



CITY OF MILPITAS

OFFICE OF THE CITY MANAGER

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February 25, 2021

The Honorable Congressman Ro Khanna
U.S. House of Representatives
Washington, DC 20515

via E-mail:
Simeone.Chien@mail.house.gov

RE: Support for Federal Relief Package for Cities

Dear Congressman Khanna:

The City of Milpitas writes today to offer our strong endorsement of the budget reconciliation language providing \$350 billion in direct and flexible aid for our states, cities, counties, tribes, and territories. We encourage the U.S. House of Representatives to swiftly pass this urgently needed aid and distribute it to cities immediately.

Our country's economic crisis from the pandemic is not over, and our cities are still waiting to receive meaningful levels of federal aid. By separating, and ultimately dropping, state and local aid from the omnibus appropriations and emergency spending bill in December, Congress has injected significant uncertainty into the capability of local governments to carry out their operations, just as a third wave of COVID-19 infections threatened to spread uncontrollably.

[Based on the most recently available fiscal data and updated survey results from the National League of Cities, municipal governments nationwide are facing a \\$90 billion shortfall to their current year revenues.](#)

For nearly a year, California cities have been on the front lines taking action to protect their residents and maintain the delivery of essential city services, despite the substantial unplanned expenses and revenue shortfalls caused by the pandemic. Cities are managing resources to support the efforts of first responders, coordinating regionally with other leaders across jurisdictional lines, enacting difficult and fiscally challenging emergency measures to slow the coronavirus epidemic, passing ordinances to limit the worst economic outcomes for residents and small businesses on the margins, and spending as necessary to protect public health and the economy in this extraordinary time. Despite significant reduction in General Fund revenues, the City invested over \$4 million in response to the pandemic in calendar year 2020. The investments included supporting testing efforts within the city including establishing a Fire Department administered mobile testing site, supporting our local businesses and vulnerable residents, and ensuring that our employees including first responders are safe.

At the same time, the still urgent, unmet need for federal aid has struck at the heart of local capacity to both carry out emergency response and participate in economic recovery. Without support, cities have been forced to cut budgets, services, and jobs. The City of Milpitas has lost nearly \$16 million, or 15%, of its General Fund revenues due to the pandemic and expects key economically sensitive revenues such as Hotel/Motel Tax to be depressed for several years. Therefore, the City had to cut positions and reduce services, negotiate wage concessions, and seek a temporary tax increase.

Without additional emergency funding in appropriate, fair, and equitable allocations for all cities, counties, and states, a preventable setback to response, recovery, and vaccination distribution, will be unavoidable. We urge you to maintain the following provisions in the reconciliation bill to reverse the fiscal shortfalls resulting from the pandemic:

- Emergency funding should be fair and appropriate for each and every local government, with no minimum population threshold for eligibility.
- Aid should be directly allocated through familiar and proven government revenue sharing programs.
- Entanglement of state and local funding should be minimized.

To be clear, our cities are not asking for a “bail-out” of local governments. Rather, we are seeking an emergency lifeline so local governments can delay and ultimately avoid making temporary cuts permanent at a time when our communities need local services most, laying-off furloughed city and county employees who comprise a large share of America’s middle class, and indefinitely cancelling capital projects that will further impact economic recovery.

Ultimately, we are seeking emergency federal assistance that will ensure local leaders are part of the solution to our country’s economic recovery.

We appreciate the thoughtful work of the drafting committees to ensure that aid to our states, cities, counties, tribes, and territories will be distributed fairly, so communities of all sizes can receive the help they need. As the House and Senate consider this legislation we ask that you maintain the \$350 billion fund that will get aid quickly to all corners of the country including your constituents.

Sincerely,



Steven G. McHarris

City Manager

City of Milpitas