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Community Development
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Finance
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Engineering
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Transportation
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August 12, 2020

The Honorable Jared Huffman
1527 Longworth House Office Building
Washington, D.C. 20515

Re: \$500 Billion in Direct and Flexible Federal Assistance to Local Governments—SUPPORT

Dear Congressman Jared Huffman,

On behalf of the City of Arcata, I urge you to support \$500 billion in direct and flexible federal assistance to local governments of all sizes to sustain core services for our residents and to support public health and economic recovery in our communities.

The COVID-19 pandemic has affected municipal budgets across the country in ways that local governments could not have foreseen. Serving on the front lines of fighting this pandemic, California cities have stepped up by enacting emergency orders, setting up testing, protecting residents, supporting vulnerable populations, and helping Main Street businesses stay afloat. These actions have saved lives, but they have come at a cost. This unprecedented and multifaceted COVID-19 response, including the shutdown of our local economies, has left California cities facing a nearly \$7 billion revenue shortfall over the next two years. This shortfall continues to grow by billions of dollars as modified stay-at-home orders have extended into the summer months. At the same time, California cities have incurred significant unplanned expenditures.

Without significant new federal resources to offset expenses and address revenue shortfalls due to COVID-19, cities, who are required to balance their budgets every year, have no choice but to reduce or eliminate critical public services that our residents rely upon and layoff city employees. In a recent survey by the League of California Cities, ninety percent of cities say they will have to cut staff or decrease city services to residents, and nearly seventy-five percent of cities report they may have to take both actions.

For the City of Arcata (pop. 18,257), the initial impact of the pandemic resulted in the closure of all schools including Humboldt State University [located in Arcata], closure of all City facility rentals to the public, and cancellation of all public meetings, events, programs and classes. The economic halt resulted in immediate and significant revenue losses of approximately \$1,004,712 for 2019/2020 Fiscal Year, due to decreases in the City's top general fund revenue generators [sales taxes and transient occupancy tax (TOT)], and from the cancellation of Recreation programs, building rental, parking and other city services. Current revenue shortfalls for 2020/2021 Fiscal Year are projected at \$1,373,200 for sales tax and TOT, in addition to \$591,000 for the City's Transaction and Use Tax (TUT) voter additional local sales tax, \$73,250 in property tax, \$99,000 in Utility Users Tax (UUT), and \$30,000 in business license tax.

Due to the significant unplanned expenses and revenue shortfalls that have affected the City's budget, the immediate cuts and deferrals the City is required to make include:

- A hiring freeze of vacant positions, totaling 8% of our allocated workforce
- Freezing all scheduled vehicle purchases, including vehicles hitting or passing their life span; costing money to bring up to air quality regulations, etc.
- Significant reduction in part-time, temporary staffing hires to provide minimum services during peak seasons
- Reducing available public transportation routes and hours of operation
- Significant reductions in funding for major community partners, including Chamber of Commerce, Main Street, and County Film Commission
- Deferral in quality of life/community improvement projects
- Elimination or deferral in O&M projects for City facilities
- Cancellation or deferral of all capital improvement projects that require General Fund allocation

Cities need Congress to deliver this assistance with no minimum population threshold determining eligibility for funding to all of our communities now. We cannot afford to wait. The funding provided through the CARES Act was not enough to ensure that all local governments have the resources to stabilize local budgets and continue delivering local services, fighting this pandemic and supporting local recovery.

Cities are the economic engines of our state and the backbone of this nation. Recovery from this unprecedented crisis will only be realized at the local level with strong support from the federal government. We implore you to provide this assistance to our cities, so that we can continue to be your strong partner in California.

If you have any questions, please contact me at 707-822-5953.

Respectfully,



Michael Winkler, Mayor
City of Arcata

cc:

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