



May 14, 2020

Co-Chair, President Courtney
Co-Chair, Speaker Kotek
Joint Emergency Board
900 Court Street NE, Room H-178
Salem, Oregon 97301

Re: Coronavirus Relief Funding for Cities and Counties

On behalf of Oregon's 241 cities the League of Oregon Cities (LOC) offers the following comments regarding the proposed framework for the distribution of Coronavirus Relief Funds with cities and counties.

LOC staff and members have had a recent opportunity to engage with the Governor's leadership staff and staff from the Senate President and House Speaker's offices. Based on those conversations and the materials provided to the E-board the LOC cannot endorse this framework at this time and believes more work is needed to find a pathway and framework that makes sense for all of Oregon's cities.

LOC's membership stresses the importance that CRF funds reach all communities that need critical assistance to respond to the public health and economic emergency facing Oregon due to the coronavirus pandemic. Under the proposed framework \$400 million in additional Coronavirus Relief Funds (CRF) will be allocated to cities, counties, and special districts. When combined with combined with the \$247 million that has been directly allocated by the federal government to the city of Portland, Washington County and Multnomah County, is approximately 40 percent of Oregon's \$1.6 billion share under the CARES Act. From a pure percentage basis, the proposal is in the upper level of funding that other states have committed to local governments and is appreciated from cities as a very important commitment from Governor Brown.

Eligible Expenses:

The proposed framework has created two \$200 million buckets to draw from for reimbursement of costs related to the pandemic. We understand that the first bucket will initially be focused to reimburse costs associated with a local government's response from March 1 to May 15, 2020. The state estimates that roughly \$30-\$50 million would be spent leaving \$150 million for future reimbursement.

What remains a significant concern to LOC is that the state is unnecessarily limiting its reimbursement of local government's costs that qualify under a eligible expenses within the CARES Act and Treasury's guidance.

- The materials provided to the E-board reference a summary of eligible expenses under the CRF, which specifically includes “economic assistance.”
 - However, from recent conversations with Governor’s leadership staff and staff from the Senate President and House Speaker’s office we understand **no** costs related to small business assistance or financial relief for residents will be allowed in the first reimbursement phase.
 - This is consistent with preliminary reimbursement forms we have seen, as well as language in the May 12th letter from the Governor, House Speaker, and Senate President to local leaders in direct allocation jurisdictions indicating public health related costs “*are the priority activities that the State of Oregon will pay or reimburse local jurisdictions for in the months ahead from the state’s CRF funds.*”
- ★ LOC recommends including language that allows all eligible expenses under Treasury guidance.

Redistribution of CRF Funds:

Any suggestion that a direct distribution of CRF money to local governments should be re-distributed fails the clear intent of the CARES Act. The purpose behind direct funding to local governments over 500,000 was to provide additional resources that more closely match the core services, needs for business, and the scale of their populations. Due to the density and population size alone Washington County, Multnomah County and the City of Portland have significant challenges well beyond the scale found in smaller communities that are far from an urban core.

Equity among cities across the state remains important:

The proposal’s reimbursement strategy would exclude up to 23 cities in Multnomah and Washington County from receiving any state CRF money because it relies on sharing of direct allocation CRF money received by the two counties and the City of Portland. We understand that Washington County recently committed to a sharing strategy, but we don’t know the details to fully understand how it relates to a statewide sharing framework that is yet to be determined. It is very possible that this sets up the potential for inequity from a distribution schedule that may not match the scale to be identified for the remaining local governments in Oregon. We are also not certain if Washington County’s proposal will follow Treasury’s guidance for reimbursement.

- ★ LOC recommends that the proposal withdraw this exclusion language and focus the state’s CRF distribution to all cities and counties who have not received a direct allocation of funds from the federal government.

Collaborative model critical for moving forward:

Cities across Oregon are very much part of a collaborative model when they face difficult policy choices. Based on a conference call this morning with the Governor’s leadership staff and staff from the Senate President and House Speaker’s office we were provided a commitment to work

on a more collaborative effort to identify a framework for distribution of CRF monies to local governments.

What will be critical during this conversation is recognition that most cities in Oregon are small communities with 90 percent having less than 10,000 in population and 68 percent with less than 5,000 in population. Whatever framework is developed LOC will recommend a design that can provide upfront funding to smaller communities that lack the financial resources to stand up these programs on their own. Funds should be allocated in a manner that will allow cities to know how much they may budget for across the remainder of the year. The framework should also ensure that eligible costs cover the full spectrum of allowed expenses under Treasury's guidance.

- ★ LOC recommends LOC and AOC be included in a collaborate process to develop a framework for CRF distribution to cities and counties that includes all eligible expenses in accordance with Treasury guidance.