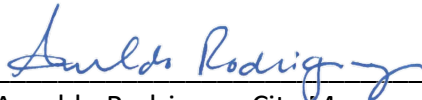


## REPORT TO CITY COUNCIL

**Approved by:**

  
\_\_\_\_\_  
Arnaldo Rodriguez, City Manager

**Council Meeting of:** March 17, 2021

**Agenda Number:**           B-12          

**SUBJECT:**

Letter in Opposition to Federal Office of Management and Budget (OMB) Proposed Change to Metropolitan Statistical Area (MSA) Threshold

**RECOMMENDATION:**

Approve Minute Order Approving a Letter in Opposition to OMB Proposed Change to MSA Threshold

**SUMMARY:**

On January 19, 2021, the Office of Management and Budget (OMB) requested public comment on the recommendations it received from the Metropolitan and Micropolitan Statistical Area Standards Review Committee for changes to OMB's metropolitan and micropolitan statistical area standards. Among the changes proposed by the committee is a change to the definition of a metropolitan statistical area (MSA), increasing the population to qualify as an MSA from 50,000 to 100,000.

**DISCUSSION:**

The proposal to raise the minimum Urbanized Area population threshold used to establish a Metropolitan Statistical Area (MSA) from 50,000 to 100,000 people would severely impact two areas: Federal funding and transportation planning data reporting. This proposal, if implemented, will mean that the Madera Region will no longer be considered an MSA. At a minimum, the result of this action would reduce census and data reporting for the region (i.e., labor market conditions, per capita income, unemployment rates, etc.). Data is used by companies seeking to relocate to an area to project the viability and is used by real estate investors to study housing trends and population movement.

**FINANCIAL IMPACT:**

The financial impact to our community in relation to this change could result in losses in the millions of dollars annually.

**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 the letter of opposition.

**ATTACHMENTS:**

1. Letter in Opposition to OMB Proposed Change to MSA Threshold



March 17, 2021

Mr. Dominic J. Mancini, Deputy Administrator  
U.S. Office of Management and Budget  
725 17th Street NW  
Washington, DC 20503

**RE: Public Comment Regarding Recommendations from the Metropolitan and Micropolitan Statistical Area Standards Review Committee to the Office of Management and Budget Concerning Changes to the 2010 Standards for Delineating Metropolitan and Micropolitan Statistical Areas**

Dear Mr. Mancini,

Please consider this letter formal public comment in response to the Office of Management and Budget (OMB) proposal to change metropolitan and micropolitan statistical area standards.

The City of Madera, California, strongly opposes the OMB proposal to change the minimum urban area population to qualify as a metropolitan statistical area from the current 50,000 population to the proposed 100,000 population. This seemingly minor modification has the potential to do irreparable harm to our community.

The federal register notice published on January 19, 2021, and its associated appendix cited no specific reasoning for the proposed change. The only possible justification offered from the 2010 Metropolitan and Micropolitan Statistical Area Standards Review Committee, in the appendix of the federal register notice, stated that it was observed that the United States had increased population 2.2 times since 1950. In contrast, the population threshold to qualify as a metropolitan statistical area had not.

The proposed 100,000 population threshold recommended appears arbitrary and not based on any quantifiable or statistically valid reason. For a point of reference, the country's population nearly doubled (from 1950) by the 2000 decennial census. If the country's population's doubling was justification enough to change the metropolitan statistical area standards, one might have

assumed recommendations for change should have occurred at that point rather than waiting another 20 years for this proposal.

This modified threshold would change the status of the Urbanized Area in Madera County to a Micropolitan Statistical Area and eliminate the region's access to FTA Section 5307 funding, including the critical Small Transit Intensive Cities funding that helps provide higher levels of transit services than would otherwise be financially feasible. It would also adversely impact the funding for MPOs and transit providers in other California counties (with MSA name): Butte (Chico), Kings (Hanford-Corcoran), San Luis Obispo (San Luis Obispo-Paso Robles), and Napa (Napa).

The Madera Region also uses MSA geography data in our programs and planning that would no longer be reported, including labor market conditions, per capita income, unemployment rates, etc. This vital data is used by companies when evaluating relocation to an area to project viability. Real estate investors also use this data to study housing trends and population movement.

The recommended change states that proposed criteria are not designed "for use in program funding formulas." The reality is that this type of criteria will be used for such purposes and cannot be separated and dismissed entirely from this proposed redesignation. The proposed MSA change and other current efforts underway by the U.S. Census Bureau may create a ripple effect and have unintended harmful consequences to local communities such as ours.

MSA delineations are often used to establish eligibility for specific grant programs or as an element in program formula and matching funds requirements. If a statute mandates a particular program use of metropolitan area designations, the department or agency administering the program has no choice but to apply the designations in accordance with the law. Two primary funding sources frequently cited as being affected by MSA designations are Federal Transportation and Highway Department funds and Department of Urban and Housing Development's (HUD) community development block grants.

To provide necessary services to our region's residents, local agencies depend on a variety of federal funding programs that utilize metropolitan and urban area statistical status as a qualification. If Madera is no longer defined as an urban area or MSA, we may no longer qualify for programs that support low and moderate-income persons, public transportation, public health, and transportation planning and programming. We estimate that the financial impact to our community in relation to this change could result in losses in the millions of dollars annually.

I urge you not to adopt the Metropolitan and Micropolitan Statistical Area Standards Review Committee's recommendation to increase the minimum urban area population to qualify as a Metropolitan Statistical Area from 50,000 to 100,000.

I sincerely appreciate your consideration of our comments and how this proposal is not without severe consequence for our region.

Respectfully,

Mayor Santos Garcia  
City of Madera