

Charlotte, North Carolina
Recovery Plan

**State and Local Fiscal Recovery
Funds**

2021 Report

About the Recovery Plan Performance Report

All metropolitan cities and counties with a population greater than 250,000 residents that received an award from the State and Local Fiscal Recovery Fund are required by the U.S. Department of Treasury (Treasury) to produce a Recovery Plan Performance Report (the "Recovery Plan"). This Recovery Plan provides information on Charlotte's proposed spending for the first tranche of this funding, and how the City plans to ensure program outcomes are achieved in an effective and equitable manner. As specific projects are implemented, future iterations of this report will include key performance indicators identified by the City and mandatory indicators identified by the Treasury. Subsequent annual Recovery Plans will be posted on the City's website on or by the date the reports are submitted to the Treasury.

This initial Recovery Plan covers the period from the date of award to July 31, 2021. This report will be updated annually according to the schedule below:

Annual Report	Period Covered	Due Date
1	Award Date – July 31, 2021	August 31, 2021
2	July 1, 2021 – June 30, 2022	July 31, 2022
3	July 1, 2022 – June 30, 2023	July 31, 2023
4	July 1, 2023 – June 30, 2024	July 31, 2024
5	July 1, 2024 – June 30, 2025	July 31, 2025
6	July 1, 2025 – June 30, 2026	July 31, 2026
7	July 1, 2026 – December 31, 2026	March 31, 2027

More information about the State and Local Fiscal Recovery Fund program and associated reporting requirements are located at www.treasury.gov/SLFRP.

Charlotte, North Carolina
2021 Recovery Plan

Table of Contents

Executive Summary 3

Uses of Funds 4

Promoting Equitable Outcomes..... 5

Community Engagement 6

Labor Practices 6

Use of Evidence 6

Expenses by Expenditure Category and Project Inventory 7

Executive Summary

The American Rescue Plan Act allocated \$142 million in Local Fiscal Recovery Funds to the City of Charlotte (the City). The City received the first tranche of this funding, \$71 million, in May of 2021. Given the potential impact of this unprecedented federal investment, the City is being deliberate in planning for the use of these funds. This planning includes a balance between immediate needs, informed by public health and economic data, and transformational investments in Charlotte's future, informed by City Council priorities and stakeholder input. This planning also includes a balance between internal investments in the City's core services and externally focused community investments to support those most impacted by the COVID-19 pandemic.

Through this approach, the City has identified four potential categories of investment for the first tranche of Local Fiscal Recovery Funds:

City Operations

- Key goal – Ensure the continued provision of key government services and promote the safety and well-being of city employees.
- Potential projects –
 - Information and technology investments in response to pandemic operational needs;
 - Employee vaccination incentive program;
 - Premium pay for first responders; and
 - Emergency medical leave.

Housing and Homelessness

- Key goal – Provide targeted support to families and individuals experiencing housing instability and/or homelessness.
- Potential projects –
 - Investments to support neighborhood stabilization priorities identified by Charlotte City Council's Great Neighborhoods Committee; and
 - Investments to support the implementation of recommendations from the 2025 Charlotte-Mecklenburg Housing and Homelessness Strategy Comprehensive Plan, designed to address and/or prevent homelessness in the local community.

Workforce Development and Employment

- Key goal – Provide targeted support to enhance small business competitiveness and job creation in the wake of the pandemic; provide relief to key industries [i.e., hotels] most impacted by the COVID-19 pandemic; and support our ongoing efforts to enhance economic vitality within the City's identified "Corridors of Opportunity".
- Potential projects –
 - Support for ongoing workforce development studies to improve employment and economic mobility in areas of the City disproportionately impacted by the pandemic;
 - Development of a digital platform to connect small businesses with pandemic-related resources;

- Hospitality sector support;
- Grants to support small businesses most impacted by the pandemic; and
- Workforce development training for individuals most impacted by the pandemic.

Community Vitality

- Key goal – Support the recovery of Charlotte’s communities that were most impacted by the COVID-19 pandemic.
- Potential projects –
 - Investments in internet access;
 - Targeted support to grassroots non-profits impacted by the pandemic;
 - Public safety projects in impacted communities.

This framework is still in development, and City staff are working closely with Charlotte’s City Council to finalize and adopt an ultimate plan for these funds. As the City awaits final federal guidance, staff will continue to work with the community to further refine and eventually implement this plan.

Uses of Funds

The American Rescue Plan Act defines six eligible Expenditure Categories for Local Fiscal Recovery Funding. The proposed framework included in this report is designed to address Charlotte’s most critical needs as the City continues to recover from the COVID-19 pandemic. The investment categories and potential projects included in this framework are based on extensive community engagement and a thorough analysis of public health and economic data and are targeted at the communities that have been most impacted by COVID-19. Although no specific projects have been implemented at this time, the City anticipates this framework would address the Expenditure Categories outlined in the American Rescue Plan in the following ways:

- Public Health – Mecklenburg County is the lead public health agency in the Charlotte area, and the City is working closely with the County to coordinate investments in public health. Given that many city employees interact with the public daily, the City is exploring a vaccination incentive program for all employees. The City is also considering public safety projects to address violent crime in Charlotte’s most vulnerable communities.
- Negative Economic Impacts – The City is proposing to use initial investments to support the development of Charlotte’s Corridors of Opportunity Workforce Study and HIRE Charlotte strategic employment plan, which will in turn inform future Local Fiscal Recovery Fund investments. The City is also planning to invest in the development of a digital platform to connect small businesses with the resources needed to plan and thrive in a post-pandemic future. Additional proposed investments focus on direct support for Charlotte’s most impacted communities, including:
 - Support for hospitality sector focused on job creation and tourism;
 - Workforce development training for those most impacted by the pandemic;
 - Innovation grants to aid small businesses as they adapt to new economic realities caused by COVID-19;
 - Support for non-profits with demonstrable financial hardship caused by the pandemic; and

- Arts and culture grants to support artists impacted by the pandemic.
- Services to Disproportionately Impacted Communities – The City has previously identified six “Corridors of Opportunity” (Corridors) for prioritized investments in housing, community safety, infrastructure, transportation, and workforce and business development. These Corridors have significant overlap with the Qualified Census Tracts identified by the U.S. Department of Housing and Urban Development. Spending across most investment categories will be targeted at communities in these Corridors. In the coming months, the City intends to identify specific opportunities to invest in anti-displacement [“staying in place”] initiatives across the city, with a focus on investments in the City’s Corridors.

Charlotte’s homeless population was especially vulnerable and impacted by COVID-19. The City, alongside more than thirty community leaders and stakeholders, has been working to develop a 2025 Charlotte-Mecklenburg Housing and Homelessness Strategy. This group is scheduled to release a Comprehensive Plan for addressing housing and homelessness this October. The specific recommendations from this plan will be considered as potential opportunities for Local Fiscal Recovery Fund investments, which will be coordinated with investments and projects supported by the Emergency Rental Assistance and HOME programs provided in the American Rescue Plan.

The City is also proposing to use a significant portion of the Local Fiscal Recovery Fund to promote digital inclusion in communities of need. Specific projects would include targeted investments in internet access, digital literacy, and technical support.

- Premium Pay – The City used Coronavirus Relief Funding provided by the CARES Act to support premium pay for first responders and frontline workers throughout the height of the pandemic. The City is considering a resumption premium pay for these employees, as COVID-19 cases are beginning to resurge in the Charlotte area. City staff are continuously monitoring public health data and will act accordingly in the coming months.
- Water, Sewer, and Broadband Infrastructure – The City is not currently planning to use any of the first tranche of Local Fiscal Recovery Funding on infrastructure projects.
- Revenue Replacement – Based on the formula included in the Interim Final Rule provided by the U.S. Department of Treasury, the City has estimated a calculated Revenue Loss in excess of \$150 million for calendar year 2020. The City is currently planning to reserve approximately 15% of the first tranche of Local Fiscal Recovery Funding for city operations. Actual spending in this category will be contingent on the City’s operational needs over the course of the next year.

Promoting equitable outcomes

The City is prioritizing investments in the communities most impacted by COVID-19, specifically along our six “Corridors of Opportunity” (Corridors). As previously mentioned, these Corridors are areas the City has prioritized for investments in housing, community safety, infrastructure, transportation, and workforce and business development. These Corridors have significant overlap with the Qualified Census Tracts identified by the U.S. Department of Housing and Urban Development. Spending across most investment categories will be targeted at communities in these Corridors.

The City will consult federal guidance and internal expertise to develop a plan to spread awareness of Local Fiscal Recovery Fund-supported programs as they are implemented.

Outreach will be targeted to disadvantaged areas and communities of need. Over time, the City will refine outreach efforts to ensure underrepresented groups are captured by community engagement efforts.

Project managers will consult federal guidance to develop equity goals for appropriate projects and will develop plans for collecting the appropriate data and metrics to measure equitable outcomes throughout projects' implementation.

Community Engagement

The City's current framework for the first tranche of Local Fiscal Recovery Funding builds on many of the programs the City established with Coronavirus Relief Funds provided by the CARES Act. These programs were developed in close consultation with the community through Charlotte's COVID 2020 Community Recovery Task Force (Task Force). The Task Force held a series of listening sessions with community leaders and stakeholders and focused on COVID-19's impact on small businesses and housing throughout Charlotte.

Additionally, many of the proposed programs in the current framework were designed around recommendations from existing strategies, studies, and community engagement efforts developed by the City in the past year. This includes:

- The City's Corridors of Opportunity Workforce Study and HIRE Charlotte strategic employment plan, which involved stakeholder interviews and surveys. When finalized, these studies will inform many of the proposed economic and workforce development programs.
- The Charlotte-Mecklenburg 2025 Housing and Homelessness Strategy Comprehensive Plan, which is being developed by a team of more than thirty community leaders and stakeholders. Recommendations from this plan would be the basis of the housing and homelessness investments proposed in the framework.
- The City's FY2022 budget development process, which included public listening sessions and an online survey. Recommendations from this engagement were used to develop the arts and culture investments proposed in this framework.
- The SAFE Charlotte Community Input Group, which provided the recommendations that form the basis of the City's SAFE Charlotte plan, and other community engagement led by City Council's Safe Communities Committee related to violence prevention, violence interruption, and a community violence dashboard. The recommendations that arose from this engagement would be the basis for the public safety investments proposed in this framework.

Labor Practices

The City is not currently planning to use any of the first tranche of Local Fiscal Recovery Funding on infrastructure projects. City staff will follow federal guidance and ensure fair and equitable labor practices are employed on any infrastructure projects planned for future Local Fiscal Recovery Funding.

Use of Evidence

The proposed framework included in this report is still in development. The City is working with external partners and other government entities to finalize the details of a strategic spending plan for the first tranche of Charlotte's Local Fiscal Recovery Funding. As the City transitions

into project-specific planning, city staff will consult federal guidance and resources to ensure qualifying projects are evidence-based and evaluable, and that adequate data is collected to measure the outcomes of these projects. Much of the City's currently proposed spending would build on previous programs the City implemented with Coronavirus Relief Funds provided by the CARES Act. When possible, the City will attempt to use data collected from former and existing programs to inform the implementation of projects supported by the Local Fiscal Recovery Fund.

Expenses by Expenditure Category and Project Inventory

The City is still finalizing a spending plan for the first tranche of Local Fiscal Recovery Funding. None of the City's Local Fiscal Recovery Funding has been obligated at this time, and no projects have been implemented.