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April 22, 2020

The Honorable Jared Huffman
United States House of Representatives
1527 Longworth House Office Building
Washington, DC 20515
Via email: John.Driscoll@mail.house.gov

Dear Representative Huffman:

As the Mayor for the City of Arcata, and as a member of the League of California Cities, I am writing to thank you for supporting and cosponsoring H.R. 6467, the Coronavirus Community Relief Act. H.R. 6467 provides \$250 billion in direct aid from the federal government to local governments with a population of less than 500,000 as they face mounting challenges related to the global COVID-19 pandemic.

The scale of this global crisis is unprecedented, and so is the scope of the local government response. California cities of all sizes are coordinating across jurisdictional lines, enacting emergency measures to slow the spread of the coronavirus pandemic, taking action to protect individuals and small businesses on the economic margins, while spending such sums as necessary to protect public health.

The City of Arcata applauds Congress on the passage of the CARES Act, which provides financial assistance to meet the immediate needs of individuals and small businesses, as well as \$150 billion in direct aid to states and local governments with a population greater than 500,000 to help offset the costs directly related to the pandemic. However, given the population threshold, only four of California's 482 cities will receive this much needed aid. H.R. 6467 creates a path for the other 99.2 percent of the California cities that were shut out of the CARES Act to receive direct federal aid.

The Coronavirus Community Relief Act also addresses some other gaps not covered by the CARES Act. The proposed bill allows units of local government to use allocated funds to cover losses. Section 601 of the CARES Act restricts use of funds to cover "necessary expenditures." Cities, towns, and villages will need federal assistance to persevere through the hardship resulting from rising costs and decreasing tax revenue and fees due to COVID-19. This change from the CARES Act will help local communities deal with revenue shortfalls that will happen as a result of the COVID-19 crisis.

The Coronavirus Community Relief Act also provides the necessary flexibility on how allocated funds can be used. If one city needs more funds than it is allocated, while another city does not need all of its allocated funds, these resources can be reallocated among cities within a state to ensure they are put to their best use. This is a change from the CARES Act.

The City of Arcata is currently estimating a revenue shortfall of \$1.17MM in General Fund Revenues alone during fiscal year 2019-20 related to the COVID-19 crisis. This shortfall equates to approximately 7.7% of our budgeted General Fund revenues. As such, the City is faced with short-term reductions and delays in essential projects and purchases. Without necessary support and funding, the City will also have to make difficult decisions, which include reducing services, decreasing or furloughing personnel, and potentially drawing down on reserves heading into fiscal year 2020-21.

Finally, the Coronavirus Community Relief Act changes the rule regarding when a city, town, or village must certify in order to receive funds. Instead of placing a burdensome "shot clock" by which cities, towns, and villages must apply, this legislation allows more time for an applicant to request funds. Smaller cities and towns are facing unprecedented challenges and could be facing layoffs. In this environment, a "shot clock" to apply puts unneeded pressure on smaller communities in crisis.

California's local leaders are, and will continue to be for some time, on the frontlines of responding to the coronavirus outbreak in their communities and doing what is necessary to ensure the health and safety of their residents.

Again, thank you for supporting and cosponsoring H.R. 6467 to ensure that communities have the resources to maintain the essential services their residents need, especially in this moment.

Sincerely,



Michael Winkler, Mayor
City of Arcata

cc:

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