

KATE BROWN
GOVERNOR



June 18, 2020

Gina Nikkel
Executive Director
Association of Oregon Counties

Mike Cully
Executive Director
League of Oregon Cities

Frank Stratton
Executive Director
Special Districts Association of Oregon

Gina, Mike, and Frank:

Thank you for your memo dated June 5, 2020, proposing how to expend the remaining funds from the Coronavirus Relief Fund (CRF) that have been allocated to your three entities. We appreciate the thoughtfulness that has gone into the proposal and would like to move forward with the general premise requested but with some logistical modifications.

As you are aware, the action taken by the Emergency Board to allocate these funds indicates the funds are to be distributed on a reimbursement model. In addition, through the first round of reimbursement funding that is currently in process, contracts are being established with each entity in order to meet the requirements within the Treasury guidelines, both around reimbursement and for federal audit purposes.

We agree with the major points in your memo dated June 5, 2020, and understand local governments need both clarity on which expenditures will be allowable expenses and certainty as to how much each local government will receive under this program. In particular, we agree economic supports will be an allowable expense for cities and counties under the second round distribution. We also agree a fixed dollar amount available to each city and county will allow for better financial planning and effectiveness.

Of the original \$200 million authorized by the Emergency Board, approximately \$46.1 million will be distributed in Round 1 to cities, counties, and special districts. This leaves \$153.9 to be distributed in Round 2. Based on the formula outlined in your memo, \$20 million will be set aside to reimburse special districts for cost increases associated with the COVID-19 response, but excluding any reimbursement for economic assistance programs. It has come to our attention that there are outliers who fit into the SDAO statutory construct and would ask that a proposal around eligibility and distribution be brought forward for our consideration prior to any additional funds being distributed to special districts. In addition, we would appreciate additional clarity on how to distribute these funds if total reimbursement requests exceed the allocated \$20 million.

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This leaves about \$133.9 million to be distributed between cities and counties. Based on your memo, cities will receive 40 percent (\$53.6 million) and counties will receive 60 percent (\$80.3 million). The \$53.6 million allocation to cities would be further allocated among cities based on their relative population, with a minimum \$25,000 allocated to each city with a population less than 750 and a minimum \$50,000 allocated to each city with a population greater than 750. Similarly, the \$80.3 million allocation to counties would be allocated among counties based on their relative population, with a minimum \$250,000 allocated to each county. We agree with this allocation model, and are comfortable using this model to allocate resources in Round 2. We would also like to encourage any small cities or counties to work with us in the event that they are unable to operate under a reimbursement model.

In October or early November, we should collectively evaluate the spending allocations. If any local jurisdiction thinks it may not be able to fully spend its allocation, it might be worth reallocating the unspent funds to other jurisdictions that could use the resources.

Given that the documentation presented to the Emergency Board and the certificate documenting the Emergency Board action refer to this program as reimbursing local governments for eligible expenses, we think the program needs to continue on a reimbursement based approach. We can work with each city and county to have certainty as to how much it is eligible to receive and expenses would be distributed on a reimbursable basis.

The Emergency Board and the certificate documenting the Emergency Board action also is very clear that only local governments outside the boundaries of Multnomah and Washington counties are eligible for reimbursement. We do not see a path around this second issue without further legislative action.

We are hopeful that this approach will allow local governments to balance the needs of your communities with the current available funds and the requirements laid out by the Emergency Board action.

Thank you,

Leah Horner
Regional Solutions Director
Jobs & Economy Policy Advisory
Interim Transportation Policy Advisor

Cc: Senators Jeff Golden and Bill Hansell
Representatives Karin Power and Rick Lewis