**From:** esthermanheimer@avlcouncil.com
**To:** Amanda Edwards; Alfred Whitesides; Brownie W. Newman; Jasmine Beach-Ferrara
**Cc:** dcampbell@ashevillenc.gov; Avril Pinder; councilgroup
**Subject:** FW: QUICK UPDATE to RE: NOTES - WEEKLY Legislative Call for Friday May 1 2020
**Date:** Sunday, May 3, 2020 10:14:17 AM
**Attachments:** image001.png
Quick Update on Saturday May 2 2020.docx

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Commissioners – I want to put something on your radar that came out of the very short COVID 19 legislative session. (Also, please forward this to the other three Commissioners.) Below is a summary sent to the MetroMayors giving the key highlights of the bill. There was a bit of debate about the item I highlighted below and that's the distribution of the 300 million in federal aid NC is to receive for local government. The first half (150 million) is not controversial – set aside in a reserve fund. But the legislature decided that the second half should be distributed only to counties with the option to distribute funds to cities. The League of Municipalities lobbied for this money to be divided among cities and counties. I reached out to Chuck McGrady before the bill passed (because he's an appropriator) and he said his colleagues trust counties more than cites and that was the reason they decided to distribute the fund in this matter.

Some thoughts about this:

1. Obviously the municipalities in Buncombe are taking a hit as is Buncombe, and I would anticipate there will be an ask from the Asheville to the County. I know you will be thoughtful in your distribution of these funds.
2. There will apparently be future allocations of additional federal funds and therefore the possibility of seeking a different allocation method for future funds but I am not clear how much, for what purpose or when these funds might be made available.
3. Finally, I am not clear as to what monies flow directly from the feds to the City and County other than FEMA and CDBG (related to COVID 19) but obviously when distributing money, you will want to consider what other funds each muni and the County is receiving from the feds. I think we can pull together that information.

Thanks for all your doing, this is a strange time for local government and I have appreciated your close collaboration with the City – and at a staff level too. Pretty amazing.

Thanks,
Esther

**Esther Manheimer**
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**From:** Beau Mills <beau.mills@Metromayors.com>
**Sent:** Saturday, May 2, 2020 3:23 PM
**To:** nancy.vaughan@greensboro-nc.gov
**Cc:** McDowell, Ches <cmcdowell@kilpatricktownsend.com>; Freeman, Nelson <NFreeman@kilpatricktownsend.com>; Donovan, Amanda <ADonovan@kilpatricktownsend.com>; Billips, Hampton <HBillips@kilpatricktownsend.com>
**Subject:** QUICK UPDATE to RE: NOTES - WEEKLY Legislative Call for Friday May 1 2020

**QUICK Update on the Legislative activity today:**

Both chambers completed their work this afternoon – passing two COVID relief bills. One containing mainly funding provisions (H1043) and the other policy provisions (S704). This was a coordinated effort, but two separate bills were used for procedural and timing reasons. Both bills have been sent to the Governor for his consideration.

The NC House will reconvene for "regular order of business" on May 18.

**Key issues for cities in the NC COVID Relief Bill**

Creates a **Local Government Coronavirus Relief Reserve** with $300m from the federal COVID funds

- Sets aside $150m in the Reserve for local governments to replace lost revenue to be **allocated IF the US CONGRESS GRANTS that flexibility** (this use is not currently allowed in the federal legislation).
- Distributes $150m to 97 counties (excludes the three largest counties that received direct federal funding). The bill states **counties MAY allocate funds to municipalities** in the county, as long as the expenses meet the requirements in the US Treasury guidance for COVID relief funds.

Transfers **$300m to the NC DOT** Highway General Maintenance Reserve for use **IF the US CONGRESS GRANTS that flexibility** (this use is not currently allowed in the federal legislation).

The bill **did not grant authority for our restaurants to sell "to-go mixed beverages"** (something requested by the NC Restaurants and Lodging Assoc – a popular idea some other states have done during this crisis).

Grants NC DEQ the authority to **waive the ban on yard waste in landfills** upon request of a local government **or** private solid waste collection company during this crisis and until August 1.

The bill creates a legal framework for **Remote Meetings** during a declared emergency – and protects actions taken via simultaneous communication beginning MARCH 10 and until the effective date of the legislation.

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**From:** Beau Mills
**Sent:** Friday, May 1, 2020 12:29 PM
**To:** nancy.vaughan@greensboro-nc.gov; Beau Mills <beau.mills@Metromayors.com>
**Cc:** McDowell, Ches <cmcdowell@kilpatricktownsend.com>; Freeman, Nelson <NFreeman@kilpatricktownsend.com>; Donovan, Amanda <ADonovan@kilpatricktownsend.com>; Billips, Hampton <HBillips@kilpatricktownsend.com>
**Subject:** NOTES - WEEKLY Legislative Call for Friday May 1 2020

# NOTES – Weekly Legislative Call

# Friday, May 1, 2020

**TOPICS INCLUDED:**
**Beau's OPENING REMARKS:** The Governor has indicated that NC is currently on track to begin Phase 1 on May 8 Phased Re-opening/Easing of Restrictions for the state. If the specifically identified indicators and trends continue, Governor Cooper will amend the Stay at Home Order for Phase I to allow for a broader set of activities that are outlined in his re-opening plan.

**Federal Update**

- The U.S. Senate and House have been out this week. The Senate is set to return next week and the House expects to come back the week after to take action on COVID legislation and other issues.
- We are at a critical point for local governments as there is no funding allocated to replace revenue in COVID aid bills so far. The U.S. House has made it a high priority and we are hearing from Senators that they are wanting to take a look at this issue as well.
- We will have more information regarding a federal strategy in the near future. In the short term, if you have the opportunity to talk to your federal delegation, stress the need for local government funding and share the specifics of your budget.

**Legislative Schedule UPDATE**

- The NC General Assembly convened this week to take up COVID related legislation.
- The Senate rolled out its own package (S704) that passed unanimously on Wednesday. The House had their own package (H1043) that passed almost unanimously (117-1) on Thursday.
- The House and Senate Appropriations Chairs are now negotiating a compromise.
- The plan is to have the final compromise provisions split up into two bills. Each chamber will roll out a proposed committee substitute of the other chamber's bill, hold a floor vote, and then send to the other chamber for a concurrence vote.
- Legislators had originally anticipated to vote today (Friday), but they are still negotiating and hope to reach a compromise by the end of the day with expectation of floor votes being held Saturday. It is unclear at this point what the final language will look like.
- After passage of the COVID legislation, we anticipate the General Assembly to recess for anywhere from 2-4 weeks. Upon their return in late May to early June they will have a more substantive policy session before taking up the budget in July.
- Keep in mind when reviewing the specifics regarding the state COVID legislation below that

the bill is specific to dealing with federal funds from the CARES Act.

**Transportation**

Allocation to DOT

Both chambers have agreed to allocate $300M to DOT - from the federal COVID funds

- The Senate has not yet decided if they are going to lower the cash balance floor to $125M like the House did which would give DOT flexibility to keep some work going
- Under current federal guidelines, COVID money cannot be spent on replacing lost transportation funds. The General Assembly is setting aside this $300M in a reserve fund in hopes that Congress will give them future flexibility.
    - S704 – (Page 3, Section 2.3)
    - H1043 – (Page 51, Section IVC.3, Subsection 34)

**Public Safety**

Nothing new to report

**Economic Development**

Golden Leaf Foundation Funding for Small Business

- Loan program that serves as a bridge to SBA funds. It is being served through NC Rapid Recovery program.
- Speaker has indicated he is comfortable with Senate allocation.
    - H1043 allocates $75M (Page 3 – Section IC.1(a))
    - S704 allocates $125M (Page 10 – Section 4.2(a))

**Local Revenues/Local Control**

Local Government Allocation

- Congressional CARES Act has money set aside for state and local governments to respond to the crisis, but money can only be spent on responding to the crisis. It cannot be used for revenue replacement based on specific guidance from the U.S. Dept. of Treasury. All cities (except Charlotte) have to go through the state to receive money. Both chambers of our General Assembly proposals for this.
- **Senate Bill 704** allocates $300M to local governments (Page 3 Section 2.4)
    - $100M to counties
    - $50M to a grant program (Grant program is for communities most impacted)
    - $150M Reserve pending Congressional amendment to the CARES Act allowing flexibility for money to be used for revenue replacement (Page 3 Section 2.4)
- **House Bill 1043** allocates $350M to counties (counties **may** disperse to cities in accordance with the CARES Act and Treasury Department Guidance)
- While it is appreciated that both proposals allow for a share money to local governments, there is no specific set aside for municipalities.
- NCLM is leading an effort to take a hybrid from the two chambers in the final proposal. Specific **request from NCLM (and your ask of your legislators, if you can make contact today):**
    - **$300M set aside for local governments**
        - **$75M to cities**
        - **$75M to counties**
        - **$150M set aside in special reserve fund that would be distributed if Congress provides flexibility**
- We expect this first COVID legislation soon – feedback to GA members is TIME SENSITIVE.
- It is important to keep in mind that federal legislation related to COVID will continue which will in turn mean the state legislature will have the opportunity to provide to cities later, so this is not our last chance at direct funding.

It is important to continue the **message that cities need to be specifically included for assistance**.

Remote Meetings

- Language was vetted by local government attorneys and NC Press Association helped to craft this language.
- Prescriptive language allows remote meetings to continue during this and later States of Emergency and is retroactive to actions taken beginning March 10.
    - S704 – Page 47 Section 6.24
    - H1043 – Page 89 Section 5.27

Gaston County Order

- Order issued yesterday by Gaston County Commission Chair encouraged businesses to re-open.
- Mayors in Gaston County issued a statement only hours calling on citizens to abide by the State Executive Order and would enforce that.

Mixed Beverage Provision

- The House version allows restaurants to sell two mixed drinks for each takeout order
    - Must be part of a food order, must be sealed, and cannot violate any existing laws.

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