tax that we are losing and how that plays out into fiscal year 2021. Back at the Retreat, we thought we were in very good shape, \$17.5 million in additional revenue, and if you take a look at that seesaw, for the most part, we had a little bit over \$11 million in what we called fiscal challenges and some of our adjustments to our base. Some of those fiscal challenges were our employee retirement system where we had to put another \$3.8 million in there as well as another million dollars for Police separation. Our Fire retention was important as well as we were staffing a new Fire Station 43. Even before we got out of the Annual Strategy Meeting, we discussed going forward with some type of salary increase that would help us retain Police Officers and Fire Fighters. I think you will recall we started last year, the first year of a two-year plan for Police and the first year of a three-year plan for Fire. When you put that salary increase on top of some of our fiscal challenges with 78% of that salary increase related to public safety, we start to get out of whack, and we had a \$6.8 million gap. We told you back in January we would sort that out through operations and new revenue estimates and by the time we were at the March Budget Workshop, the last time we were together, we felt comfortable that we could still balance this FY20-21 gap. We had improved property tax estimates, the collection rate went from 99 to 99.25, our sales tax performance just continued to be on a blazing path, we were over 10% year over year at that point, and we had additional new estimates that got this down to \$2.3 million which I recall Mr. Driggs, you had asked at that meeting, was there any intention to raise taxes to balance this out and I said no, with the exception of some unforeseen circumstance. Then the unforeseen circumstance comes.

Let's talk a little about this impact of the sales tax moving forward. Again, at the Strategy Session for FY2021, the expectation was about \$120 million in sales tax. So, we have a base forecast, an optimistic forecast, and a pessimistic forecast. So, let me walk you through the three. I will start with the base forecast which is very similar to our teams, the team from the City and the team from the County over the course of the last couple of weeks have been working together to refine our numbers. The base forecast basically says that we will have three-quarters of declining sales tax revenue in the 25% to 30% range. Those three-quarters would be, let's do calendar year, the second quarter, which ends the fourth quarter of fiscal year 2020. The third quarter and the fourth quarter and the third quarter and the fourth quarter would be the first two quarters of FY21. That is the base forecast which we are building everything on moving forward. A more optimistic forecast, which we just don't agree with would be two-quarters of loss; it would be the second quarter of the calendar 2020 and the third quarter. In the pessimistic forecast basically, has us going past nine months of declining sales tax revenue in that 25% to 30% range. So, the other thing that is very important with this is that as the Governor has allowed businesses to provide their sales tax by July 1<sup>st</sup>, typically sales tax has more than a two-month lag, but now what is going to happen is that we will have the fourth quarter of 2020 and we won't even know what those sales tax receipts are like until September, which creates a new challenge for us. As we go through this presentation one thing that I would recommend is that whatever we do is that we come back to you in September to see if we need to revise this forecast downward.

The 2021 revenue impact, again we started off at \$17.5 million to the good as we started the 2021 projections. With this new update we are basically only about \$1.5 million better starting FY2021, which actually ends June 30 of 2021 versus where we started in FY20, which actually began July 1 of 2019. So, as you can see this provides a challenge for us and this is based on the base scenario of the sales tax laws as opposed to an optimistic or pessimistic. I will tell you that all other revenue is also taking a loss as you can see based on the January projection. A lot has to do with our investment income and changes in the interest rate and there alone we have lost about \$2 million in investment income.

So, what are we doing to help mitigate that? As I mentioned earlier in 2020, we have the non-essential hiring freeze, the consolidation of duties, and the desire to use some of the federal relief whenever that is possible. We have some principles that we are trying to build this 2021 budget on and that is protecting our existing employees, not causing more stress on the budget by creating new programs. Our goal is to maintain a structurally balanced budget, which is one of the budget principles that we have, and to minimize the impacts on current services. Also, some actions going into 2021 is that we would eliminate vacant positions, no enhancements, or new programs and we would continuously review our expenditures. I am in constant communication with the Department Heads and I will tell you they are being creative. When you give somebody an opportunity to look at their operations and find ways to be more innovative in it, I wouldn't bet against them, but we will go into 2021 knowing that we are going to have to revisit the forecast mainly because we won't get our sales tax data that is needed until September.

I'll talk a little bit about the Capital Investment Plan; I've had some questions about that. As you are aware, I believe back earlier in the spring Phil Reiger came up and gave you a presentation of the active projects that we have in our CIP (Community Investment Plan). There were 178 active projects, 72 of those were in planning or design, 75 were in real estate acquisition bid or construction, another 20 were complete and 11 were in development agreements or on hold. I said all of that to say that this is the fourth bond of the big ideas four bond cycles and almost all of the projects that are related to the 2020 bond started before the 2020 bond so, to deviate from that would mean that some projects could potentially be put on hold. What I would like to tell you tonight is that much like when we talked about this in the 2020 budget presentation when we think affordable with the Capital Investment Plan, we think about our spending rate, our interest rate, and the tax revenue that is generated. Because, as I mentioned earlier, sales tax is about 15% of the revenue related to the Capital Investment Plan there will be difficulties going forward. This 2020 November Bond, however, which includes \$50 million for affordable housing, \$30 million for neighborhoods, and \$117 million for transportation projects, if we move forward with that, the way that our CIP is structured, it is affordable to do that. There would be some impacts in the out-year so, that \$190 million could be less. So, that is just something to think about as we get into this budget development season. One is that we can afford the bond that is out there. There would be stress on capacity moving forward, but many of these projects, almost all of them have already started.

I'll talk to you a little on the next slide, and I think only three more and then I will turn it over to you Mayor. I talked a little bit about the hospitality taxes early on and again, while this isn't revenue that is in the General Fund, we depend on the occupancy tax and the food and beverage tax in order to be able to do many of our tourism projects. So, what we were able to do is use a national analysis from the rating agencies about what is going to happen in this hospitality segment and what was basically the assessment is that an 85% decline through mid-summer and then a gradual increase in the third quarter and fourth quarter of this calendar year, but not really rebounding back to the pre-COVID-19 levels until April of 2021. As we continue forward, we would like to zero down on more of a regional approach and what is happening in this region, but from a national perspective we thought that is a good place to start. In our base scenario, or our base scenario or our optimistic scenario and our pessimistic scenario, in all three cases, we would be able to put in our reserve a debt payment for the next year. That is something we discussed during the Annual Strategy meeting, which is very, very important because we set aside in our reserve a payment for the next year, and in each scenario that payment can be made. What we do find that even in the base scenario there was a plan draw on the fund balance from tourism back in January. I think it was a little bit over \$2 million and that was in 2020. If these numbers pan out there would be a draw on fund balance, not only in 2020 but also in 2021 and what I would say is that even with that the projects that you have approved can still be affordable within the tourism fund. I think that is important for you to know.

Then lastly, just a little bit about our Enterprise Funds; I know we said a General Fund Update, but I don't think you would let me out of here without talking a little bit about our Enterprise Funds. I will start with Water and Storm Water. It is interesting with water consumption is actually stable, maybe slightly up, and the same with Storm Water. We don't see a lot of big revenue impact based on COVID-19 right now. The operational impact is more related to staffing and our own on/off schedules. I would say that one of the things while there isn't money related to the CARES Act set aside for Water or Storm Water, there may be a revolving loan fund opportunity there where it is very, very low interest than what we can do on our own.

I will finish up with CATS and the Airport. In terms of CATS, as I mentioned earlier, the 2.5 cents that we get in terms of sales tax, a half goes over to CATS and that is worth about \$109 million annually, more than half of the revenue that they bring in. What is interesting is that in terms of the CARES Act, there is money associated to transit. So, we have discerned that that is about \$56 million that would go to CATS that can be used to smooth this out. It is interesting CATS actually has a \$30 million control account and I think Ms. Eiselt you are very familiar with this. But that \$30 million, because sales tax is so volatile that \$30 million is used to smooth out some of the ups and downs with sales tax, but this \$56 million would be used before even the control account. Lastly, in terms of the Airport which relies heavily on service fees, that is landing fees, terminal and other rents, and other fees paid by the Airlines, we believe that the revenue impact, much like CATS, would not be just high, but very high. The operating impact for both would be high, but there is also money from the direct CARES Act assistance for Airports, we believe at a minimum CLT would get \$100 million and that \$100 million could be used again to plug any holes they have. One of the things that is a bit concerning is that as we talk to John Lewis and Brent Cagle, as we look at the Airport as well as CATS, this could be an 18 to 24-month recovery, so while there is direct CARES Act assistance now, what does it mean for these operations in the long-run?

So, as we move forward, we are prepared to make a budget presentation on May 4<sup>th</sup>. We are working through this unprecedented situation, still awaiting final guidance on the CARES Act initiatives, but as I mentioned last week, we thought we needed to get out in front of you this week to give you a better understanding of what we are facing.

I should have said this earlier. What we tried to do tonight, and I want to commend the staff and the team for pulling this together as well as all of the members of Team Charlotte that are out there every day working real hard, especially as you start to think about it, we are dealing with COVID-19 and then we had the storm last night and so, it is just a great group of folks who are really working hard. We believe as we move forward with what we are dealing with that we will do it as a team. There may be many questions that you have that I may not be able to answer tonight, but what I would like to do is get as many of the questions in so they can help inform our decision making as we move forward.

**Mayor Lyles** said I think what the Manager is saying, your questions are really welcome, I'm sure there will be more after you get this stack and you get some more time to think about it. We will keep a list of those questions, just like we do for the budget time.

**Councilmember Newton** said I've got questions regarding the reserve funds. I've been speaking with our Budget and Strategy Director a lot about this to really wrap my head around what it is and what could be available. What he indicated to me Mr. Manager is that the reserve fund currently has \$116 million in it and as you were mentioning, that constitutes 16% of our overall General Fund I believe it is. I just wanted to ask you about that \$116 number. Does that sound accurate to you? I also wanted to ask you about the recommendations because you had mentioned the GFOA, so I looked into the GFOA this past week, the Government Finance Officers Association, and it is my understanding that it is like a professional group. I wanted to ask more about those recommendations. It doesn't sound like that is something that is binding. We've heard a lot about an eight percent number, and I think that makes a lot of fiscal sense. At the



same time, I had spoken to the Director about that and what was indicated to me is that it is not binding. That is not something that is written in the statute somewhere. In as much as our reserve is concerned, I did for our financial policies and practices and within that it says that reserve is meant to address unanticipated events and circumstances such as natural disasters, economic downturns, address the public safety, health, welfare, and other emergencies. So, I think we could definitely use it for operating expenses, I think that is what it would probably be used for, but at the same time, I wanted to ask you too about these policies and practices and why the circumstance that we are facing today with this Coronavirus crisis wouldn't fall within our own policy for the use of the reserve fund. I will lob that over to you and see what answers you might be able to provide there from the standpoint of guidance regarding that reserve fund and then maybe reserve a couple of minutes for some additional questions that I know I'm going to have afterward.

Mr. Jones said I would say yes, I agree with everything he said. I would not minimize GFOA though, in terms of if there was a gold standard in terms of financial practices for local governments, it would be GFOA. If we can just move away from \$116 million because that is a big number and I think a reasonable person would say, well with \$116 million why couldn't you peel off one, two, three four million? You could but what I would suggest is that when you start thinking about our unassigned fund balance, please think about it in terms of if I need it provisions to keep the government going for two months. So, let's use that as the standard so that two months for us, which is a best practice, doesn't matter what size the jurisdiction is, would be closer to 16.7% of our unassigned fund balance. With that case we are a little bit behind with what the best practice is, to begin with. What I hope the Council would take into account is that we are in this unchartered water right now and as I mentioned earlier, I'm not sure where we are going to end FY2020, and if by chance we ended FY2020 with a deficit one of the places we could go would be this rainy-day fund or unassigned balance. But if we did that this is a Triple AAA City. The expectation is we would have a plan to replenish the fund. So, that is just kind of level setting how this goes so, I'm not going to start off and say that you couldn't use some of those funds. I would just say that is not the way I believe this City has looked at that language that you had when we start to think about core services, economic downturns, and disasters, so that is just a starting point.

Mr. Newton said the way I look at this and I appreciate the answer, but the way I look at this is it is a best practice for what we face today. From what I think I gathered from the slide presentation that we just saw was that the worst-case projections were not a complete stoppage of our City services for a full two months, but a loss of revenues really not to exceed \$20 million in a yearly period. I look at what it states within these financial policies and practices, there is a reference to State Statute 143-C, which is the state's guidelines for its discourse responsibility and its reserve fund. That is 7.5% that is left, and which is what we've been operating on, which is eight and granted we actually have 16%. And if it is \$116 million, we are talking about a difference of \$58 million above the eight and the eight itself is above the 7.5. From the standpoint of that \$58 million, if we are looking at a worst-case scenario of \$20 million loss, once again worst-case scenario per year. You had mentioned 18 to 24 months could be the recovery period so, that is no more than two years, you said it could go out that far, we are looking at \$40 million which would be roughly \$18 million less than that excess over the eight percent. I'm just wondering if this is not the situation today, and we have basically for many people an absolute halt of our economy to use a surplusage like that. I get it, I'm with you, we are going to want to make sure we have a plan for how we replenish that, but if there is never a situation or instance where we would say we should use that surplusage really at this point looking like \$18 million, then what would it be?

Mr. Jones said I would start off by saying it is not a surplus, so when we decide what our unassigned fund balance is, it is more of an accounting. I don't want the public to think that we have \$116 million set aside in some account somewhere. When you get to the end of the fiscal year you have a mathematical calculation that says that you should have X in terms of in this reserve. Let's just go back to the eight percent. So, I'm going to try to move away from \$116 million, but to move more towards having enough on

hand to operate for two-months. If we move to eight percent that would mean that we would have enough on hand if everything came to a halt to operate one month and I just don't believe that is a sound financial policy.

Mr. Newton said under what scenario would everything just absolutely come to a halt?

Mr. Jones said I can't tell you what that scenario would be, but I will tell you in my life the last few weeks have been some of the most challenging that I've ever seen, and I don't know when this is going to end. I just believe having a strong financial position is important because as we move forward in this presentation, we talked about paying out Police Officers and paying our Firefighters and paying our employees and all of that comes into play as we move forward. If we do have to go into the fund, as you mentioned earlier, for whatever reason we would have to have a plan to replenish it, and there could be a scenario at the end of this fiscal year where we would have to go into the fund just to balance the books.

Mr. Newton said I guess the point I'm making is, I looked at the figures in our reserve and I think we can do both. I think we can have a sound plan for our internal operations and still provide some relief for the community. You mentioned peeling off I think you were saying Mr. Manager maybe one, two, or three million dollars. Would it not stand to reason that that was money that was provided to small businesses? We would see some of that in return, right? If it was money provided to us as homeowners as well or even to renters, wouldn't we see some of that come back in tax revenues?

Mr. Jones said I think I've solid in my position where I think what would be the proper use of the funds and this would be a Council decision, and if the Council decided to do something like that, we would have to figure out a plan to replenish the funds.

Mayor Lyles said I agree with Mr. Newton and Mr. Jones; this is a policy debate and I think what we are trying to do is get a list of questions, so I think Mr. Newton; you said why not use \$2 million or \$3 million and peel that off and that is a debate that I think we can have. I'm going to do this because we started at 7:20 and it is almost 7:30 and we can have that debate, but we need to have a time so that we can get the rest; I have five or six other people that have questions right now. So, I think that is a debate and something that we can do during the budget discussions. I think that is a valid question, so you've got the Manager's recommendation and then you've got Mr. Newton's position.

**Councilmember Watlington** said this is a follow-up to Mr. Newton's stuff and you can add this to the debate. I just want to make sure; have we quantified a need over and above what we've already identified as funds? That would be my question just as a follow-up to what Mr. Newton asked because I feel like we are talking about whether or not to use the reserves, but I'm not clear that we know that we need to use the reserves, or do we know how much we would need to use. Just add that to the list when we have that policy discussion. My two questions pertaining to what the City Manager shared, the first one being property tax. I noticed that you believe it will have a low impact in your projections and I was just curious what drove that thinking. I realize the bills have already come, but considering the unemployment levels, do we still feel confident that people are going to be able to pay that revenue, or we are actually going to be able to recoup it?

Mr. Jones said that is a great question. As the City's Finance team and the County's Finance team worked together, and you may hear this a lot for the rest of the evening, based on what we know now, it is reasonable that that is not a big swing. However, things could change as we get into FY22; it all depends on how much longer this crisis lingers.

Ms. Watlington said I guess because people already have this in their escrow. The second question is you mentioned that the projects that are in this next round of CIP fund, most of them, if not all have already started. I think I understood that, if that is the case, are we saying that when we approve projects or we allocate money, we don't

allocate the full amount for the completion of the project only through the next bond cycle?

Mr. Jones said I'll try to do this in a concise way, it is very complicated. This would give us the authority to continue this last bond cycle of projects, many of which started three bond cycles ago. But, in terms of how we pay for our projects, there are previous bonds that we are spending those down so, by the time we spend this 2020 bond down it wouldn't be immediate because there are still some bond dollars that we are spending from previous bonds. But the key is having the authority to move forward with the projects.

Mayor Lyles said do we encumber the total costs of the project, but we cost it out based on the cash flow of implementation? Does that make sense?

Mr. Jones said a lot of it has to do with when you need the cash and as these projects sometimes take longer than we expect, there is the capacity of cash that we are using or spending down.

**Councilmember Eiselt** said Ms. Watlington asked my question about property tax projections. I can't go back to the presentation, but Mr. Manager did you have in those projections that the extraordinary items that we might see an increase in; overtime pay and that kind of thing? Are those in those projections as well? So, not even to maintain core services, but also any extraordinary items that we are going to have to cover with an increase in expenses.

Mr. Jones said great question Ms. Eiselt, I did not and so let's talk a little bit about that. There has been a conversation about double pay, time-and-a-half, hazard pay and when we started off, we always go back to our 20 benchmark cities which I'm going to call premium pay to make this simple. Didn't really have those however, some of the larger cities in North Carolina have decided to have a five percent premium pay for the first responders and some of the folks that are in the operations. I believe that makes a lot of sense for us. When you start to think about that five percent premium pay it is about \$1.2 million costs to the General Fund.

Ms. Eiselt said on what basis, monthly, annually?

Mr. Jones said on a monthly basis and the Enterprise funds, I thought it was a bit more, but it is really \$300,000 to the Enterprise funds so about \$1.5 million monthly. If there were something like time-and-a-half you really kind of multiply it by 10, so instead of having a \$1.2 million impact to the General Fund you would have something closer to something north of \$10 million impact, \$12 million impact monthly to the General Fund. As we think about even the employees and what we may do, that also adds to the possibility of ending the fiscal year with a shortfall.

Ms. Eiselt said so that it is not calculated into the \$13.7 million. Any potential increased revenue that would be extraordinary items?

Mr. Jones said any increased expenditure related to this premium pay is not calculated, it just makes the expenditure side more difficult to balance out this big loss in revenue.

Mayor Lyles said can I follow-up; the projections for the next fiscal year, do they include all those increases like utilities and paper and gas and cars, those kinds of things are just kind of an average increase, so that is in there?

Mr. Jones said yes.

Mayor Lyles said so the premium pay would, assuming we can get through the next quarter, would be maybe like a three to four-month situation.

Mr. Jones said what I'm planning on doing is to basically, as long as the declaration is in place, to have the premium pay in place up until the end of the fiscal year, whichever

comes first, either the end of the fiscal year or the stay at home declaration changes and that would be for those individuals again, as we talked about Police and Fire and CATS and Solid Waste who are actually working. So, you would get the premium payments while you are working.

**Councilmember Driggs** said Mr. Manager; I appreciate everything you are doing to keep us on a solid financial footing, and I understand your rationale. I will comment that from a popular standpoint a lot of the points you made could be pretty difficult to take on board so, I would suggest that we try to come up with some kind of more intuitive messaging about what is driving our thoughts on this. I think, for example, if we point to rating agencies and GFOA, etc. a lot of people that are hoping for relief from us are not going to be very impressed frankly. I think you are doing the right thing, but there are probably better ways that we could explain it. It would be nice to give some thought to that. It seems to me that obviously, the critical thing is that reserves are intended to fund shortfalls in City operations like covering the cost in City operations. It would be a departure to dip into reserves for purposes of providing disaster relief to the public. I think that is kind of the essence of your theme there but just based on what I've heard we have some more convincing to do that there are good reasons why we can't access that money more readily in the current situation. I think Mr. Newton's point is something a lot of people are thinking that if this isn't a crisis, I don't know what is. I just submit that is something for thought, but let's figure out how we explain this in kind of more easily assimilated terms. I did have a couple of questions; one was do we have an assumption about when the stay at home order ends that it underlies this analysis?

Mr. Jones said Mr. Driggs; not to get out in front of Dena or Gibbie, what I do know is that we are going to at a bare minimum align with the Governor's stay home order which goes to the end of this month. What is important is that as we continue to get briefing updates from Novant and Atrium, it seems that the peak is still closer to mid-May and I am so far over my skis right now, I don't want to do something that has Dena call me in the middle of my meeting, but right now the concept is we will definitely go beyond the initial declaration.

Mr. Driggs said right; I wasn't asking you to speculate about when it would end, I was just saying the analysis that you have provided to us presumably has in the background somewhere an assumption, so it is a working assumption and could be wrong.

Mr. Jones said I misunderstood you. Absolutely, if this thing goes into the summer months, we will change these assumptions.

Mr. Driggs said so, we've got a couple of months that is sort of built-in there, but that could change depending on how long it actually takes. The last question for you, just in terms of the budget process; we've been kind of blown up as far as our meetings are concerned, the Workshops, and the timeline for the adoption of the budget. Do you have an idea as to what steps we are going to take and when to get us to a place where we can adopt a budget in June?

Mr. Jones said yes, so Councilmember Driggs; I will start off and the Mayor and I had a little bit of a conversation about this today. I am prepared to present you with a budget on May 4<sup>th</sup>. What is difficult is the process that typically follows that as us in a room, me getting grilled, me turning it over to you, and providing information to you along the way. I know that getting the budget to you on May 4<sup>th</sup> as a starting point would help us. What I need to make sure that I get is what would the Council need before May 4<sup>th</sup> and what would you need after that in order for you to feel comfortable with taking that budget and changing the budget to something that the Council can agree on.

Mayor Lyles said I think Mr. Driggs; what I would like to do is actually have some conversations as best we can, even if we have a Budget Committee meeting to figure out what the process looks like after May 4<sup>th</sup>. I don't see us in a room taking straw votes and working and negotiating so, this is going to be a little bit different than where we are. I think that it is going to require more time and effort, but it is also going to be very specific to try to get to a consensus, but I also think that as the Manager said, if we go

beyond this budget cycle with the virus still continuing we are going to have to be very nimble in almost everything that we do financially. It is kind of like having one plan that we are comfortable with and then being able to adjust for the things that are a result. If you are looking at hospitality taxes 85%, sales taxes being down 20% to 30% we are going to need to track it almost every quarter, if not every month. There is going to be a lot more work around this that I would like to ask people how they feel best to accomplish that work.

Mr. Driggs said right, that is exactly what I'm asking. I just want us to think about how that works, and it is hard to make plans far in advance under the current circumstances. We should have a goal in mind.

**Councilmember Ajmera** said I have a couple of questions for Mr. Manager. Does the hiring freeze apply to all Enterprise funds as well?

Mr. Jones said the enterprise funds, as you know, don't necessarily depend on taxpayer revenue, but what we've done as a team is we have said it really doesn't make sense if we have a bunch of hiring that is going on, let's say in Stormwater, which is an enterprise fund, and no hiring that is going on in let's say economic development. As a team, what we are trying to do is make sure that core services are being provided so if there was something that knew what may have occurred in one of the enterprise funds folks are scaling that down also. While there isn't a hard-hiring freeze there is thoughtful hiring that is going on in the enterprise funds.

Ms. Ajmera said I appreciate the detail impact report in terms of the impact of hospitality tax revenue loss, I know that you had mentioned that we will still be able to continue with our commitment that we have made as a Council. I'm interested in seeing how our balance sheets look like for our tourism bucket overall after factoring the impact. That might be for a later time, but I would like to see that moving forward and knowing all the commitments that we have. The second question I have is I know there have been several gaps or we are expecting several gaps in terms of our enterprise funds for the Airport and for CATS and I know that we are expecting grant from CARES Act; would that be enough to cover the gap that we are anticipating, or we are forecasting?

Mr. Jones said if I understood the question; for CATS with around \$109 million in sales tax revenue, having a decline similar to what we are seeing in terms of the sales tax, that \$56 million could be used to cover that gap. Whether it covers it totally, I'm not sure. There is also the revenue box because we are not charging a fare, that we are getting zero for that, so we will get back to you to see whether or not that totally covers the revenue, but it definitely goes a long way.

Ms. Ajmera said I think having that detailed look at the forecast and how we should be preparing for if there is a gap and in terms of our reserve fund, I know that a couple of my colleagues have raised this earlier. I know that \$116 million just looks like a lot of money, but it is not. It is only two-months of our operating budget, only two-months, which means if we need to tap into that for emergency pay or premium payor for other reasons; being an accountant, I'm not comfortable with us tapping into our reserve fund for programs. I understand my colleague, Mr. Newton, had raised a concern about small businesses, and how we could help small businesses, and I know that is part of our agenda today, but I would like to see, there are other sources that we could tap into to expand our microbusiness relief fund without tapping into our reserves.

Mr. Jones said okay.

**Councilmember Mitchell** said City Manager; thank you for the presentation. I do want to throw a little caution to the wind on the open positions in our Charlotte Business INClusion Department. We can have a discussion later as it gets to May 4<sup>th</sup>, but I do think we have at least three openings and that program is very important to Council as well as our small businesses in the City.

Mr. Jones said thank you.

**Councilmember Winston** said what I heard from the Manager about the CATS reserves is that if we use any of that we better have a plan to replenish it if we don't, we will basically be in danger of losing our AAA rating. Is that correct?

Mr. Jones said absolutely. If you are going to dip into those reserves, you don't dip into them without a plan to replenish them.

Mr. Winston said what does having that AAA rating mean to us right now? What kind of immediate advantage does it give us in the situation that we are facing?

Mr. Jones said it is great that Kelly Flannery is not in the room because I had to go through this exercise when I was Deputy Secretary of Finance for a governor, and the difference between an AA and a AAA, it may not be significant in terms of the cost of borrowing, but then losing it is significant. You start to think from a business perspective is what is that City doing that would cause it to lose its rating. What I will say, going back to these two-months of operating expenses, thinking about it in terms of being in a crisis and keeping core services moving forward is typically how this is viewed.

Mr. Winston said I think you should prioritize increasing salary provisions for workers who keep our City running regardless of how difficult our challenges do get. I do have a question about the enterprise funds. When do we actually think of water bill and stormwater collections could become a budgetary challenge? I was kind of surprised by the kind of forecasting and expectations. We are going to be voting later on considering giving utility help to families, so that tells me that there is going to be trouble collecting on bills in the future. Do we really think that won't have an effect on the budget year 2021 for Stormwater and Charlotte Water?

Mr. Jones said a great question, Mr. Winston. If we start off with 2021 for Water and Stormwater, and I forget which one of your colleagues started off with the question about enterprise funds. They are ratepayers and the ratepayers pay for the provision of services. A lot of the rate is dedicated to paying the debt on stuff that is already in the ground so, early on, and again, this is evolving, we don't see a big change in usage, but as it was discussed earlier if this crisis continues deep into the summer I am convinced I will have a different view on those other enterprise funds that are not getting the CARES funds.

Mayor Lyles said Mr. Winston; one of the things that the Recovery Task Force that is funded by the private sector as well as the City and the County, they are tracking those utility accounts to reserve a certain portion because you are right, if we would excuse people from paying water and electricity bills it shouldn't be something at the end they are encumbered with. They are tracking that to see if there is a need to set up funding in that fund to address some of those issues that may come about. It is kind of like you plan for today to have clean water and to have utilities that heat the water, but we also know that there might be a concern in the long-haul and to review that and say how does this look and what does it mean. That is going to be done with United Way.

Mr. Winston said my last question, the slide for hospitality fund, you mentioned a return to normal in 2021.

Mr. Jones said yes, Mr. Winston; again, starting off this is taking a sector with a national overview of what they are seeing in this sector and that is everything from casinos to anything that is really driven by some of the revenue that is associated with the hotel, motels, food, and beverage so, at this national level, which again, we are going to have to drill down to what is specific for this state and this region, they do see this 85% dip through mid-summer with a gradual increase, but not getting back to normal until April of 2021.

**Councilmember Bokhari** said I just want to make a comment and I'm going to add to what Mr. Driggs was saying earlier because I think that is really the point, which is there is a lot of complicated moving parts and pieces here and it is very important right now

that our colleagues, that our constituents in the community all understand a punchline to all of this. I'll tell you what jumped out at me from your presentation and the last week of work to get to this point. We could lose over 20% of our sales tax. That is very possible. We've seen tonight hospitality tax could drop by 85% through this summer and not return fully until next year, maybe. The Airport and Transit systems have a high and very high revenue and operational impacts. The short-term stories that we've been hearing for the last couple of weeks have been terrible, but we haven't even begun to see the long-term impacts that we are going to have to deal with here. We might be able to leave our house in May or June, but things are not going to be the same, not for a long time and in some areas possibly not ever again. I think the punchline that everyone needs to hear in this community from us is we've got to be fiscally sharper than we've ever been before. We can hope for the best, but we must plan for the absolute worse right now, and we have to make sure that we answer a really simple question in every vote that we take, starting tonight which is what outcome does this spend create for small business, for the hospitality industry, for our Police and Fire and the other first responders. We are going to end up having to pass on many worthy causes, but that is going to enable us to make measurable impacts in the short-term where we know they are going to be, but also in some long-term budget decisions which could be a very, very painful situation for us. I agree we've got a message this properly because this is frightening data.

Mr. Newton said I just wanted to follow-up on Mr. Winston's question. I think our bond rating is very important, but at what point do we lose it? Is there a threshold limit, particularly from the standpoint of our reserve? We've been told for a long time it is eight percent, we want to keep eight percent, and I don't know if we keep eight percent in perpetuity forever. It seems like our own financial policies and practices dictate that we look beyond just operating expenses if the need arises, but what is that threshold? It looks like we are going to have to go below 16% any way to be able to afford operating expenses moving forward, but at the point do we go so low that the bond agencies then tell us you are down to AA?

Mr. Jones and Mr. Newton and Mayor and Council; what I would like to do, and I just wrote a note, is that I would like to get a white paper to you this week for that question. I think it is a fair question, it has been asked before. We can pull in our financial advisors and I think if you would bear with me, I think it is what are some of the things that a governing body can do that would put its bond rating in jeopardy. I think we did something similar last year, but I would like to, because I can't tell you what is the number, but we can tell you some of the things that could put it in jeopardy.

Mr. Newton said you had mentioned Mr. Manager; that we want to have a plan to replenish and so I'm with you on that. I just also want to make sure too that we have that threshold limits and we can look at that and not just say we are going to lose because we are digging into or we have to go into the reserve we are going to lose our bond rating. I think from the standpoint of the plan even that is fiscally responsible. That is us exercising fiscal responsibility, but does that mean that all of a sudden, the bond agencies go nuts and tell us our bond rating is reduced at that point. I would love to have answers to all of those questions.

Mr. Jones said we will definitely do that. Mayor; what I would like to make sure we put in the room, I don't want the headline to be tomorrow that the City's bond rating is in jeopardy. It is not and part of the reason that it is not is because we are trying to be fiscally responsible, but I'm tone-deaf, I've heard what the Councilmembers have said tonight so, whatever we've done maybe isn't resonating and we have to do a better job of giving you information about the reserve and also what are some of the accepted uses, parameters around it as well as are there any other opportunities that we have outside of the reserve to address some of the concerns that Council has.

**Councilmember Graham** said I think this is a policy discussion and I think we have beat this horse for a while now. I think it is time to move on and we will have this policy discussion later regarding the reserve fund. We are not going to solve that tonight.

Mayor Lyles said thank you very much. I do have to say that in 2008 and at other times and maybe because I used to do some of this work and Marcus has done a lot of it. The way to replenish a fund balance reserve is to usually cut staff because that is where all of your money is. When you think about it and if you look at our budget and what we have for all of this it is people. It is people in Police and Fire, Solid Waste and Transportation and now CATS so, in order to replenish you have to have a plan that looks at what staff are you really going to reduce to have a plan to replenish and even in good times when that happens because staff are choosing to leave you because you are not in a place that they choose to work. You still have to build that reserve so, it is an interesting thing, but I tell you I've not seen any government and replenish their reserves without the idea of cutting people. You can't cut the car and have them not be able to drive to the worksite or to patrol or things like that. You have to have the trucks and so the real question that we ought to be thinking about is what programs do we have that people are doing that we would actually say are not essential anymore to replenish any kind of reserve that we spend. Just something from 2008 that has happened, and we have to pay attention to.

### **COVID-19 Response Update**

**Marcus Jones, City Manager** said I think Chief Johnson is on the way in and what we've committed to you is that each time there is a Business Meeting is to give you an update. I'm not sure that this will be a long update, but I just wanted to make sure that Chief Johnson is available to you. I will say that since we met last a lot of questions came about the protective gear for our first responders and I will say that as of Sunday all of our CATS drivers, even STS have a mask, and we believe there have been a lot of questions about, but I just wanted to start off with that and I'll turn it over to Chief Johnson with an update for you.

**Chief Johnson, Charlotte Fire Department** said before I give you a brief update on our COVID-19 response I would like to at least acknowledge our public safety and essential personnel that responded to the weather event today. They responded to a number of calls of service during the event and following the event. Even though we are doing COVID response, we are still able to take care of other situations that affect the City. One, in particular, I would like to take note of is the Firefighters that rescued a woman that was trapped by a tree that fell on her apartment. She was trapped there for 45 minutes, Medic was able to treat her while Firefighters freed her and eventually, she was transported to the hospital, and as far as I know is still alive today. It was a priority patient but is being taken care of. So, that is just some of the work that continues to go on even in the midst of this pandemic.

Today's numbers are 975 confirmed cases; we are up to 15 deaths in the County. Unfortunately, we had three deaths today alone so, make sure we keep their families in our thoughts and prayers. Our numbers are not jumping up at a dramatic acceleration rate. We do believe that a lot of the social distancing or physical distancing as we are referring to it now is starting to flatten the curve. We don't want to get overly excited and start patting ourselves on the back because we still have a way to go. Originally, we thought that the surge of patients would occur in mid-April, but with the steps that have gone on with the social distancing and physical distancing, the surge now is about mid-May. With this, we have been doing some modeling with the hospitals as well as with Director Gibbie Harris, and we are still trying to take count for the number of hospital beds that will be needed, the number of ICU (Intensive Care Unit) beds as well as the number of ventilators that will be needed and taken the fact that what we currently have between Atrium and Novant as far as their surge capacity. With the modeling that we are getting, we hope to have a decision soon from the hospitals that will make a decision as far as if their surge capacity is enough to deal with the surge. If not, then we are going to need to look for some mass care options. I know we had some original discussions about UNC-C, but we are continuing to look for other options to address that and we hope to have a decision from them this week.

I can't stress the mere fact that we really need to push the social distancing. These models are based on the social distancing percentages, whether it is 15%, 30%, or



40%. The higher the percentage of social distancing the lower amount of patients and lower the surge. It does spread it out a little longer, but it does allow us to be able to respond to those as first responders as well as be able to hospitalize those that are in need. Some of those numbers include one out of every five patients is hospitalized and I wrote down a couple of numbers that I received today or that public health put out today, so under 20-years of age 11% are hospitalized. That is 11% of those that are hospitalized are under 20. Between 20 and 39 is five percent, between 40 and 59 it is 17% and 60 and over is 42%, so that is one in five. One good thing that came out today in the data that was shown is that out of all the people that have been tested positive 53% of those have been discharged, whether it is from isolation or quarantine so, that is a good number for us to celebrate, even though we have some other numbers that are still detracting.

Our City, Town, and County workers are still operating in the Emergency Operations Center seven days a week. They continue to do good work. One of the highlights to that is our volunteers active and disaster and I really wanted to celebrate this particular portion of the Emergency Operations Center because it is amazing what we do as a City to help one another. This is the CharMeck response coalition, it is made up of 168 organizations. They have mobilized nearly 1,600 volunteers and with that, they have collected almost \$16 million. A little over \$3 million of that has been given out in grants to 51 organizations and some of the things that they do is provide meals, for example. They deliver meals to quarantined citizens, a little over 1,000, almost 1,100 meals have been delivered. It is work like that that really makes a difference in how we respond. I would also like to note that CMS is continuing to do good work. They provided almost 26,000 lunches and breakfasts today alone so, a lot of good work being done at the EOC from all levels, City, Towns, County, volunteers, the hospitals, and CMS. I hope I haven't left anyone out, but that is our report for today.

**Mayor Lyles** said Chief; you are doing a really great job and I don't know, it is difficult to sometimes gauge how much you are doing, but I've had the opportunity to do a program with Chief Graham and Chief Bonham, just fabulous people and the volunteers at the EOC. We know all of that happens because of good leadership and we really appreciate it. Thank you so much.

**Councilmember Newton** said I wanted to start by asking the City Manager about the A/B schedule and if that is going to be reinstated and where we are with the training for our Solid Waste Services with the one arm bandit trucks?

Mr. Jones said the A/B schedule, and I'm going to go into a little bit of depth to explain this to make sure that everybody understands what we are doing. When we started this and I just commend some of the Department Directors who just talked about this minimum staffing level and once that was discussed it took off throughout the organization. So, this minimum staffing level was designed to keep people healthy so you would have a few individuals work one week so that they could go home the next week and be off. The person who is working week #1 is getting paid to work; that same person in week #2 is home getting paid. So, the concept again is kept fresh because if this infiltrated our team, we needed to continue to deliver our core services. I believe you are talking specifically about Solid Waste so, the way this is set up we had multiple people on a truck, and we could not do social distancing. Because of that, we had this A/B schedule as you have spoken about. When we moved to the one arm bandit what we did is we protected our employees because one person in a truck, not getting out of the truck and the truck is picking up the trash and dumping in the truck. I think we have close to 60 or 70 of those vehicles, but in order to do that we don't have twice as many people that have their CDL's so that is occurring now is those individuals who have the CDL's( Commercial driver's license) are driving weekly, everybody else is staying home, still getting paid and we are training the individuals who don't have the license to get the license. We are expediting it so that when they get the license, they can drive the one-arm bandit. When that happens, we can get back to a one week on, one week off. The alternative is to go back to two and three people in a truck and we can't do social distancing, and I don't think that is safe for the employees.

Mr. Newton said I guess what I'm asking is, do we have a timeframe for that training because it was my understanding the one-week training for the one-arm bandit would be completed by now. Has that been extended out?

Mr. Jones said I have never heard that it was a one-week training. I'll check with Rodney; what I knew is to get the training it took weeks and what Rodney was attempting to do was to cut that in half, but as folks get trained, they will now be able to drive the one-arm bandit and they actually have an additional skill. I hope they don't leave me after the training, but it is good for that entire operation because as we go through this, one of the lessons learned may be that we change our fleet to the one-arm bandits.

Mr. Newton said I feel like the longer the training can be extended because normally it is four-week training and what I've heard from City workers is that they've been told that is one week, which for them poses a safety risk. So, from the standpoint of us extending that out, I think to make sure that our employees are safe, and their wellbeing is our number one priority, I agree with that. If it out two, three, or four weeks which is what it should be is probably the better policy and of course implementing that A/B schedule back as soon as possible so that we are abiding by social distancing guidelines. Thank you for that update Mr. Manager. I had a question about our order and the enforcement of the order and the interpretation of it. It is my understanding is that it is a stay at home order. That means that folks from an initial perspective are to stay at home but for exceptions with the order. I know that we've had groups violate that and go to locations and gather without falling into one of the exceptions within the order. I just wanted a little bit more clarity on that and our enforcement measurers particularly in the context of how we interpret that order and if people should be out at all under a circumstance that doesn't fall within one of the stated exceptions, either an essential activity or essential business purpose within that order and what do we do when someone does go out, even in a group of one person? One person goes out, what do we do when we identify that, and if there has been a violation of the order?

Mr. Jones said much of this is complaint-driven and so I will use one example if somebody is out and about CMPD (Charlotte Mecklenburg Police Department) is not going to stop that individual. That person could be going to the store, that person could be going to the gas station. If the issue is some of the protesting that has been occurring, what CMPD has done is follow the guidance from the County Attorney in terms of how to enforce this. So, I hope that is helpful, but that is how CMPD is enforcing it.

Mr. Newton said to be clear, so going to the store, going to the gas station, getting medication at the pharmacy, all of those activities are essential activities within the order that are an exception to out-right staying at home. So, if we are outsourcing our Police Department to the County, I feel like we need to weigh in a little bit more and have a little bit more control in this conversation because it sounds like we do have a situation, particularly. You are mentioning the medical facilities, I think across the board throughout the City and the County, a situation where we can't allow people to gather in violation of the order. I just want to make sure because this is a very serious situation and I want to make sure we are addressing it and certainly, it is about education, it is about voluntary compliance, but if folks willfully refuse to abide by the order I think it is in the best interest of everyone for everyone's health, safety and wellbeing to make sure that the order is enforced. I just want to make sure that is what happens.

Mayor Lyles said can you tell me a little more, an example, could you tell me a little bit more about what you are thinking?

Mr. Newton said I will use the City Manager's example; I don't know if gathering out in front of the medical facility if that constitutes, I'm pretty sure it doesn't constitute an exception under the order. What is our policy there, what are we doing? Are we going to allow violations of the order, particularly considering the fact that we know how serious this virus is and how contagious it is? I just want to make clear that CMPD falls within the purview of the City and from our perspective if we are outsourcing the opinion to the

County, I think that is absolving our responsibility and frankly, it is our job to enforce that order and that is an interpretation that should come from our side. When I look at the order it says to stay at home. Stay at Home is the title of the order so why would we, and hopefully we are not, why would we allow people to not stay at home when they don't fall within one of the exceptions of the order. I'm not just saying medical facilities, but I think that is the case in point that we are seeing that happen, but also maybe elsewhere.

Mr. Jones said Mr. Newton; the great news is that we have Patrick in the room if I do something that is outside of the bounds. One part of this order is that you can exercise so, folks are exercising and if there is a group of people outside CMPD would not arrest nine of them for let's say exercising. I will say this, I do talk to Chief Putney daily and he is fine with where they are in enforcing the declaration.

Mr. Newton said if folks are engaging in solicitation and walking up to vehicles, do we have an allotment for when an activity is a farce rather than it actually being the true activity that is allowed under the order?

**Councilmember Bokhari** said we've got to toss the time limit up in here.

Mayor Lyles said can we follow-up with that and have Chief Putney talk with you Mr. Newton?

Mr. Newton said I think it is important because we do have an order and we need to make sure it is enforced. I know that everybody wants to move on, but these are specific questions, and this is an important situation that we are in.

Mr. Bokhari said there is also a lot of questions that can be asked offline between meetings.

Mr. Newton said I will follow-up with the Chief, but I'm bringing it to your attention that there are violations.

**Councilmember Driggs** said give it up, will you? Just give it up, there are other people here.

Mayor Lyles said guys let's come back to order. I think Mr. Newton was wrapping up and I've got Mr. Winston next.

Mr. Newton said we are all here for a purpose. We are City Councilmembers and if it is City Council business then this is the forum that and I'm sorry if everybody has better things to do, but I'm here to make sure that our City is operating efficiently, and we are doing our job. I will follow-up with the Chief on that, but it is a legitimate concerning question because there is an order in place, it is our Police force that is task with the enforcement of that order.

Mr. Driggs said it doesn't take 20-minutes to ask a question. Respect the time of others, we all want to speak.

Mr. Newton said I'm not disrespecting your time by taking time.

Mayor Lyles said I think we ought to take a break right now. Let's take a five-minute break and then when we come back, we will start with Mr. Winston and Mr. Egleston. We still have the Housing Trust Fund to do so let's see where we are with that.

The meeting was recessed at 8:23 p.m. and reconvened at 8:31 p.m.

Mayor Lyles said we are back after a short recess, but I've noticed that some of the social media folks are commenting on a comment that I made, and I want to say something about that. It is the comment that I made about diminishing our reserve, and I'm not suggesting or advocating for that, but I do think it is not the only way, but it is

one way, and my experience of over 30-years of doing budgets and being here when we had to do it in '96 and when we had to do it in 2008, it was with the commitment that we would not lay off people, but there were real impacts to making any decision when you try to reduce your reserves. I think it is important that we consider that, so I'm not suggesting it, I'm not advocating for it, but I do think that the policy debate around this is a very serious one and ought to take into consideration every aspect of what it means and the consequences that it has.

The second thing I want to address is a number of people have been talking about the order that we have and the amount of time that we are spending on things. I am going to start addressing this in a way that we are going, to begin with, our Housing Trust Fund and our Housing Opportunity Investment areas before we go into the Affordable Housing projects. I'm going to look at this and say that I would like for everyone to stay on task and on the subject matter. There are many questions about this and while I feel like I try really hard to give everybody the opportunity to express themselves completely, I do see where we have situations where we are taking 10-minutes because we are not just asking a question, we are stating our position. Right now, is the time to ask questions, especially around the housing development requests that are coming up. Someone has asked do we need a time limit rule; I would hope that we would not have to do this. I think we ought to do it in a way that is respectful of each other and respectful of people's time. We said three-hours and we started at 6:30, it is now past 8:30; two hours we've spent on basically a report from the Chief as well as a budget update. Let's see if we can get through this again, with respect for time and for the person speaking, and for the persons that are listening as well.

### **Housing Trust Fund and Charlotte Housing Opportunity Investment Fund**

**Marcus Jones, City Manager** said Pam was before you last week and talked a bit about coming back this week to discuss where we are with some of the requests from the Housing Trust Fund. As you know the Council was able in 2018 to move from \$15 million every two-years to \$50 million in terms of the Housing Trust Fund, and now we have our second call on this. We have some nine percent credits and four percent credits and I think Pam in her work with LISC has done a great job to get us to where we are today. This is maybe the third bite at the apple in terms of us talking with you about some of these projects so that when you get to the 27<sup>th</sup>, which is the actual vote, you will have had some great familiarity with the projects. With that said I will turn it over to Pam.

**Pam Wideman, Housing and Neighborhood Services Director** said I want to start from the outset and remind you that you received a binder in your packet on Thursday, with the details of each development that I'm going to discuss tonight. You also, and a big thank you to those of you who sent me a number of questions over the weekend that we are going to be responding to as well.

Tonight, basically we are going to share a little bit of history with you and then we are going to go through each of the development proposals and talk about the next steps. As a reminder, your Housing Trust Fund is designed to provide gap financing to both non-profit and for-profit developers for affordable housing through the City. Let me pause and take a moment and say we have a partner, LISC (Local Initiatives Support Corporation), you all are very familiar with them and their fund is designed to do the same thing. The stack of developments that you will see here tonight does include applications for the North Carolina Low Income Housing Tax Credit Program, and I will talk more about that. What you also see tonight is that each of the developments contain at least 20% of the units for households earning 30% of AMI. We talked a lot about the importance of that as a community and we always seek to get a long-term deed restriction in exchange for your gap financing.

This is just a recap of how your bond has grown over the years. I will call your attention to two things; in 2018 you increased your bond from \$15 million every other year to \$50 million so, since 2002 you have done a total of \$160 million in Housing Trust Fund and again, last year we had LISC dollars as a part of that so, you've done \$160 million

throughout the course of time. With this slide we want to illustrate where your remaining balances are. So, you have a remaining Housing Trust Fund balance of \$21.7 million coupled with a NOAH ( Naturally Occurring Affordable Housing) allocation that you put in your budget last year, so you have a total remaining housing balance of \$25.9 million.

What you see on this slide is your schedule, and I will simply call your attention to, tonight, April 13<sup>th</sup> I'm providing you a detailed briefing. As Mr. Jones said earlier, we've shown you this a couple of times, and I will talk to you more about that as we go through the presentation and we will be back in front of you on April 27<sup>th</sup> for your final approval. This date is really important because it allows those developers who are working with the North Carolina Housing Finance Agency to get their applications submitted up to the state by May 15<sup>th</sup>.

In the last round, we talked a lot in this community about Community Participation. We worked with our supporters from the advocate community and we made some changes. Primarily the changes that were made were the idea to have two community meetings prior to me talking with the Council, and we also made some improvements about the meeting invitations and you can see that on the slide.

I will also remind you that in terms of this Housing Trust Fund Process, it is a very lengthy process and we are in Phase I of a five Phase process. As the Manager alluded to earlier, you received some information about this current slate on March 9<sup>th</sup>. We also presented some follow-up information to you March 13<sup>th</sup> and again tonight I'm here to do a deep dive into each of the developments which is consistent with what you received in your booklet over the weekend, and again I'll be back in front of you on April 27<sup>th</sup> for your approval. Just to show you the other Phases that are involved; Phase II LISC, since they are our partner they will go before their advisory committee and share the recommendations and seek their approval. The third Phase is with the Housing Finance Agency, they anticipate approving everything by August and then we will have loan closings, the developers will close on their loans and then they will actually begin the construction and monitoring process. Again, a very lengthy process.

As far as our evaluation criteria, we look at a number of things when we are evaluating these deals. We look at your City Policies; one of the things we really look at is the number of years of affordability that you are gaining in exchange for your Housing Trust Fund dollars and the LISC dollars as well. We look at the strength of the development and one of the things we mean there is kind of who are the units serving there? We also look at the developer experience, and this is really, really important. We want to make sure that if you are allocating money to these developments that the developer has a proven track record, meaning that they have done similar types of development in the recent history. So, that is really important. We also look at the financial strength of the development. Each of these developments has to get a market study and the purpose of the market study is really to show that the units will be absorbed, the demand and capture rate because the last thing we want to do, the state wants to do or LISC wants to do through the opportunity fund is put units in a market that are going to sit vacant. We know we don't have that problem here in Charlotte. We also, as I mentioned earlier, we look at community engagement, and then we look at some locational scoring. We look at access, neighborhood change, and we look at diversity. You can see on this slide the detail of everything that we look at, but I will just point to a few things. We look at the proximity of the proposed development site to transit options and other amenities. We also want to look at access to a job, that is really important, and we also want to look at what is going on in these neighborhoods. We want to look at displacement risks or are we mitigating displacement risks within a neighborhood.

As I alluded to earlier, we have a joint Review Team; it is a combination of City staff and LISC staff so, so you can see who the Review Team members are, and I will point out that the Review Team is local LISC and also national LISC that is on that Review Team. A little more information about our approach and our guiding principles; as I said we do a dual review and we also look at the data, what is going on in the neighborhood. We also have some guiding principles and you guys have talked about this as a Council. We want to make sure that we are creating mixed-income developments, also in areas

of high opportunity. We want to make sure that we achieve long-term affordability and we want to maximize the leverage of all of our resources, and that is really important. We want to make sure we are leveraging the Trust Fund, the Charlotte Housing Opportunity Fund that is managed by LISC, if there is an opportunity to leverage public and private land, low-cost debt, our Housing Choice Vouchers and then our state and federal resources, that is really important.

Let's take a look at our submissions; we initially received a total of 10 proposals from January, and you can see the totals there. So, a total of 10, what I would say is within the 10 proposals they are very robust, and what I mean by that is they are along the housing continuum. We have shelter beds in there, and then we have rental units for 30% all the way up to 80%. So, we are looking to serve a number of people. We have a total of 10 proposals, 1,513 units/beds, you have 194 shelter beds in there, you have \$19.4 million in request from the Housing Trust Fund, you have \$19.6 million in requests from CHOICE, Charlotte Housing Opportunity Fund and then you have \$4 million from a NOAH requests. Those are the submissions that we've received. On this slide, you will see a map and we tried to map this out for you to show you where these developments are. The red dot on the map represents the four-percent requests, the blue dot indicates the nine percent requests, the green dot indicates the non-tax credit requests and the yellow dot indicates the NOAH requests, we have one NOAH request. The black dot are requests that didn't request any City dollars, but we wanted to show you a complete picture.

Let's go into the staff's recommendations; again, I'm going to walk through each of these with you, but I just want to take you to the bottom line. Of the 10 requests that we received, the proposals, we are recommending nine of those, and I'm going to talk more about that in just a moment, so it is a total of 1,349 units, remember 194 of those are shelter beds for a total of \$14.9 million in Housing Trust Fund requests. We do have the one NOAH request in there and we also have \$4.9 million in CHOICE LISC dollars. There is still one outstanding issue you will see there from some low-cost interest debt, but you can see that we do also have some current commitments on the low-cost interest debt, and we will be shoring that up before the 27<sup>th</sup>. We are just waiting on the lender to respond back to us.

In summary, you can see that we have 34% of what we recommend are 30% units. That is a little bit up from what you had last year in your round, you had 20% of the units were for 30% households. This year we are up 34% and again, that is largely due to the shelter beds. The other thing, in some of your questions that you sent over the weekend, and I'm not going to go through all of them verbatim at this point, but you ask what is the City's investment per 30% unit, just for a 30% unit, and you see that number is \$40,861. Keep that in your mind for a moment, and I will talk about a little bit more of that as I go through the proposal.

I'm going to try to speed through these quickly for the sake of time, and this information is also in your booklet as well, this exact same information, so I'm going to hit the high points for each development. Dillehay Courts, it is a four percent proposal, the Housing Trust Fund request is \$2 million. We are going to get 30-years of affordability and it is 143 units there. You are going to be getting more units there in this redevelopment than is currently there now. You can see for each development we talked a little about the developer background and experience, the developer, in this case, is Horizon Development Properties, which is a subsidiary of Inlivan, which is formerly known as the Charlotte Housing Authority. They have extensive development experience, you see the leverage ratio there and you also see that they have 25% of the total development is for 30% households.

Evolve Living, some of you may recall that this one was submitted last year. It is a four percent tax credit. Because the developer at that time was new into the affordable business and we wanted to make sure that they could get through this complex business, they are doing really well, we asked them to bring this one back this year for consideration and so we are pleased to recommend this one to you this year. It is a \$2 million Housing Trust Fund requests, you are getting 30-years of affordability and it is

168 units. This is Crosland Southeast in partnership with Horizon Development; you can see the leverage ratio there, and 20% of the units are for 30%. Johnston Oehler Road, this is a senior four percent deal. The request is \$2 million from the Trust Fund, a total of 140 units there. This is the Housing Partnership, you all are very familiar with them. The Parks Seniors is a senior development, four percent deal; the request is \$1.9 million. I will point out the developer submitted this one previously as a nine percent deal and because of the competitive nature of the nine percent it did not win, not because it is not a good proposal, but again, we get a limited amount of nine percent deals. You have an affordability period of 30-years and you have a total of 80 units. You can see that 25% of the units are for households earning 30%. I will point out and I probably failed to do it in the previous one, you also have a commitment from the Charlotte Housing Opportunity Fund of \$4.3 million there.

On Vibrant Eastway, I will point out that this one is along the Blue Line Extension, it is senior housing also, there is a \$2 million Housing Trust Fund request, 30-years of affordability there, 132 units. Connelly Creek Apartments, you have a \$1.9 million Housing Trust Fund request, 30-years of affordability, a total of 78 units. Again. this is the Housing Partnership, a very experienced developer. Mineral Springs Commons is a senior housing proposal, they have \$803,000 as the HTF request, they have a land contribution which is really important of \$300,000. I believe that is from the Cole Memorial Church. You have 30-years of affordability and you also have a total of 73 units.

Let me pause for a moment and go back on the Park Seniors and also just point out you have a faith partner there that a contribution as well. I don't want to omit any of the faith partners we have working to help us with this crisis. The next one would be the Men's Shelter on Statesville Avenue. I would say that this is a non-tax credit development. The request is \$800,000 and you have 194 shelter beds in the request. Windsor Park, this is your NOAH. We have a Housing Trust Fund request of \$1.4 million coupled with a NOAH request of \$4 million. You get a 27-year affordability period and the difference here is that it is a NOAH, 27-years. I call your attention to Sharon Oaks that you did last year in comparison. You have a total number of 341 units there and this is a partnership with the Men's Shelter as well. Those are the developments that your staff and LISC have jointly reviewed and are jointly recommending for you to consider for funding.

We have one development that is not recommended for funding. Let me take a deep pause here. This will be a NOAH and existing residents are always top of mind. We always want to consider what will happen to the residents in any existing housing development. To that end, because we are not recommending this, what we do propose to do is we've established a partnership with the United Way to work with the existing residents, and this is the Brookhill Development, to help them get into a better housing situation in the absence of us recommending this funding going forward. So, what that will look like, we are in the early stages of it, we will be meeting with United Way this week to work that out. I will remind you all that United Way really came to the table in a big way and they helped us with the residents of Lake Arbor. We had about 100 residents of Lake Arbor who were precariously housed and we helped them move on to another housing situation. We want to build on that and that is the strategy that we want to employ here with Brookhill because we are not recommending it. You can see that what we plan to do is to inventory the housing needs of the people who are currently living on site. We want to survey the supportive services that are needed to help the residents retain housing and we want to identify resources needed to respond to what their needs are. But again, we won't know until we talk to each resident to really find out what their needs are.

We've had lots of questions about why we are not recommending this so, let me just walk through those. Primarily you can see it is the costs, and it is not just the City not recommending this, LISC did not recommend it for funding as well. The request was for both City funding and for funding from the Charlotte Housing Opportunity Fund. The request from the City was a total of \$10 million and that was coupled with a combination of Housing Trust Fund development and infrastructure development. You can see the per unit comparison, as it is currently structured, the City investment in a 30% unit

would be \$151,000 per unit and there is some change there. Just from your staff perspective, we wanted you to have kind of an apples to apples comparison. If this were structured like a four percent deal, and this is not exact, but that \$151,000 per 30% unit would come down to about \$68,000 per unit. Now, there is some complexity as to why it is not structured as a four percent development, but you can see as outlined in your notes why we are not recommending this. Number one, the proposed team has never successfully completed and managed a comparable type of development. The developer is requesting a significant amount of public investment with no assurance of affordability beyond the leasehold period. That current leasehold period, by the time this is developed, there will be about 24-years left on that. You generally get 30-years of affordability on this type of development, and I also want to point out, at the City's request the developer did reduce the initial Trust Fund ask, however, even in that reduction they are still seeing a significant amount which includes \$5.3 million in public investments for infrastructure there. For those reasons we did not recommend this moving forward, but I do want to reiterate that the residents are of utmost importance to us and we want to work with them to help them get into another housing situation.

Let me just point out on this slide; some of you have asked what is the \$5 million for in public infrastructure, what would it be paying for. I know this map may be really hard to see on your screen, but you will get you a copy of this map. You can see the highlighted areas are either new streets that are required, both inside and kind of outside of the development. It is also some typical infrastructure like sidewalk improvements that are a part of a typical development as well. So, you can see there are four, two to the north around Block A, there is one right in the middle of Block C and D and then there is one between Block 2 and 4 if I am seeing the screen correctly.

So, just to finish up, you can see how your remaining balances if you were to move forward with the \$14.9 million. I will say it again, I will be in front of you on April 27<sup>th</sup> seeking your approval. I know we talk about Housing Trust Fund a lot, but we are also continuing to work in other areas of housing so, you can see that also on the 27<sup>th</sup> we have another housing initiative that we've not forgotten. We told you early on that we would be doing a for sale acquisition rehab program so, we want to bring something to you on the 27<sup>th</sup> for approval around that as well. Ma'am Mayor, Mr. Manager; that concludes my update.

Mr. Jones said Pam; great job. On that last slide, one of the things that Pam and her team did and did such a great job with is this concept of how we would be able to purchase homes, rehab those homes for individuals to live in those homes and actually have an opportunity to have equity in those homes. So, it is just the concept of doing more than just building units, so we are sticking our toe in a new area. You have a couple of people that responded to the RFP.

Ms. Wideman said we had a total of eight people who responded to the RFP and we want to bring to you two organizations for your consideration on the 27<sup>th</sup>.

Mr. Jones said again, Pam was given a task last year of thinking outside of just the HTF and this is our first opportunity for that. So, Mayor; I guess we are ready for questions.

**Mayor Lyles** said Pam will take these questions and get back to everyone. We will send the questions out in the Thursday packet. I want to start with a question, and this is not about any particular project, but we are missing the opportunity to serve the people at 31 to 50%. I noticed that and I think it is only one project that actually serves 31 to 50%, and it is Vibrant Eastway Park. My assumption is that people are building more of the 80% because of the lower 30% and they are not being able to figure out how to pencil out people making 31 to 50%. I don't know what that means overall, but I know that we put this policy into the Great Neighborhoods Committee, and I would really like to figure out what is going on there. If we are serving under 30% and then we are getting to 60% and 80% we've got a gap there. I always think about this as if we can get people in, how do we get them up with the jobs and other ways of doing this. I feel like this is kind of skipping a number of people; 50% of AMI would about \$32,000 to \$35,000 I'm thinking. Just a comment about how do we look at that; I just don't feel like



we are getting very much play there so that is consistent among all of these applications. You don't have to answer it today, I think it is a longer-term answer since you want to get to the projects.

**Councilmember Driggs** said I think a lot of us are very focused on Brookhill and the staff's position on that. I just wanted to say I appreciate Mr. Hendrickson's creativity in coming up with a proposal that is in many respects very attractive and I think there are members of the community who are looking to us to take advantage of this opportunity to create affordable housing in a good location. Major advantages are the location near uptown, proximity to rail, rich affordability mix and it replaces a very disadvantaged neighborhood. However, at the moment, I agree with staff that I'm not ready to support it because for one I think the three-year conditional relocation commitment doesn't afford enough protection to the people who live there now. The cost per door is very high, the development's investment and experience are insufficient, the affordability duration is not sufficient, and we don't have any information about what is going to happen on the remainder of the site, which I think ought to be a part holistic approach that we take to make any investment there. My question to Pam do you see us go for further conversations with the developer or maybe we revisit the capital structure and address a couple of these issues so we don't have to make a sort of yes or no decision about this thing, but perhaps can evolve something more acceptable to everybody from it.

Ms. Wideman said Mr. Driggs; what I would remind us of is yes, I think we can have more conversation with the developer. I don't know that there would be significant changes before the 27<sup>th</sup> when you are requested to make your approval.

Mayor Lyles said can I follow-up on that Pam? They are not asking for state tax credits, so there is really no deadline for doing this. I too, think like Mr. Driggs, is their room for time for conversation and discussion that we could go beyond this because they are not under the tax credit application deadline. This is something that I think as the Council deliberates, this is something that we ought to consider because it is a great site, but it has got some real issues in it the way it is structured. We can go over those, but I think that is better for another meeting or a smaller meeting with the Committee. Since there is no deadline, I think we should try to figure this out.

Mr. Driggs said I think the \$1.9 million of developer investment is insufficient as a focus item, but I think we should pursue it and see if we can get an improvement on this that would be workable.

**Councilmember Egleston** said I've got a couple of Bergo questions, but I first want to say that I'm highly supportive of the four projects in my District. I've engaged with the developers on all four of those, some of them up to maybe a year ago, so if anybody has any questions on those feel free to reach out to me. I am enthusiastically supporting all of those and hope of you will as well. I've got a couple of questions for the Brookhill development; one Ms. Wideman; what was the affordability timeline that was on the RFP?

Ms. Wideman said generally for this type of construction we say 30-years of affordability. We know that with a NOAH we may not get 30-years.

Mr. Egleston said we are not calling this a NOAH are we?

Ms. Wideman said this is a teardown so, generally for your new construction, based on your level of investment, you get 30-years.

Mr. Egleston said and that is what the RFP said?

Ms. Wideman said I believe so, I don't have it in front of me so I would really want to go back and look at that.

Mr. Egleston said okay, that would contradict something I was told so, I will await that answer later. I do want to comment staff and United Way for coming up with a Plan B

here for the residents because I think that is all of our primary concern is the people that live at Brookhill now and I think the best-case scenario is that we find a way for them to continue to live in a new and improved Brookhill, but it is a plan B, I'm glad that we are starting to develop one because we don't want this to turn into a Lake Arbor situation. Kudos to the staff for being proactive on that. I would challenge the idea and I'm curious either now or later to hear staff expand a bit on their determination that this team does not have the wherewithal to execute a project like this. In looking at the people who are involved in this project, they are pretty familiar names and they are familiar because they do a lot of work in the City. I know Mr. Hendrickson has primarily done stuff in the eastern part of the state, but most of the rest of the folks on this team are local folks and folks that we know and recognize and in a lot of cases have a deep trust in. I would be curious to hear more about how we made the determination that their experience fell short of what some of the others did. When we look at the infrastructure improvement dollars, I hate to look at those in the same way that we look at the ask for the housing because frankly, this area has been so disinvested in over the last couple of decades, this is the third maintenance that the City owes these communities anyway. So why we would penalize the developer for a lack of investment on our part in a certain part of town that they are trying to come in and revitalize, to me I'm just not comfortable with looking at it that way. This is something that needs to be done, infrastructure improvements need to be done in that area regardless of who comes in and redevelops it. As long as I and most of us have lived here, this land lease and different ownership of the land and the structures and everything has been one of the biggest and moveable objects in this City and the fact that someone came in and was able to come up with a plan and kind of unstuck a lot of those things that were holding us back from getting anything positive done in Brookhill needs to be commended. I really hope that to the point that Mr. Driggs made, we can continue to have discussions with them and find a way to get to yes on this as far as a place we would want to develop affordable housing this close to the light rail, this close to a park. The accessibility is there, the location is there, there is an increasing amount of amenities in that area because of the light rail and there couldn't be a much better opportunity I don't think and so while we might need to continue to work around the edges on the details and the numbers, I hope that we will continue to try to that instead of dismissing this outright.

**Councilmember Watlington** said much of what I was going to say has already been said so with respect of time I look forward to continuing this conversation with the development team and the staff.

**Councilmember Johnson** said I have a couple of questions, but before that, I will say that I support the projects in my District. I'm looking forward to Cole Memorial or that location being developed. It has been vacant for a long time and has great bones and great potential. Was the developer's experience listed as a requirement on the RFP?

Ms. Wideman said yes ma 'me.

Ms. Johnson said I thought you mentioned one project or one developer that was denied last year because of a lack of experience and they were able to resubmit this year. Did I hear that?

Ms. Wideman said yes ma 'am, that is accurate, that is the Evoke Living Development.

Ms. Johnson said how many years' experience do they have?

Ms. Wideman said they are an experienced market-rate multifamily developer. They had limited experience with affordable development so that was the developer experience point that we were looking at.

Ms. Johnson said you said with Brookhill they were only going to commit to about three-years. Are we saying that this site is being restricted to affordable housing developers?

Ms. Wideman said what I said Ms. Johnson; I think there are a couple points in there. By the time they get this constructed, they will have only 24-years left on the land lease.

What you may have heard is that the developer sent you all an e-mail saying that for three-years they would work with existing residents to allow them to remain on-site and there were several caveats in that. You heard 27-years for the land lease, and you heard three-years was the commitment from the developer to allow the existing residents to continue living on the site.

Ms. Johnson said I wrote it down when you said no affordability commitment beyond three-years?

Ms. Wideman said no affordability commitment beyond the 24-years that would be left on the lease by the time it got constructed. So, when the lease ends there is no affordability period after it ends.

Mayor Lyles said which is typical after we reach some amount of years; that is not unusual.

Ms. Johnson said so you are saying the affordability commitment is 24-years or three-years?

Ms. Wideman said 24-years.

Ms. Johnson said let's say we did reject this project and then the next developer comes along with no commitment to affordable house, would that be considered?

Mayor Lyles said to come to us for the Housing Trust Fund money Ms. Johnson; they would have to be doing affordable housing. I think what I've been told is well if they don't City participation that they will build market-rate housing.

Ms. Johnson said it is almost like the 24-year commitment better than the option of someone coming behind them and not building any affordable housing?

Mayor Lyles said they would have to do a whole more; they would have to transfer the lease to another owner, so we probably have some timeframe in there for that. The lease requires affordable housing on the site.

Ms. Johnson said okay, and then the Shelter for 194 beds; we know we have a new normal and we don't know what the future holds. Does physical distancing need to be considered; like the 194 beds was appropriate before, but is physical distancing something that we need to be considering for shelters going forward?

Ms. Wideman said I'm no shelter expert Ms. Johnson, but I think the short answer is yes.

Mr. Egleston said if I can chime in; this will give the residents of the shelter much more personal space and privacy. It certainly won't give them tons of spacing, but they are almost literally stacked on top of each other on bunk beds that are only two or three-feet apart right now in that Statesville Avenue Shelter. So, this would improve that.

Ms. Johnson said I've been in the Shelter, so I know how it looks, but even in this picture there are bunk beds so, I just don't know if we are actually going to get the 194 beds if physical distancing needs to be considered. Lastly, the \$7 million is going to be less in the Trust Fund, is that going to be used for the projects to acquire and rehab those single-family houses that you are going to talk about?

Ms. Wideman said you approved \$2.1 million in your last budget I believe it is to help with that so no, the single-family doesn't come out of that.

Ms. Johnson said okay, so there is no commitment right now for that \$7 million?

Ms. Wideman said for the remaining balance you could choose to do another round of Trust Fund so, there is no commitment for that.

Mayor Lyles said we would usually go after the competition for the state tax credits Ms. Johnson to leverage the \$7 million.

**Councilmember Eiselt** said, first of all, I think there is a deadline on the Brookhill deal because in the paperwork that was sent to us there is a US Attorney Settlement Agreement that expires in June. We were told that is a deadline for them.

Mayor Lyles said I've asked Mr. Baker to look into that and have a conversation with the US Attorney about it.

Ms. Eiselt said okay, I would like to see hopefully to the developer take another stab at the financing and put some more equity into this. It is expensive and I'm trying to wrap my head around what is the premium that we would pay to be so close to uptown and to have so many units that are 30% and below. As we've seen it is so tough to get affordable housing built close to uptown and I don't know how many opportunities we will have like this, being right on the light rail, being in a growing high opportunity area, being close to uptown. So, I'd like to see the door left open for them to come back and do something if they can find a way around the current financing plan and get some more equity put to it.

**Councilmember Winston** said Ms. Wideman; you mentioned that a couple of the deals that are being recommended were not recommended in previous years. Are there currently some deals that as recommended would still be viable in the next year in the next round of funding?

Ms. Wideman said no sir and, let me clarify what I said Mr. Winston. I mentioned the Evoke Living; that one wasn't recommended last year because the developer at that time had limited experience in the affordability realm. The other thing I said was The Park competed. The Park Senior competed for nine percent because the developer knew that that would require less of your Trust Fund and was trying to be fair to that. It didn't win because of the competitive nature across the state and now it is coming back as a four percent development.

Mr. Winston said let me clarify; they were not awarded, they competed or applied last year, they were not awarded so they came back this year for a still viable project.

Ms. Wideman said yes sir.

Mr. Winston said are there projects that staff has recommended and if Council does not vote to approve could it be viable next year?

Ms. Wideman said if someone were to reapply with a different structure. There is nothing in the cue now if that is answering your question.

Mr. Winston said how has the need of COVID, housing is essential to the COVID response, so how has housing needs of COVID made us re-evaluate how we disburse Housing Trust Fund dollars?

Ms. Wideman said the way I would answer that Mr. Winston; is again, you have your 194 units of shelter beds that are requiring Trust Fund and what I would also say is in this deck that I presented to you, you have 34% of your units for 30% households and what I would also say is the need for affordable housing is direr now, not just in Charlotte, but across the nation due to the entire COVID. Those are the three points that I would offer you.

Mr. Winston said how have we updated our community communication strategy around Housing Trust Fund dollars given the COVID situation we are in right now?

Ms. Wideman said I would again, offer your two points; one your approved framework speaks to the preservation and new construction. Let me also put another point in there,

the Windsor development, that is a partnership with the Urban Ministries, the Men's Shelter. So, when I talk about partnership it is a partnership to get people out of the Men's Shelter to increase that social distancing into a permanent housing situation. That is one thing that is related to COVID so it is consistent with your approved strategy, you have that partnership with the Men's Shelter to decrease the social distancing, and I will remind us that we have this Housing Task Force that post this slate of approvals you are going to be looking at just that. Your Housing Strategy in light of COVID, so again I would urge us to continue where we are with this current money, but also look at our strategy now that we are in this COVID environment. So, you continue to travel down multiple paths.

Mayor Lyles said I agree; I think that the COVID, particularly the Task Force work that you are doing with Mr. Graham and Ms. Johnson and Mr. Egleston, I think that ought to be a primary focus and effort for the next several weeks and I hope that will happen.

Mr. Winston said that kind of led into my next question. Given late last week we set up this Task Force response for housing and being that we haven't met yet, and given the budget outlook and the budgetary constraints that the Manager just presented to us, why should we be disbursing any housing dollars without updating our overall housing strategy and planning, given our new constraints and our new realities?

Mayor Lyles said that I don't know that everybody would have the same answer. If I recall these folks have submitted these applications before we decided that we were going to make some shifts and so these applications are part of the ongoing efforts that have been taking place. I don't know how people would ask that question; it is probably a good question for everybody to think about, but I expect that the developers, for example, the shelter program is a part of a three-pronged effort, they are not just doing the shelter on Statesville Avenue, they are also raising money to build housing for homeless people and they wanted to go to 300 units, but they are doing fundraising for now. I think in some consideration, while we are at the end of this process, they may be even further ahead than we are. For example, for most of these developers, but I think Pam wants to address it too.

Ms. Wideman said just one more point I would remind us of Mr. Winston; not specifically related to your Trust Fund, in just a few moments when we move on to the additional agenda items, I'll remind you that in our first round of stimulus we have a total of \$5.3 million I believe it is. You are going to get some Emergency Solutions Grant funding that as described by the federal government can only be used for the homeless population and that is going to go a long way to address COVID, shelter reduction, getting people into permanent housing, and you also within your \$3.5 million of CDBG (CDBG (Community Development Block Grant). that you are getting in light of COVID, you are going to be deliberating on a mortgage relief, rent relief, security deposit, and utility deposit programs that I presented to you last week. So, you've got your Housing Trust Fund and you've got your ESG and CDBG money that is also helping you work in this current COVID environment.

Mr. Winston said I will have some of the same questions when we get there especially given the presentation that the Manager gave us at the top of this meeting. I would implore Council that we take our time together; when I say take our time, I don't mean an extended period of time, to figure out how to quickly pivot our overall housing plans given the limitations that we know that we are going to have financially. I hope that is something that we can talk about as colleagues as we move forward. I do have a couple of questions about Brookhill being that this has been a community [inaudible] for many years. I find it a little bit disingenuous to say that while the structure of this deal has never been seen before and that it even exists was quite a wait to bear. So, the idea that because this has never existed before therefore, it could have never been executed before, I don't know how you hold that against people that are coming up with creative solutions to the problems that we have. But, by voting to not approve funding for this project staff is seemingly suggesting that we displace these residents and completely gentrify Brookhill, a neighborhood with historic value. Is that something that we would seriously recommend for this Council to vote on to do?

Ms. Wideman said staff's recommendation; I'll try to articulate it a little bit better, Mr. Winston. What I said at the top of the presentation around Brookhill was that residents are first and foremost. They are important and because of that because we did not recommend it, we partnered with the United Way to go out and really understand the needs of the residents and to help them get into a more suitable housing condition, based on their current needs. If the developers are involved, the developer would do that, so I really want to be clear, but based on our not recommended, we didn't forget about the residents, we are proposing to work with them in partnership with the United Way.

Mr. Winston said we have the potential here that if Council was to vote to approve this Housing Trust Fund request in terms of Brookhill, we run into the reality that LISC would refuse approval of this [inaudible] request?

Ms. Wideman said LISC, based on the structure of their fund, and I don't want to speak for them; I think there is a LISC representative on the phone, but based on the structure of their fund, it is not structured just like the Trust Fund, they did not recommend it for some of the same reasons we did not recommend it either.

Mr. Winston said if they are on the phone, if we would vote for it in this current structure does that mean that we would run into the situation where LISC would not put in the CHOIF funds?

**Denise Scott, LISC Managing Director** said we do not recommend this project as currently underwritten. It would require a substantial re-underwriting in order to be considered so, it is not just a tweak to a few items, but substantial re-underwriting. That would be our position and the developer has been told what the issues are that would have to be reconsidered, including that there would need to be evidence of the first mortgage support for the project along with an appraisal or market analysis that would support the first mortgage position along with some of the issues that you heard from Pam. We would certainly entertain a reconsideration if the project terms are re-underwritten.

Mr. Winston said my follow-up question would be if Council decides there is no way for United Way to find places for these people to live, there is not enough affordable housing in Charlotte and we vote to fund this the way it is, how do we resolve the divide between the City's decisions use of Housing Trust Fund dollars and LISC unwillingness to provide CHOIF fund request?

Ms. Scott said this was a joint underwriting venture so, I believe the City staff, along with LISC staff share the same concerns about the terms of underwriting as the project is currently presented. So, we would all be going back to the drawing board and expecting the developer, and you should want that too because we want to make sure that the project is viable and at this moment, the way it is currently presented, it is not being viable.

Ms. Wideman said that is correct. It would be a joint review and just to echo what Ms. Scott said, we do share those same concerns about the lack of an appraisal at this point and the lack of a first mortgage commitment.

Mr. Winston said, and we get to determine what is viable and what is not, or is that a market?

Ms. Scott said I was just to say that you will need the appraisal to support a first mortgage. This is probably why the developer has not been able to secure a mortgage commitment. This project needs to be re-underwritten; there is no way around it. It is not currently viable, but every effort can be made to help the developer reconsider a project. Most of the conversation has already been conveyed to the developer, so if they want to come back around in consideration of the terms that would be necessary to consider we

are certainly open to a reconsideration. We think the location is a viable location, but it doesn't change the fact that the project as underwritten is not viable.

Ms. Wideman said just to be clear Mr. Winston; your City staff also recognizes the importance of this location for many reasons. Again, it is just about making sure that we have a proposal that is viable from a financial structure.

Mr. Winston said my last question on that map, those existing streets that would be kind of major additions or work, are those existing street City maintained roads, or are they privately maintained roads?

Mayor Lyles said I think some of these are brand new streets to make the development work for the entire 30-acres. Some are noted as extensions and some are noted as new on the map.

Mr. Winston said would those extensions be extensions of City maintained streets or privately maintained streets?

Ms. Wideman said I believe they are City maintained streets Mr. Winston; but let me clarify that in the Q and A that I'm going to be sending out to you later this week.

Mr. Winston said so there is a good chance that the redevelopment or streets are our streets anyway and they have just fallen under disrepair?

Ms. Wideman said again, let me clarify that in the information that I'm going to send out to you later in the week.

Mr. Winston said to Mr. Egleston's point about holding that against the project, it might be something that we want to look at a little closer.

Ms. Wideman said we will clarify that; I think the broader point to consider is that there is an issue of maintaining City streets and there is also the issue of new infrastructure that would be required in any of these developments as they are building out. You don't normally see a separate request for infrastructure in a new development, a separate request outside your Housing Trust Fund.

Mr. Winston said I would love to get back to it if they are City maintained streets and if the additional ones would be, and also if they are new streets how that relates to new connectivity ideals and qualities that we want in neighborhoods and how that stacks up overall.

Mayor Lyles said I think that is a great question Mr. Winston because the map that we have was an idea that was presented for rezoning, so the parcels that are listed as A, B, C, D, future development areas would have to be rezoned. Some of those streets probably wouldn't happen if they were new unless a rezoning goes through. I think the parcels for the rezoning are labeled, but I think it is a good point, Pam, to find out what are those required for the project, what are those required for maintenance, and then what is new under the proposed rezoning that would come for the development. There are three categories that we need to sort out.

Mr. Winston said it says right there that all existing and proposed streets are public.

**Councilmember Mitchell** said Ms. Wideman; just a couple questions you can put on your Q and A; what is the current rent the residents are paying now? Do we know that?

Ms. Wideman said we will find that out.

Mr. Mitchell said the question I have, I think the Councilmembers have shared a lot of their time, not frustrations, but concerning this proposal, I just have a follow-up about affordable housing in South End as well as Center City. Do we have any idea how many affordable housing units we have in the South End?

Mr. Wideman said we will put that exact information in your follow-up.

Mr. Mitchell said I looked at the \$5.3 million public investment as a separate ask. City Manager; shouldn't that fall more under transportation for our street maintenance.

Mr. Jones said yes, we would have to consider this more as a CIP (Community Investment Plan) request.

Mr. Mitchell said Pam, you mentioned Lake Arbor and those of us who were around when we were faced with that crisis and I'm not sure how that worked out. I'm a little concerned about having a Plan B, but have we surveyed the residents just in case we have to go that route? Have we had any conversation with the residents that are currently there?

Ms. Wideman said we didn't want to embark on that Plan B, and again I want to really qualify that the United Way has only agreed to be involved in this didn't move forward in the current structure. I don't want to paint a picture that the United Way is going to help the developer. That would be the developer's job to do that, but to date, we have not gone out there and surveyed any of the residents.

Mr. Mitchell said I don't have any more questions, but I'm going to stick to a two-minute editorial. I was born in Southside which is adjacent to this property and this means a lot to the [inaudible] and the affordability. My fear is Council; if we cannot get a project in Brookhill I'm afraid we are sending the wrong message as it relates to affordable housing being in Center City or South End. I'm going to echo Mr. Driggs, I hope we can get the developer back to the table. I hope LISC and the City, Pam; under your leadership will continue to work with him so we can paint a different story as opposed to Lake Arbor that said we finally accomplished in putting affordable housing. I think we have to know affordable housing is always expensive uptown as well as Ballantyne, but I don't think we can shy away from that challenge. We have to represent those citizens even more because we are the voice for change for their community and for their lives.

**Councilmember Ajmera** said we have talked all this meeting why we cannot do the new Brookhill. I want to hear from LISC, how would you structure this deal to make it financially viable? What would you do differently?

Ms. Scott said I don't have the underwriting in front of me, but first of all one of the considerations would have to be, developer equity. Another consideration, as I mentioned, would have to be an appraisal that supports the project underwriting, and then there are probably a number of other things that will [inaudible] trigger. But like I said, we are more than willing to consider the project, but as it is currently constituted, it may be that the financing as proposed may need to be – because the probability seems right now low, but there is a mortgage that would likely materialize. If we had evidence that this project could be supported, the value was there to support the project underwriting, that could be some different consideration. I think that in our conversation with the developer we would be pointing out, or we have pointed out a number of different strategies that the developer should consider. A \$10 million request of the CHOIF is a substantial request and so that level of request should probably come down. There are other things that it is tied to and so the whole project would have to be reconceived.

Ms. Ajmera said I think we need to know a little bit more from the financial perspective, how can you make this deal more financially viable? I was unaware that this had already been communicated to the developer. We have seen what has happened with Lake Arbor and we have a deficit of units for affordable housing, especially at 30% in Charlotte so, my concern is to find housing for those residents. I know that United Way has generously offered to help, I just wonder if any of those folks will be able to stay in Charlotte. You may not have an answer to that right now, but I think we need to think through this. Yes, we are focused on the costs and it is an important part of any development, but we also have to consider, to Ms. Eiselt's point, what premium are we



willing to pay for the location and what premium are we going to pay for these [inaudible] that we are seeing right now. I do have one question for Ms. Wideman; are you all working with the South Tryon CDC and Brookhill Community Association?

Ms. Wideman said to date we have not had any conversations with the South Tryon CDC or the Brookhill Community Association. Our conversations have been with the developer through this process.

Ms. Ajmera said I guess what are the next steps with this? If they are going to have continuous conversations with the developer, what are the next steps here, and what are the next steps four of our residents?

Ms. Wideman said the next steps related to Brookhill, I guess based on the conversation that I'm hearing from you all tonight, is to have continued conversations with the developer to address the issues that we've talked about to really continue working on the deal. What I would recommend to you is that you move forward with your other nine developments and again, allow the staff to have continued conversations, the City staff, and LISC, with the developer based on all the points that have been raised here tonight. Again, this is a non-tax credit deal so, we have time.

Mayor Lyles said what I hear Ms. Ajmera, is a real commitment by the Councilmembers and it may be varying in depth and width that we ought to try to make something happen here, and that since there are no tax credits in it, we've got some things that have been noted, the underwriting criteria, the appraisal, the comparison of how we get the residents done, determining the US Attorney's deadline and all of that. I think what I've heard is a willingness to keep the conversation or to go back into a negotiation with the developer, knowing that there are some things that have to be done, but there is a willingness to get those things done. I think that would be the decision made on the 27<sup>th</sup> and this is just time to respond to these questions and get all the questions out and I think we've gotten a good list here.

Ms. Wideman said if I could just go back really quickly, well never mind I'll answer it in the Q & A. Mr. Egleston; you asked a question that I have answered for you, but not to belabor the point, I will put it in the Q & A.

Mayor Lyles said I think we are trying to get all those questions on the table, but the action that I here is to continue negotiations with the developer, and then that can be confirmed on next Monday.

Ms. Ajmera said I'm looking forward to the details from Ms. Wideman.

**Councilmember Graham** said first I want to thank the development community for the quality of the proposals that we've received. I think when you take a look at it in total, we have a great housing need from sheltering Charlotte's homeless residents to preserving naturally occurring affordable housing to new construction of affordable housing and rental units. So, I think the mixture of all the nine that we approved certainly moved the City forward in the right direction, and I think that hopefully on the 27<sup>th</sup> we can affirmably move all those proposals forward with our vote. Again, most of these projects will take 18 to 24 months to be built, by then we will be beyond the current crisis for affordable housing will still exist. I think we have to continue to move forward with our Housing Trust dollars and our Housing Trust commitments as they are today. Obviously, the elephant in the room is the Brookhill development and I too would like to find a way to get them, yes, knowing that the first step is really at the developer's front door. He has a lot of questions to answer both by the City staff as well as what I'm hearing from LISC, and I think the Mayor outlined a number of them. One in particular that I have in mind deal itself. I tried to figure it out Ms. Wideman; and I know I talked to some folks in the development community and the major impediment to the price of the deal is the complicated land structure. Am I right in saying that?

Ms. Wideman said yes sir, that is one of the major impediments.

Mr. Graham said so that is a question and we can kind of figure that out. Also, in terms of the deal, we talked a lot about the affordable housing piece, which is important, but we are funding, but there is also a very vague commercial piece as well, and to what extent can that commercial piece spin-off to fund some of the other developments that need it, like the infrastructure? If there was another developer doing a commercial structure deal, notwithstanding the affordable housing, wouldn't he pay for some of the infrastructure for the new roads, not the existing City roads, but the new roads that would have to be built because of the development? I'm talking about the commercial part which we have little or no information about. Am I correct in saying that as well?

Ms. Wideman said yes sir.

Mr. Graham said that would be another place that I would like to kind of delay at the developer's front door in terms of giving us a lot more information about the total deal and the spin-off that the commercial piece will do and which comes first, building the affordable housing or the commercial, and if the commercial was done first, could that again bring more dollars into the project that would lower the expense. The last one is the owners of the land themselves and the 27-year commitment that expires after 27-years. What if the landowners gave them 40-years, would that reduce the cost of the project?

Ms. Wideman said I'm not sure if you wanted me to answer that Mr. Graham; but what I would say about that is, and I would invite Ms. Scott to weigh in too. I think if you had a longer period on the lease you may be able to get more of the traditional affordable, or just housing mortgages. That would definitely help with your first mortgage and other funding sources to help with the deal, which would potentially bring down your costs.

Mr. Graham said okay, that is one thing I would like for you to take a look at when we talk to the developer in the interim. Then the last piece is the federal funding; has it been approved for the federal funding for the project yet or are we the first money in?

Ms. Wideman said based on my knowledge Mr. Graham; we will be making the first approval. It is not my understanding, or I am not aware that he has a commitment for the \$43 million of the Fanny Mae loan.

Mr. Graham said right now it is zero dollars?

Ms. Wideman said that is my understanding sir, yes.

Ms. Scott said there is no commitment that we have seen for the \$43 million first mortgage.

Mr. Graham said I think we are saying the same thing. One, I'm saying very emphatically that we need to move forward with the nine proposals on the table on the 27<sup>th</sup>. I think that makes sense, they address a wide variety of needs, we are planning for the future and they are good projects ready for our community and I'm ready to work with the developer to get the yes, but again, the first stop is at his doorstep and there are a number of questions that he needs to answer.

Mayor Lyles said I think that wraps up, everyone has spoken on this issue. Does anyone else wish to speak? I think this is the last of the Manager's presentations. Feel free to call Pam or Marcus anytime about this request for additional questions and I think I can hear support for all 10 projects, one has got just a little bit more complicated process to go through and we can try to figure how to do that. Lots of work to be done, but fortunately no deadline for Brookhill and hopefully we can get something put together to have a conversation with the developer. I think sometimes when you go to different places you hear different things and it would be good to get everybody in the same room together to figure this out with the questions that have been asked. Hopefully, we will be able to do that. Denise, you need to come down to North Carolina unless you are a stay at home in New York City, right?

\* \* \* \* \*

## BUSINESS

### ITEM NO. 3: AMENDMENT TO THE HUD FY 2016 CONSOLIDATED PLAN AND FY 2020 ANNUAL ACTION PLAN IN RESPONSE TO COVID-19 SMALL BUSINESS SUPPORT

Motion was made by Councilmember Driggs, seconded by Councilmember Graham, to (A) Amend the HUD FY 2016 Consolidated Plan and the FY 2020 Annual Action Plan to allow for new activities in response to the COVID-19 pandemic, (B) Approve the use of FY 2020 Community Development Block Grant funds in the amount of \$1,000,000 to assist microbusinesses in the City's designated opportunity corridors, and (C) Authorize the City Manager to execute any necessary contracts related to the use of Community Development Block Grant funds to assist small businesses.

**Peter Kelly, 3011 Brandon Manor Lance** said we would like to suggest the following issues to be reconsidered:

1. The current COVID Crisis up to this point has not increased Homelessness due to the stopping of all evictions in the near term. The COVID Crisis has increased the risk of additional families becoming homeless in the post-COVID reinstatement of evictions. We believe that you should spend more on prevention and not on assisting in acquiring new housing. The money allocated for ESG is already directed at the homeless population. Therefore, we would strongly suggest that you remove the Security Deposit Funding and the Utility Deposit Funding and reallocate the funds evenly between the Mortgage and Rental relief funding. This would increase the number of families that would be prevented from becoming homeless post COVID.
2. We believe that the City has appropriately set aside a minimum of 16% of the operating budget in reserves for a 'rainy day'. While acknowledging all the forecasting risks due to the uncertainties, we believe the CITY could conservatively allocate \$3 million of the reserve funds for immediate assistance to the City residents in need NOW. Therefore, we would recommend adding \$1 million each additional city funding to the Microbusiness Funding, Mortgage Relief Funding, and Rental Relief Funding.

**Councilmember Newton** said I think this is a great start we did so staff did a fantastic job in identifying a gap for microbusinesses within the City of Charlotte. This doesn't cover that entire gap; we are talking just about corridors here and I think it is a great start. I am very supportive of this, but knowing the need, the urgency for small businesses generally, the fact that micro-businesses throughout the City have not been covered [inaudible] or in their entirety either. I hope that this is the start of the conversation and we don't end it with this vote tonight.

**Councilmember Watlington** I just to make sure I know exactly what is being proposed because I saw Mr. Kelly's suggestion, but I'm not clear right now if the motion on the floor is to adopt his suggestion or to continue with the original proposal from staff. Could you repeat the motion?

**Mayor Lyles** said the motion is to adopt the agenda item as it is presented in your agenda.

Ms. Watlington said okay, the only thing I will say is as it relates to the security of the utility piece.

Mayor Lyles said no, we are on the Business part; we are still on Item 3 which is the microbusiness program.

Ms. Watlington said I got it.

**Councilmember Bokhari** said just so I am clear, you've moved to number three, which is what we had discussed initially in the Economic Development Committee Meeting, just to make sure we are lined up, is that correct?

Mayor Lyles said yes, that is correct.

Mr. Bokhari said I just want to throw out; I am torn on this one and I don't even know where I stand personally right now, which is very difficult when we are about to take a vote. I will say on one side of the coin the desperation that is out there amongst small businesses, particularly the micro-size business of five employees and less, is undeniable. We see it every day, but on the other side of that coin goes back to what I said earlier where we are going to have to make tough decisions amongst very warring options that are in front of us. So, when I think of \$1 million and I know there are limitations on this money it almost feels like when you look at the thousands of small businesses in this category that are going to be there, it almost feels like winning the lottery for those who are actually going to get it in a portion of our town, not the entire town. For those who actually get it, the dollar amounts and where it is capped unless something has changed since the last time, I looked at this, it is still going to be something for most of them with three, four and five employees that are only going to last for a week and a half. I've asked the staff, and it was a tough ask, I get it, but I asked them what the ultimate outcome is here that we are seeking. Is it that we are just delaying an inevitable crash that these folks are going to have now or a week from now or are we giving it to small businesses in this category that we are buying them an extra week and a half because something else is coming? That next life raft is coming. I know these are very difficult questions I'm posing, but I haven't even gotten the beginning of an answer for one. You pare that with that frightening update from the Manager on the budget and the challenges we have pared with the fact that we've got to make tough decisions on where these dollars go, I've got to tell you I just don't know what to do or how to vote on this right now. I'm just telling you what is on the top of my head and maybe somebody else has clarity as to why this is the best use and the biggest bang for the buck for this money that I haven't seen, but I've been looking at it hard for a week and I still can't figure it out. So, I'm just tossing it out there.

Mayor Lyles said Mr. Bokhari; I think one of the things about this is that this was something that was approved by the County for every part of this County except Charlotte and Mint Hill. So, in some ways, I don't think I'm answering your question directly, but I do think that is one of those things that if you live on a border and you are one side of the street and the other side isn't getting that, I think there is some amount of consistency to doing this, so the microbusiness portion was a gap that was identified because the County did not fund it. The other programs from the County, I do believe is countywide that serves the citizens. I can't address the question of how do we know it is actually going to work. I'm just going to say this; my family has a small business that has gone through this many, many times and what we've found as a family is that you don't get the money from the banks necessarily, you get it by working doubly as hard and then you also get it by working with your family or other friends that are willing to support you financially until you get back on your feet. That is not to say it is going to be easy, but I would just say to you that some of these will succeed, just because of their tenacity and their faith in their ability to own a business and they are going to scrap for everything that we get, but there is probably not a number in the world that is going to ever explain that kind of grit in some of these businesses.

Mr. Bokhari said let me follow-up on that Ma'am Mayor, because if you break into the math of this and if you see that; let's say we get 100 businesses up to a \$10,000 grant in this front, just in these corridors along there are almost 2,000 small businesses. That means 1.5% of those who apply are actually going to get it. I hear the argument and I've looked deep at that over the last week, well the County has done this exact same thing and it didn't apply to Charlotte because they couldn't do the double-dip and understand it. I think the same questions still remain, was it a good idea for them to do it last week? I don't know the answer, I'm just posing tough things that I haven't been able to wrap my head around and we haven't given staff the amount of time they need to figure out because at the end of the day it is literally, I haven't heard two very important things, is

this amount of money going to make an impact or is it going to make people feel like we took some kind of action just to be able to say we did and at the end of the day, a lottery is essentially going to be set up where one out of every 100 small businesses with five or less employees happen to be accepted and we have no criteria, which is my second point, of saying these are the ones that need it and we are going to buy them that extra week they need to get to the second week of whatever solutions in front of them. I had rather spend that \$1 million in this very corridor on a business platform that promotes out local small businesses that are pivoting that have different strategies of taking advantage of things remotely are delivered so that all of our City knows the consumers out there, you can go support them and we put a megaphone behind them. A million bucks would go a lot further, in my opinion, on that than the level that we've set this process up right now.

Mayor Lyles said I would like to remind you of the conversation we had with JaTonya about some of the things that were needed. I don't know that it will be everything, but I believe some of those corridor folks have expressed the need to try to do this and it is not going to be everybody. Some of them are doing pretty well, but your point is taken, it is not measurable.

**Tracy Dodson, Assistant City Manager** said I was going to say we worked closely with LISC on the amount. Raphine Caldwell is supposed to be on the phone. If she is there, she might have a better explanation, Mr. Bokhari; as to why we think that \$10,000 amount is the right amount. I know when I've talked to her on the other conversation that we had at the ED (Economic Development) Committee about should this be expanded to larger businesses. We had the conversation just today about \$10,000 doesn't go very far for a business that has 20 employees. So, Raphine might have an answer to chime in.

**Ralphine Caldwell, LISC Executive Director** said I do want to say that in regards to the \$10,000, we did come up with the \$10,000 because when you talk about microbusinesses and you look at the amount, the type of funding that is being used, and particularly the amount of employees and taking into consideration some of the businesses we had actually talked to, we came up with the \$10,000 because that was a good amount that you consider when you are doing a microbusiness type relief fund. What I talked to Ms. Dodson about earlier today was that I think in the Committee there was a question in regards to taking the actual number of employees up from less than five to I believe someone said 15 or 20 and when you are talking about doing that, you actually need to increase the amount of funding that the City would be; that would be like a totally separate program because you would need to increase it from \$10,000 to possibly \$25,000 or \$50,000 even to be able to make it where it is worth the actual small business and keep them in business for the next week or two-week or however.

Mr. Bokhari said I would just close out to say I'm just really scared and it goes back to what we said, we are going to have to pass on many worthy causes and while this feels like an amazing cause when I do the math and break it down, I keep coming back to it feels like we are taking a handful of BB's and throwing them into the ocean. We have to make tough decisions; I don't even know how I'm going to vote so, hopefully, someone else a point that will help push me one way or another, but I'm very skeptical of that we've done our homework at the right way for this to be something greater than we are doing something for the sake of feeling the urgency to do something.

**Councilmember Winston** said I agree with some of the sentiments that Mr. Bokhari suggested a little while ago. I would suggest that we just approve Action A. It kind of speaks to what I was saying during our Housing Trust Fund conversation. We have these Committees that are going to be meeting over the next couple of weeks and months. I'm not sure why we can't give a mandate that they come up with some 30-day plans because we are going to spend this money that we have now, but again, the Manager gave us a very dire forecast. I think we have to be very precise in how we execute on those dollars and be as intentional and as broad an impact as possible. I don't know why we would not give ourselves a chance to pivot our plan and pivot our policy. I've been talking amongst colleagues a lot and I've got to give credit to Ms.

Johnson, she has used a metaphor that has stuck with me as I've been considering these items. It is like we are putting together a thousand-piece puzzle; we have all of the pieces on the table, but we don't really have an idea of what the big picture on the front of the box is supposed to look like. It is the intention of these Committees to put together what that big picture looks like pretty quickly. Before we start to disburse these dollars and in the interest of doing it in the most effective and efficient way possible, I hope that we don't execute B and C right now and just execute A.

**Councilmember Ajmera** said I just want to give a brief background on this. I'll probably let the Committee Chair give an update on this, but we discussed this at the Committee meeting last week and we talked about how so many businesses, especially in corridors that they are struggling because lots of businesses do not have other opportunities such as PPP or EIDL loans, which is the emergency loan, or other ways to get some sort of lending from banks. This program was specifically designed for those small micro-businesses that are not going to get another way to get capital from other sources. I know this is not a lot of money for many businesses, but for a small business that has one, two, or three employees, this is going to last them at least so they can survive the difficult times that we have right now. So, if we decide to do nothing these businesses are not going to have another way to find capital. That is why I support this, though this is not a comprehensive program, but it is not going to support every single microbusiness, but it is going to support the ones that are going to be the most vulnerable. Eventually, I know we had talked about another place where we will have to figure out supporting micro-businesses that are not part of the corridor program that are in this niche area where they do not have another source of capital coming in. I hope that my colleagues will support it because there are a lot of businesses in the corridor and we've even gotten some e-mails from those business owners that they disparately need some sort of capital to survive this difficult time.

**Councilmember Mitchell** said let me digress a little bit and just give an update on what occurred last Thursday at our Business Workforce Development Meeting. We discussed this item in-depth and we came out with a 5-0 vote to recommend to Council. Some of the things we did discuss was Tracy provided a State of Charlotte Small Business and the micro-lending business. There are a total of close to 6,500 businesses with less than five employees so, we truly realize that on one end we had to act and was trying to act where we think we could be successful. If you look at the map that we provided you for the Business Corridor Revitalization, all of these businesses are in Districts 1 through 5, those microbusinesses need help in those Districts, and I would say to my colleagues and my Vice Chair because we did have a conversation and he told me he was struggling tonight, but no action is not a solution. So, I would tell everyone we need to send a strong message this evening that small businesses are a top priority for us. I think this is a good start, we found some funding so Pam, thank you for the staff and LISC for being a partner with us. We found a million dollars of stimulus funding we can use and provide grants or forgivable loans, but to the small business out there I think it will be a big help and it would let them know how this City Council feels about making them successful. This is new territory for all of us so, for us to think that we have the luxury of spending 30, 60, or 90 days to get something perfect, it is not a reality that we are faced with right now. Do we need to act recklessly no, but I think this is a plan that we can get behind and then maybe by April 27<sup>th</sup> we will look at how many applications have been filed, how many more businesses that we need to help, and maybe we can look at additional programs because last year with Committee members today, I would like to address those five employees or more, five to 20, but I'm afraid in this current environment here in this discussion that we should table that for another day. So, I support the original motion on the floor; I would encourage us, let's take this first step, but let's send a message today that we are going to provide funding for our small businesses in the corridors. Mayor; you are exactly right, JaToyna Adams has been a strong advocate out there for us, they have a group called GWC and it is good to have grassroots leadership passionate about receiving stimulus dollars to make that small businesses can be successful in the corridors.

**Councilmember Eiselt** said I agree with Chairman Mitchell on this. We don't want to; what is the phrase Great is the Enemy of Good, and if we try to get this perfect we will

certainly fail because if you look at the CARES Act, the CARES Act has made a lot of – looking back now, it is not perfect at all, but the goal was to get money out there. I struggled with the five and below, but I read something and I wish I could find out where one of the advisor sites said that the reason that five and below is important is because those are the companies that have the fewest resources to be able to pivot quickly and spend all this time trying to get this that the other sources [inaudible]. There also companies that haven't needed credit in the past and so, therefore, they might not have the established relationships with the bank and that is not necessarily a bad thing that they should be dinged for, but they have the least chance of getting help from the CARES Act. So, I think we should move forward with this, is it going to be perfect, absolutely not, does it show that we really care about this issue and we hear what people are saying to us in the community, it does. Let's endeavor to find out what we've learned from it and go back to the drawing table as this thing goes along because it is not going to end anytime soon and we know we are not going to be able to help everybody in the community, but we've got to try to help some.

Mr. Newton said I would agree with the Chairman and Councilmember Eiselt.

Mr. Graham said I agree with the Chairman; they need to keep it narrowly tailored and focused on the required mission and I think we need to move forward.

**Councilmember Johnson** said are looking at anything as immediate for businesses outside of the corridor? I think we have to do that as well.

Mayor Lyles said the Council has a program for businesses outside that is countywide.

Ms. Johnson said for five employees and below?

Mayor Lyles said I think it is countywide, I don't know if it is for five and below.

Mr. Newton said yes, building upon Ms. Johnson's point; if we are talking about in the City, outside corridors, I think we can't stop here, we have to continue, and the Chairman is right. Look at the data and we continue to help more businesses that are within the City of Charlotte that are identified within that gap.

Mr. Bokhari said I am going to vote yes against my deep, deep gut reaction to vote no because it is going to pass and now is not the time for me to try to make a point, but all I will say is staff please, please figure out a process by which we deploy this money to those who need it and it can make a difference in the outcome, not prolonging the inevitable here.

The vote was recorded as follows:

YEAS: Councilmember Ajmera, Bokhari, Driggs, Egleston, Eiselt, Graham, Johnson, Mitchell, Newton, and Watlington.

NAYS: Councilmember Winston

The meeting was recessed at 10:22 p.m. and reconvened at 10:38 p.m.

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**ITEM NO. 4: FY 2020 CARES ACT AMENDMENT TO THE HUD FY 2016 CONSOLIDATED PLAN AND FY 2020 ANNUAL ACTION PLAN IN RESPONSE TO COVID-19.**

Motion was made by Councilmember Egleston, seconded by Councilmember Driggs, to (A) Approve the use of \$5,696,778 in federal funding from the Community Development Block Grant (\$3,514,923), Emergency Solutions Grant (\$1,765,572), and Housing Opportunities for Persons with Aids (\$416,283) provided by the Coronavirus Aid, Relief and Economic Security Act (CARES Act), (B) Amend the HUD FY 2016 Consolidated Plan and the FY 2020 Annual Action Plan to allow for new activities and funding in response to the COVID-19 pandemic, (C) Adopt Budget Ordinance No. 9774-X appropriating a total of \$5,696,778 in CARES Act funding from the U.S. Department of Housing and Urban Development in the COVID Stimulus Fund contingent upon receipt of grant funds, and (D) Authorize the City Manager to execute any necessary contracts related to the CARES Act.

**Councilmember Johnson** said I voted on the last item because it was very specific, and it answered a critical need that we identified. This one concerns me in what Mr. Bokhari was saying. We want to be responsive, but we don't want to be reactive, and I just think this is a lot of money to commit for eight months when the needs are changing so quickly. Thirty-days ago think where we were, and we don't know where we are going to be in another 30-days. There are items here that I think might be addressed in other places, so I want to know how this is going to work with current assistance such as federal and mortgage assistance. We know if we were wanting to help the House Charlotte recipients, 40% of those have FHA loans. Federal loans or federally subsidized loans are requiring some type of referral, and there are some other things that I just think if we could take a step back. We don't want to go [inaudible] to the ocean, we have to be very strategic, we have to make very, very smart and strategic decisions. There are things that have come up as critical needs within the 30-days. For instance, hotels. We know there is a problem with hotels, we know that our homeless individuals who are living in hotels could be at risk. Crisis received 120 inquiries over the week-end for individuals who were being threatened with eviction. Another thing that is not addressed in this Act is CMS is providing 26,000 meals, we have organizations in this District that have provided 3,500 meals. I just think there is food, there is the hotel, the homeless and I just think to commit this type of funding for eight months is reactive. I think there is a way that we could take a step back and allow the Committee to take a look at priorities because again, the small businesses that we recognized that was a priority immediately. Now the hotels have become a priority, so if there is a way, I would like to see this to be available, but less committal, and I don't know what that solution would be, but if we could look at these in 30-days increments or allow the Task Force to identify what the current priority is. I think we've just got to be very intentional and not duplicate efforts. What do we need in order to be flexible in case the priorities change? If we commit these dollars to these specific items and something were to happen, for instance, the hotel is an issue.

**Mayor Lyles** said what hotel is an issue?

Ms. Johnson said the hotel rooms.

Mayor Lyles said I'm sorry, I thought you were talking about a hotel.

Ms. Johnson said the hotel rooms that were initially understood they were going to be extended for the guest as hotel rooms. I think Crisis has received about 1,200 applications now and they are basically, my understanding, leaning on the letter from the Attorney General's Office, that people are not going to be evicted. The hotels aren't necessarily compliant with that, and then there has also been ruling and Crisis is saying they had to be in the hotel by February 15<sup>th</sup>. So, what about individuals who were in hotels after February 16<sup>th</sup>? I think we need to take a look at addressing that issue. We are getting numerous calls from hotels and residents and hotel attorneys. So, that is an issue that has crept up that individuals are being threatened to be put out. Hotels could



potentially go out of business if they are not going to get any funding or any money or payments. Then what happens? So, we've got a huge issue and again, if we are feeding kids 26,000 meals and 3,500 meals a week, there are other organizations that are providing 1,000 meals a day. There are some issues in the City that are critical and to me, they feel a little more critical than committing this type of funding for this assistance for eight months.

**Marcus Jones, City Manager** said Ms. Johnson; what I would like to do is go back to last week and talk just a little bit about these dollars. Unlike Item No.3 which was Pam taking existing dollars and providing them for a purpose that we thought the Council deemed as a priority, these dollars were identified as we reviewed the stimulus money that is coming in. So, these dollars aren't in our coffers right now. I believe last week Ryan and Pam indicated the earliest we could get it is maybe the last week in April. So, what we attempted to do was take these CDBG funds, be quick out of the gate, in terms of understanding how they could be utilized, and bring something back to Council that covered the entire spectrum. In other words, from homelessness to having a home. The first piece is the ESG funds, the Emergency Solutions Grant, which can only be used for homelessness or homeless prevention. The CDBG funds, the other \$3.5 million, Pam has put into several buckets. To answer your question in terms of these dollars, we don't have them yet, but what we do have is a plan that the team put together that we thought would capture much of the items that the Council brought up last week and in with this. I believe that we even expanded it from the original design to include rental assistance, so that is what you have before you tonight.

**Councilmember Winston** said my sentiment to this item is going to be similar to the sentiment of the last item. I think both Items 3 and 4 are good work; they are good to give us something that we could do tonight, but I don't think this is our best work. I don't think this is getting out ahead of Council's ability to pivot our policies and our practices to get more spending for our buck. Again, I would remind us that the Manager has presented us with a terrible budget outlook that guarantees that there are no guarantees that there will be money in the future to be kind of flexible with to play with other solutions. We have to be laser-targeted as we can do in a short time, and I would again suggest that none of our Committees that have been charged with pivoting our responses and our policies to the COVID recovery has even met yet to try to come up with a plan for that. As it relates to the ESG money, this is about \$1.7 million, \$1.3 of it we are considering spending tonight. Again, what if we actually figured out how do we readjust our priorities of all of our Housing Trust Fund money. All of these buckets of money that is very limited and then pivot and change that. I don't feel comfortable with spending \$1.3 million directly to hotel owners to fund their business models. We know that hotel owners continue to move the goal post around. Homeless efforts that caregivers and providers are doing, I question the wisdom if hotels are complete, the market is crashing right now. This is something I've been asking staff to look into, what is the realistic ability for us to go and make offers on these hotels and motels to purchase them and work without partners to provide supportive and transitional housing options for the long-term. What is needed here is long-term permanent solutions for housing, not temporary for eight months down the line. When we are looking at our CDBG proposals here, again I question the immediacy of the need. Yes, I know people need mortgage relief and rent relief, but the most important thing is to get people who are not housed right now in safe housing. That is particularly homeless people as well as people that are in an abusive or generally unsafe living conditions. Why we are not prioritizing that money there when people are not supposed to be getting evicted or foreclosed on immediately? Why are we dealing with utility deposit assistance programs right now when utilities are not supposed to be getting cut off immediately. Again, we have an immediate need to house people now. I just don't think that we have the best plan going forward. This is a plan that is us doing something, but like the Economic Development one, I just don't think it is there yet, and I think if we do the work amongst ourselves in a fast-intentional manner, we can do something that is much more widespread, but it just isn't in it right now.

**Councilmember Driggs** said I'm sort of amused by the fact that it seemed like last week so many of us were in a big hurry to get something done and leaned on the

Manager to move faster and now we have the results of his work for the past week and we are talking about not taking any action because we want to think about it some more. I think this plan is a good plan, there certainly are probably other good plans, but every plan we advance is going to run into some sort of opposition from somebody that feels underserved. I will also mention the federal money is intended to COVID relief, so we need to be thinking in terms of maybe an eight-month timeframe or whatever the horizon is, but we are not going to fix problems that existed before on the back of this relief effort. We need to be very targeted about assisting people who are worse off because of COVID and our attempts to solve other housing problems will continue. I want to pass this tonight, I think not to do so, especially after what we were discussing last week, would really make people wonder how urgent is this for us, and I believe it is a good plan.

**Councilmember Graham** said Mr. Driggs took my speech. I just want to say I think we need to move the plan. Mr. Driggs said everything I was going to say. We are not going to solve systemic problems this week, next week, or next month. Our goal is to provide relief now in the short-term, the Task Force is to look long-term.

**Councilmember Watlington** said Mr. Driggs also took my speech. The only thing that I would add or that I would actively consider is, I appreciate that we are looking at the hold continuum from the housing standpoint, however as we think about COVID and the impact of COVID and who is housed now that we want to prevent from going further along into homelessness spectrum, I'm wondering how much money do we really need to set aside for the security deposit piece versus shifting a little bit more to the rental and mortgage relief piece so that people who are currently housed do not have to go into a shelter and then try to go back and be rehoused. That is the only modification I would ask about. My other question is general in nature and it is about, obviously, there are parameters around which we could use these funds. Are there any other ways that we could use these funds or are we going to come back in 15 to 30-days out of our Task Force and say yes, these are the things that we can go do that are the same as what we have right now. I'm just wondering how flexible are the dollars?

Mayor Lyles said I think the bottom line is you can amend your budget and your ordinance anytime that you choose to, so I think it is very flexible if you decide you want to do something different, you can do that. I think as Mr. Driggs and you have expressed this was a plan that was thought of urgent. The other thing I will say about this mortgage relief program; we've already invested thousands and thousands of dollars into that program and it would be a shame to have those people lose their houses after we've helped them get in them. Other than that, the deposit assistance is actually taking people and putting them in the homes because that is part of it. So, the rent relief, while this is for that rent relief, we have done a lot of rent relief under the recovery fund which I think Mr. Graham has probably more information about or will get that out to everybody soon.

Ms. Johnson said my question was more so on the lines of are there boundaries around which we can use these funds? What I'm saying is, have we already exhausted all the possibilities with which we could use the funds? Whether we come back and adjust the numbers in the bucket [inaudible] flexible?

Mayor Lyles said I don't think we are even aware of what opportunities there are going to be. I think that is one of the things this nature. If you had started out and we were just planning on looking at COVID, the changes are rapidly coming, and I don't know that you are ever able to predict every part of it. You just deal with the information that you have in front of you and vote accordingly.

Ms. Watlington said right, but is the government telling us we can only use these funds for certain things?

Mayor Lyle said yes, they are telling you that. Stuff that comes from the feds, they are always telling you.

Ms. Watlington said that is what I would assume, so I am wondering if waiting for our Task Force, while I can appreciate us wanting to go that work, I'm wondering if the outcome is going to be significantly different from what we have right now.

**Councilmember Eiselt** said I will just join what Mr. Graham, Mr. Driggs, and Ms. Watlington said that first it was worried that we were talking about the assumption that this somehow coming from our budget, but this is funds that are being appropriated and we are accepting that appropriation and it has a very specific use. So, I think we need to get it out. I hope there is some flexibility in there as well, would the plan get it all out at one time or is there a timing sequence here given the amount of the money to get that out?

**Pam Wideman, Housing & Neighborhood Services Director** said we would be working on a first come first serve basis evaluating the need.

Ms. Eiselt said okay, so there is a little bit of flexibility in terms of tweaking a little bit when you are going through it?

Ms. Wideman said correct.

**Councilmember Newton** said I would agree with my previous colleague's statements. I think what this is about putting a system and a mechanism in place to address the need that we know is going to exist. As soon as the courts open back up there will be a lot of need that fits us so, I am very much in favor of the mortgage and the rental relief. I'm also in favor of the homeless provision here. Speaking with the folks over at the Men's and Women's Shelter, they are very much behind this because they know that is going to help them meet the need that they are experiencing today with COVID. I think what we have through this eight-month period is a transition plan here. I'm very happy about that too, so what we are doing is we are helping folks with the association with the Women's and Men's shelter, helping folks transition out of homelessness into a better position over the next eight months. I think this fulfills a lot of needs that we've been discussing as Ed was saying over the past week and a half. I really do appreciate the Manager's work on this; I appreciate your work on this too Pam, and I'm in support of it.

Ms. Johnson said I just want to clarify since Mr. Driggs is amused, last week when we were talking, I think the urgency because we identified a very specific need that we could address and that was the small business. I just feel strongly that the mortgage piece is addressed by the federal, the state hasn't even met, so the Housing Finance Agency might be able to address and I just think as City Council, we need to be laser-focused on our resident's needs and we know that there are some homeless individuals who are being threatened to be kicked out of the hotels. We still haven't addressed the homeless issue and I just think we need to be more agile with our funding instead of committing this for eight-months. What if this lasts longer than eight-months? Are we resolving a problem, or what if it only last three-months? I just think we need to take a step back and consider this. I don't want an answer, but I just think we need to be able to be as flexible and address the need. Again, can part of this money be used for the small businesses outside of the corridor? We have critical needs that are more critical than the mortgage relief that might be addressed someplace else and for utility deposit assistance.

Mayor Lyles said I just want to be clear; we cannot use this money for small businesses. They would have to fall within the realm of the service.

The vote was taken on the motion and recorded as follows:

YEAS: Councilmembers Eiselt, Ajmera, Mitchell, Egleston, Graham, Watlington, Newton, Bokhari, and Driggs

NAYS: Councilmember Winston and Johnson

The ordinance is recorded in Ordinance Book 62, at Page(s) 802.

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**ITEM NO. 5: COVID-19 RELATED EMERGENCY PROCUREMENTS**

Motion was made by Councilmember Egleston, seconded by Councilmember Driggs, and carried unanimously to (A) Adopt a resolution approving purchase, construction, and repair contracts during the special emergency COVID-19 pandemic, including for response and mitigation efforts and (B) Authorize the City Manager to exercise the emergency exception under the public bidding laws due to the special emergency COVID-19 pandemic involving the health and safety of the people or their property.

The resolution is recorded in full in Resolution Book 50, at Page(s) 496-497.

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**ITEM NO. 6: APPROPRIATE PRIVATE DEVELOPER FUNDS**

Motion was made by Councilmember Egleston, seconded by Councilmember Driggs, and carried unanimously to (A) Approve developer agreements with Tryon Investors, LLC; Mattamy Carolina Corporation; Vue on University, LP; and SCD Colony Retail for traffic signal modifications, and (B) Adopt Budget Ordinance No. 9775-X appropriating \$737,370 in private developer funds for traffic signal installations and improvements.

The ordinance is recorded in full in Ordinance Book 62, at Page(s) 803.

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**ITEM NO. 7: MUNICIPAL AGREEMENT FOR THE BEATTIES FORD ROAD/SUNSET ROAD PEDESTRIAN IMPROVEMENT PROJECT**

Motion was made by Councilmember Egleston, seconded by Councilmember Driggs, and carried unanimously to (A) Adopt a resolution authorizing the City Manager to execute a Municipal Agreement with the North Carolina Department of Transportation to accept Surface Transportation Block Grant funds for the Beatties Ford Road/Sunset Road Pedestrian Improvement project, and (B) Adopt Budget Ordinance No. 9776-X appropriating \$1,500,000 from the North Carolina Department of Transportation for the Beatties Ford Road/Sunset Road Pedestrian Improvement project.

The ordinance is recorded in full in Ordinance Book 62, at Page(s) 804.  
The resolution is recorded in full in Resolution Book 50, at Page(s) 498

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**ITEM NO. 8: MUNICIPAL AGREEMENT FOR RELOCATION AND ADJUSTMENT OF WATER AND SANITARY SEWER INFRASTRUCTURE**

Motion was made by Councilmember Egleston, seconded by Councilmember Graham, and carried unanimously to (A) Adopt a resolution authorizing the City Manager to execute a Municipal Agreement with the Town of Huntersville for construction of water and sewer line relocations and adjustments (NC-DOT Project US908), and (B) Authorize the City Manager to approve payments to the Town of Huntersville in accordance with the Municipal Agreement.

The resolution is recorded in full in Resolution Book 50, at Page(s) 499.

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**ADJOURNMENT**

Motion was made by Councilmember Egleston, seconded by Councilmember Driggs, and carried unanimously to adjourn the meeting.

The meeting was adjourned at 11:06 p.m.



Stephanie C. Kelly, City Clerk, MMC, NCCMC

Length of Meeting: 4 Hours, 32 Minutes  
Minutes Completed: May 5, 2020