



REPORT TO CITY COUNCIL

Approved by:

Arnoldo Rodriguez

Arnoldo Rodriguez, City Manager

Council Meeting of: March 3, 2021

Agenda Number: B-5

SUBJECT:

Letter of Support for the Proposed \$350 Billion COVID-19 Relief Package Bill for State and Local Governments

RECOMMENDATION:

Approve Minute Order Approving a Letter of Support for \$350 Billion COVID Relief Package Bill for State and Local Governments

SUMMARY:

On February 12, 2021 the U.S House Oversight and Reform Committee passed a legislative proposal that includes \$350 billion in emergency relief for state and local governments, with \$65 billion going directly to cities.

The relief package was carefully negotiated in the House using Community Development Block Grant (CDBG) and population-based formulas, with appropriate guardrails, and an allocation of \$65 billion for cities that does not leave cities behind.

DISCUSSION:

California's cities are facing dual crises: billions in expenses addressing the pandemic in their communities, and devastating declines in tax revenues. Since the beginning of the pandemic, it is estimated cities have lost \$5 billion in revenue, and expect to lose another \$1 billion over the next year.

The proposed COVID-19 Relief Package, as it is currently written, would provide cities with the following assistance:

- Fair and appropriate funding with no minimum population threshold.
- Direct allocation of funds through familiar and proven government revenue sharing programs.

- Minimize state interaction or interference.
- Flexible spending on expenses to address widespread health and economic consequences.
- No deadline for spending funds.

This would be a first for Federal aid, providing for all 19,000 municipal governments.

The COVID-19 Relief Package is expected on the House Floor for a vote by the end of February. After which, the Senate takes the relief package into consideration and passage. It is anticipated the relief package is unlikely to go to Committee's for markup, with any difference from the House bill to be inserted directly by Leader Chuck Schumer.

FINANCIAL IMPACT:

If passed, the bill may provide substantial relief to City, with \$65 billion being proposed in direct aid to cities, regardless of population minimums.

CONSISTENCY WITH THE VISION MADERA 2025 PLAN:

The information contained herein is not addressed by the Vision Madera 2025 plan, nor is the information in conflict with that plan.

ALTERNATIVES:

As an alternative, the Council may elect to reject submittal of support letter. Rejection of the support letter will result in staff's inability to advocate for needed funding to address COVID-19 related challenges for local governments.

ATTACHMENTS:

1. Support Letter for the \$350 Billion COVID Relief Package Bill for State and Local Government Support



March 3, 2021

The Honorable Dianne Feinstein
United States Senator for California
2500 Tulare Street, Suite 4290
Fresno, CA 93721

The Honorable Alejandro "Alex" Padilla
United States Senator for California
2500 Tulare Street, Suite 5290
Fresno, CA 93721

RE: \$350 Billion COVID-19 Relief Package Bill

Dear Senator Feinstein & Padilla:

As the Mayor for the City of Madera and as a member of the League of California Cities, I am writing to express support for the proposed \$350 billion COVID-19 Relief Bill, with \$65 billion going directly to cities. Direct and flexible aid to state and local governments is essential to economic recovery. The National League of Cities estimates municipal governments are still facing a \$90 billion shortfall to current year revenues.

We strongly believe the direct and flexible state and local aid included in the COVID-19 Relief Bill was carefully negotiated in the House using Community Development Block Grant (CDBG) and population based formulas, with appropriate guardrails, and an allocation of \$65 billion for cities. This aid is intended to not leave cities behind.

Since the beginning of the pandemic, cities have lost \$5 billion in revenue, and expect to lose another \$1 billion over the next year.

- More than half of the shortfall is attributed to the decline in hotel occupancy taxes and has devastated cities dependent on tourism dollars (51% loss in transient occupancy tax (TOT) revenue).

- Nearly one-third of the shortfall is attributed to the decline in sales tax revenue following the shuttering of businesses and local economies during the pandemic (28% loss in sales tax revenue).
- Cities have remained on the front lines for months working to protect public health and deliver essential public services that residents and small businesses depend on, distributing personal protective equipment, ensuring the most vulnerable in our communities have access to food and shelter, and helping small businesses survive with local grant programs.
- The actions cities have taken to support and protect their communities and workforce during the pandemic have saved lives but also resulted in significant unplanned expenditures that are depleting city budgets.
- City revenues have been decimated by the shuttering of businesses and local economies during the pandemic, and in order to maintain essential services to residents, protect people from the pandemic, and lead the recovery in our communities, cities need assistance now.
- 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.

I urge you to support the relief package as it stands to ensure cities have the resources to maintain the essential services residents need, especially in this moment.

Sincerely,

Santos Garcia
Mayor
City of Madera