



February 11, 2022

The Honorable Mike Thompson
U.S. House of Representatives
268 Cannon Office Building
Washington, D.C. 20515

Dear Rep. Thompson,

Over the past four years, wildfires have devastated California communities, including Santa Rosa, causing significant economic losses that take years and, in some cases, decades to overcome.

In 2017, the Sonoma Complex fires ravaged Santa Rosa. At the time, it was the most destructive wildfire California had ever seen. Drought conditions aligned with a significant wind weather event allowed the Tubbs Fire to spread quickly from the surrounding mountains into the City. Across Sonoma County an estimated 100,000 people were evacuated, 22 lives lost and billions in direct losses, including homes, businesses, and community infrastructure.

Recovery from and rebuilding our community required the City to use capital and human resources, which would have otherwise been invested in economic development and community infrastructure projects. Like many communities impacted by disasters, Santa Rosa's direct costs were immediate, however, the indirect and opportunity costs are still being felt today. According to a May 2018 St. Louis Federal Reserve report, *The Economic of Natural Disasters*, "Sonoma County had the largest number of claims for direct losses—21,286—for a total loss of nearly \$8 billion. This doesn't count indirect losses, such as the loss of output from the affected wineries or the loss of tourism dollars."

As a result of the fires, 5 percent of Santa Rosa's housing stock was destroyed, as were 15 licensed childcare centers and numerous home-based childcare sites serving upwards of 600 children. In FY 2017-2018, hotel tax revenue decreased by 34 percent, and the City's population declined from 176,000 in 2016 to 172,000 in 2021. While the City has made significant progress rebuilding our City, the indirect and opportunity costs caused by the wildfires will be felt for the next decade and potentially longer. These financial constraints make it difficult for the City to provide the necessary local match often required by federal programs, including Economic Development Act (EDA) programs.

Currently, EDA's economic distress formula requires communities, like Santa Rosa, to invest as much as 50 percent of the total project cost via matching funds. For the most distressed

Office of the Mayor
City of Santa Rosa
100 Santa Rosa Avenue, Room 10
Santa Rosa, CA 95404



communities, EDA's standard Notice of Funding Opportunity (NOFO) guidance dictates that the maximum allowable federal investment rate is 80 percent, which still requires very distressed communities to contribute 20 percent of the project's overall cost via matching funds, except in rare cases when the EDA Assistant Secretary deems that an applicant has exhausted its taxing and borrowing capacity.¹

As Congress begins consideration of EDA reauthorization legislation, we respectfully request that EDA's project eligibility criteria be expanded to include disaster impacted areas and for EDA to provide 100% federal funding for projects in those areas.

In addition, we request that Congress enhance EDA's capacity building role by establishing a grant program within EDA to provide underserved and disaster impacted communities with federal assistance, including pre-development work and funding to build human resource and technical capacity, including hiring professional staff. These changes will provide disaster impacted communities, like Santa Rosa, with the flexibility and assistance needed and to expedite recovery efforts and reduce the indirect and opportunity costs.

With your help and leadership, we have made significant progress towards rebuilding a more resilient community, but the financial and human capital impacts are still being felt today. EDA programs provide critical resources that help communities expand economic opportunities for their residents and businesses. We look forward to working with you to enhance EDA's capabilities to better meet the needs of underserved and disaster impacted communities.

Regards,

Chris Rogers, Mayor

¹ Source: <https://www.grants.gov/web/grants/view-opportunity.html?oppId=321695> – "FY 2020 EDA Public Works and Economic Adjustment Assistance Programs including CARES Act Funding" (pages 12 of 45).