



TAKE ACTION BRIEF

May/June 2021 – COVID-19 Relief Funding Update

The Governor’s May Revise included significant investments that many special districts will have access to for the benefit of their communities and strengthening of local infrastructure.

Unfortunately, the revised budget proposal did not include requested COVID-19 relief funding for all special districts. Between now and June 15, CSDA is rallying all special districts to support passage of critical relief funding within the Governor’s proposal, and to request the State Legislature improve upon the budget by addressing the unmet COVID-19 impacts of those special districts thus far left out.

In support of this unified effort on behalf of all special districts, CSDA members are strongly encouraged to email their legislators requesting COVID-19 relief funding for all special districts and attaching CSDA’s one-page budget request. The budget request outline and sample email are included in this brief, along with a memo on the key provisions within the American Rescue Plan Act passed by Congress.

What Has CSDA Done Thus Far to Seek COVID-19 Relief Funding for Special Districts?

- **4 federal bills** introduced leading to passage of explicit transfer authority for special district within the American Rescue Plan Act.
- **15 Representatives of California’s Congressional Delegation** issued a letter urging the Governor to share relief funding with special districts.
- **2 (both) California U.S. Senators** sent a letter in support of special district relief.
- **744 signatories joined a coalition** calling upon State of California to provide COVID-19 relief funding to special districts.
- **116 meetings with state legislative offices**, which included **215 special district officials** telling their story following **67 preparation meetings** hosted by CSDA staff and consultants.
- **38 meetings with California state agency officials.**
- **19 meetings with Department of Finance, State Assembly, and State Senate consultants.**
- **46 State Legislators** requesting the Governor provide special districts relief funding.

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COVID-19 RELIEF BUDGET REQUEST FOR SPECIAL DISTRICTS

California's special districts are local government agencies that provide essential services, including fire protection, utilities, parks, healthcare, mosquito abatement, and more to millions of Californians. **Yet, unlike cities, counties, schools, businesses, and nonprofits, special districts have been excluded from direct access to COVID-19 relief funding.**

The nonpartisan Legislative Analyst's Office (LAO) and Little Hoover Commission (LHC) highlight the need, with a growing coalition of over 700 organizations and local leaders asking for relief. Additionally, 46 State Legislators have signed a letter to Governor Gavin Newsom supporting this request, as have Senators Dianne Feinstein and Alex Padilla and 15 members of the California Congressional Delegation.

Missing from May Revise: We Urge the Legislature to Use the Transfer Authority Explicitly Provided by Congress to Share a Portion of the \$27 Billion in American Rescue Plan Act (ARP) Funding with Special Districts Excluded from COVID-19 Relief.

- **Parks and Open Spaces**

Need: \$266 Million.

Solution: Complement existing \$125 million Statewide Park Development and Community Revitalization proposal with a COVID-19 relief grant program for districts providing park services.

- **Fire Protection**

Need: \$109 Million for districts providing fire protection to local communities, plus \$16 Million for districts, such as RCDs, engaged in mitigation work.

Solution: Complement existing \$5 billion Senate wildfire proposal or Governor's \$2 billion CalFire wildfire proposal with a COVID-19 relief grant program for special districts providing these services.

- **Healthcare**

Need: \$150 Million, per Association of California Healthcare Districts (ACHD).

Solution: Support ACHD request for \$32 million toward continued direct COVID-19 services, programs, and expenditures.

- **Other Local Services (Libraries, Mosquito Abatement, Veterans Memorial, Cemeteries, and Air Pollution)**

Need: \$20 Million

Solution: Establish a special district COVID-19 relief grant program through Department of Finance for those districts otherwise excluded from relief.

Included in May Revise:

We Ask the Legislature to Approve Proposed Funding Solutions to Support Local Services Provided by Special Districts.

- **Utilities**

\$2 billion in household assistance for non-payment of water and power utility debt due to the pandemic, specifically accessible by special district agencies, and \$5+ billion in water and wastewater infrastructure projects.

- **Ports**

\$250 million in relief funding for GO-Biz to allocate to California ports, several of which are special districts.

- **Transit**

Nearly \$3 billion in funding for priority transit and zero emission busses and vehicles.

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FACT SHEET: COVID-19 Relief Funding for Special Districts – State Level

SUMMARY

California's special districts have been uniquely excluded from direct access to Coronavirus federal and state fiscal relief programs but have not been immune to the economic impacts. Reeling from a projected \$2.43 billion fiscal impact, we urge the state to grant impacted special districts access to urgently needed funding so they may continue to stand ready to provide essential services to their community when the next disaster strikes.

MAJOR ISSUES

- COVID-19 halted the economy, shifted business procedures to remote operations, and placed many special districts on the front lines of COVID-19 response to meet the needs of their communities.
- Other districts had operations abruptly halted, with revenues also halted.
- Special districts, like our partners at cities and counties, are delivering essential services to our communities.
- However, unlike cities and counties, special districts have been excluded from access to federal and state relief funding and, as public agencies, have also not been able to access relief programs available to non-profits and small businesses, such as PPP, tax credits, and grants.
- California's special districts, like their local government counterparts, are reeling from the effects of the pandemic.
 - 33% of special districts have imposed workforce reductions
 - 42% have reduced services to their respective communities, including delaying, deferring, or cancelling infrastructure projects
 - Many of the special district funding streams have been dramatically compromised due to pandemic response operations; seeing district expenses skyrocket to pay for mandated health and safety protocols
- The state budget does not currently propose funding for all special districts, but does propose relief for rate-payer assistance, economic assistance to ports, and significant investments in infrastructure for water, wastewater, and transit.

TAKE ACTION: CALL, EMAIL, POST TO SOCIAL MEDIA

Call Your Legislators' Offices—Talking Points

- Introduce yourself – if you are not familiar to the office take a moment to explain who you are and that you are calling on behalf of your (district name) which is an independent special district in their (Senate or Assembly) district and briefly include what communities you serve.
- Tell them you are calling to discuss the economic impacts to your special district and all special districts due to the COVID-19 health crisis and your exclusion from access to relief funding.
- Ask for their strong support to extend relief funds to *all* special districts impacted by COVID-19 response for the continuance of the essential services we provide.
- While there are some funding proposals for specific district service types – for which we ask for their strong support – most special districts continue to be left behind.
- Ask them to please support funding for all special districts by supporting proposals for utilities, ports, and infrastructure and also urging the state to extend funding for districts providing fire protection and mitigation, healthcare and first response, parks and recreation, and other essential local services.



**California Special
Districts Association**

Districts Stronger Together

- Without access to relief funds, our collective \$2.43 billion unmet fiscal impact will translate into lost jobs, reduced services, and compounding economic consequences to our local economy.
- Nearly 60% of the communities served by special districts throughout California are disadvantaged.
 - The state has the resources to protect essential services for communities in dire need.
 - The urgency is compounded by the fact that we are forecasting another catastrophic fire season and one of the driest years on record.
- The nonpartisan Legislative Analyst's Office (LAO) and Little Hoover Commission (LHC) both highlighted the need and a the growing coalition of nearly 750 organizations and local leaders asking for COVID-19 relief.
 - Additionally, 46 State Legislators have signed a letter to Governor Gavin Newsom supporting this request, as have Senators Dianne Feinstein and Alex Padilla and 15 members of the California Congressional Delegation.
- California's revenues are enough to share.
 - The state is experiencing over a \$75 billion surplus and has \$27 in federal relief funds specifically for coronavirus relief, and cities and counties received substantial direct funding from the federal government.
- Congress identified the funding slight and provided a flexible solution by explicitly empowering states with authority to transfer a portion of the most recent round of Coronavirus State Fiscal Recovery monies to special districts.
- Special districts would utilize funding allocated by the state to benefit their residents, stabilize services, and boost the local economy.
 - Districts would do this through reimbursing expenditures related to the pandemic response:
 - Assist their residents with utility arrearages
 - Restore services following a year's worth of revenue losses
 - Rehire or boost frontline workers with premium pay
 - Invest in critical water, sewer, and broadband infrastructure
- When special districts are excluded from relief, essential frontline workers and community residents are excluded from relief.
- Be sure to ask, "Can we count on [Assembly Member or Senator X] to ask for all impacted special districts to be included in relief funding in this year's budget?"
- Finally, thank them for their time and provide your contact information for follow up.

E-mail Your Legislators

You can copy and paste the following into an email and customize as you see fit

Please attach the one pager titled "COVID-19 Relief Budget Request for Special Districts" to your email.

SUBJECT LINE: Request support for special district COVID-19 relief funding

Senator/Assembly Member [Last Name]

[OPTIONAL: Short paragraph describing your special district and the impacts of COVID-19.]

On behalf of [District name], I thank you for your leadership and consideration of our request. **We ask for your strong support to extend relief funds to all special districts impacted by COVID-19 response for the continuance of the essential services we provide. Without access to relief funds, our collective \$2.43 billion fiscal impact will translate into lost jobs, reduced services, and compounding economic consequences to our local economy.** (Fact sheet attached)



When special districts are excluded from relief, essential frontline workers and community residents are excluded from relief. With a \$75 billion budget surplus and \$27 billion in federal funds for pandemic relief, the state has resources to share – please do not leave communities and the local agencies who serve them behind. While some Californians receive similar services through cities or counties, many receive these services through a special district. The communities we serve are facing reductions in staffing levels – which translates to local jobs – and service levels because the agency that provides their local essential services has been left out of federal and state funding. Nearly 60% of special districts provide essential local services already under-resourced communities categorized by the state as disadvantaged or severely disadvantaged.

Most special districts who played a critical local role in pandemic response, protecting the health and safety of their local communities, continue to be left out of funding. While there are some proposals for some district service types proposed for funding – for which we ask for your strong support – most special districts continue to be left behind.

Please support funding for special districts providing fire protection and mitigation, healthcare and first response, parks and recreation, and many other essential local services. The urgency in need is compounded by the fact that we are forecasting another catastrophic fire season and one of the driest years on record and many of these local agencies need to be more prepared to be more resilient and are tasked to do it with much less.

We also for your support of the following proposals that do address special district pandemic impacts:

- \$2 billion for rate-payer assistance that is specifically eligible to special district utilities. \$250 million for economic support of ports.
- Significant proposed investments in transportation and water/wastewater infrastructure.

Join the broad support for special district access to relief funding.

- The nonpartisan [Legislative Analyst's Office \(LAO\)](#) and [Little Hoover Commission \(LHC\)](#) both highlighted the need in recent reports.
- [46 State Legislators have signed a letter](#) to Governor Gavin Newsom supporting special district relief
- [Senators Dianne Feinstein and Alex Padilla](#) and [15 members of the California Congressional Delegation](#) sent letters in strong support urging the state to utilize its transfer authority under the American Rescue Plan Act to extend relief to special districts.
- A [growing coalition](#) of nearly 750 organizations and local leaders join us in requesting COVID-19 relief funding for special districts.

Please support our special district, our frontline workers, and the community we serve by sharing COVID-19 relief with special districts.

Respectfully,

[Name, Title]



Post to Social Media

Sample Facebook Post:

By the numbers:

2 U.S. Senators

15 CA Congressional members,

14 CA State Senators and

32 CA State Assembly members, support funding special districts

743 strong coalition of statewide organizations, local businesses, local government, and individuals

\$75 billion state surplus

\$27 billion in federal American Rescue Act funds to the state for pandemic relief

\$21.7 billion has been allocated to cities and counties in federal COVID-19 relief funds

\$0 allocated to special district local governments

When special districts are excluded from relief, essential frontline workers and community residents are excluded from relief. [Click here](#) to join a growing coalition of communities and local leaders to urge the State of California to extend special district access to Coronavirus fiscal relief.

Flexible Federal COVID-19 Funding to State and Local Governments^{a,b}

(In Billions)

| | Coronavirus Relief Fund ^c | Local Fiscal Recovery Fund | Total |
|-------------------|--------------------------------------|----------------------------|---------------|
| State | \$7.7 | \$27.0 | \$34.7 |
| Counties | 5.8 | 8.1 | 13.9 |
| Cities | 1.8 | 7.8 | 9.6 |
| Special Districts | — | — | — |
| Totals | \$15.3 | \$42.9 | \$58.2 |

Sample Tweets:

Ready for summer? Closed public pools, water shortages, reduced fire preparedness and public park closures could be a reality if the special districts that provide our community with these essential services don't receive COVID-19 relief funding. [Click here](#) and Support your community by joining our coalition today.

Ready for summer? Rising water bills, reducing fire protection, and closing park services could be in the forecast if the #SpecialDistricts that provide our community with these #EssentialServices don't receive #COVID relief funding. [Click here](#) to Support your community by joining our coalition today.

Social Media Hashtags:

#FundEssentialServices

#FundSpecialDistricts



FREQUENTLY ASKED QUESTIONS

How has your district been impacted by the COVID19 health crisis?

[Be prepared to answer with your districts data] We are only one of thousands of special districts statewide struggling under the burden of COVID-19 response fiscal impacts and a lack of access to relief funds. California's special districts, providing fire protection, water, wastewater, parks, healthcare, ports and harbors, libraries, mosquito abatement, resource conservation, and other essential services to our communities across the state, have been excluded from direct access to COVID-19 relief funding and now face a projected \$2.4 billion unmet fiscal need due to COVID-19. Already, 33% of special districts have had major staff cutbacks and 42% have had to significantly reduce services to their respective communities.

How are you funded? Where do your revenues come from?

Special districts do not receive sales tax or transient occupancy taxes, like cities and counties, and do not have general taxing authority. We must achieve two-thirds voter-approval to issue any Governmental Obligation Bonds or special taxes. Generally, special districts rely on their share of the one percent ad valorem property tax and user or program fees or ratepayer fees. While most special district receive a portion of property tax, which has stayed steady, the other revenues our district relies upon have been substantially impacted. [Our district revenues come primarily from...]

Why are special districts needed? Shouldn't cities or counties provide those services?

- Special districts are local governmental entities created by a community's residents, funded by those residents, and overseen by those residents to provide specialized services and infrastructure that focus on the delivery of one service or a small suite of services.
- This specialization is part of our strength as it promotes efficiency, effectiveness, and sustainability.
- Additionally, special districts often operate infrastructure that is expensive to maintain, requires specific skills to operate, and in many areas of the state cities and counties don't want to or don't have the capacity to assume the liability or responsibility for these specialized services.

Do you know the overall impact to special districts? If there were a hypothetical pot of money for special district needs, how big would it need to be?

The estimated overall fiscal impact of COVID-19 to special districts statewide as of February 5, 2021 is \$1.92 billion and is projected to grow to \$2.43 billion by December 2021. While not all special districts have been impacted the same, these budget challenges represent diverse district types throughout the whole state who provide critical services to our mutual constituents and who have been denied access to fiscal relief.

Why should I support funding for rate-payer assistance?

Special district utilities represent approximately half of the overall impact to community water systems and public utilities that are struggling under the burden of non-payment of debt. The overall impact to local agencies statewide is estimated to be \$1.5 billion. That is \$1.5 billion in local debt by residents least able to handle the additional impacts of COVID-19 on their finances that cannot be forgiven, as public agencies are constitutionally prohibited from subsidizing ratepayers. The \$2 billion for rate-payer assistance that is specifically eligible to special district utilities is essential to stabilize local agencies and provide relief to local rate-payers in need. The Senate also has a rate-payer assistance package, with a



proposed \$1 billion for arrearages. We ask for your strong support to provide needed relief to special district utilities to help households pay for water and utility arrearages and provide relief to their customers struggling with debt.

Why should I support funding to ports?

Ports and Harbor districts are struggling under an anticipated \$740 million fiscal impact from COVID-19 response by December 2021. This proposed \$250 million in economic assistance to ports is essential relief not only for these local agencies, but for the revitalization of the local economies they are an integral part of to stabilize operations and jobs.

Why should I support the significant proposed investments for infrastructure?

Water and wastewater agencies were among the many who have delayed, deferred, and cancelled important infrastructure improvement projects due to COVID-19 impacts. Transit districts have likewise been substantially impacted. The proposed investments will allow for critical and long overdue investments to enhance the state's transportation system and for local projects that will increase local resiliency against tomorrow's disasters.

Why aren't the proposed investments enough? Nearly a billion in proposed funding to special district impacts is a lot of funding.

Communities rely on the special districts that serve them to provide critical local services and fill local needs. Counties have received nearly \$14 billion in COVID-19 funding relief and cities have received nearly \$10 billion, while special districts have received none. The Legislature can ensure that local communities served by special districts continue to receive consistent and necessary services for less than a \$500 million investment in a year when the State has \$100+ billion in one-time funds available to help. For example:

- Districts providing fire protection need access to relief funding in order to aggressively respond to this year's impending wildfires.
- Healthcare districts need funding relief in order to continue to service health needs to local communities.
- Parks and recreation districts stepped up and were open when everything else was closed, without relief funding local services such as childcare, youth sports, and enrichment learning programs for k-12 will be in danger of cuts and equity in outdoor access may suffer.
- Library districts facilitated distance learning, broadband access, and homework help – without relief funds hours will be reduced and access to learning opportunities and assistance for those who need it most will be in danger of cuts.

FIND LEGISLATORS' CONTACT INFORMATION

1. Go to "[Find Your California Representative](#)" and type in your district address. This will only provide your Senator and Assembly Member for that physical location. Their capitol and district phone number will always be available. If there is no posted e-mail but you prefer e-mail correspondence you can call and ask for the e-mail of the staff person handling COVID19 issues for the member.
2. If your special district boundaries overlap multiple legislative districts, you can use the CSDA [special districts map](#) available at csda.net under About Special Districts to activate the Assembly District or Senate District overlay of your own special district boundaries.
3. If you aren't sure or need assistance, please contact your [CSDA Public Affairs Field Coordinator](#).



CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS KEY PROVISIONS FOR SPECIAL DISTRICTS

The American Rescue Plan Act of 2021 includes \$350 billion in direct financial relief for all state, local, tribal, and territorial governments; extends federal supplemental unemployment benefits; increases funding for the Paycheck Protection Program; provides additional utility assistance; and includes additional funding for COVID-19 testing, vaccination, and treatment, among other provisions that assist many industries, businesses, and individuals.

States, territories, Tribes, counties, metropolitan cities, and non-entitlement units of local governments (incorporated areas with less than 50,000 population) will all receive guaranteed funding.

The first tranche of funds was opened Monday, May 10, directly to states, counties and metropolitan cities (populations 50,000+). Treasury will distribute funds to eligible state, territorial, metropolitan city, county, and Tribal governments, which must submit requests for funds.

Estimated funding allocations for California State and Local Governments

| | |
|--|----------------|
| California State Coronavirus Fiscal Recovery Fund: | \$27 billion |
| Coronavirus Local Fiscal Recovery Fund for Counties: | \$7.67 billion |
| Coronavirus Local Fiscal Recovery Fund for Metropolitan Cities: | \$7 billion |
| Coronavirus Local Fiscal Recovery Fund for Cities, pop. <50,000: | \$1.22 billion |

Special Districts and Transfer Authority

Special districts did not receive a direct allocation; however, language was included that enabled state and local government recipients of direct assistance to transfer funding to special districts. Further, Treasury’s rules for the State and Local Fiscal Recovery Funds also specifically references special districts as eligible for funding transfers. The guidance states:

“By permitting these transfers, Congress recognized the importance of providing flexibility to governments seeking to achieve the greatest impact with their funds, including by working with other levels or units of government or private entities to assist recipient governments in carrying out their programs. This includes special-purpose districts that perform specific functions in the community, such as fire, water, sewer, or mosquito abatement districts.”

Treasury guidance further states that fire, water, wastewater, and mosquito abatement districts are not an exclusive set of eligible services special districts may provide as requisite for funding transfers.

Use of Funds

- **Support public health expenditures**, by, for example, funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff. Treasury guidance builds upon the CARES Act/Coronavirus Relief Fund’s eligible use of funds. This includes, but is not limited to:
 - COVID-19 vaccination, testing and contact tracing programs.
 - Enforcement of public health orders.

- Public communication efforts.
- Purchase of personal protective equipment and sanitization.
- Payroll and benefits of directly responding to COVID-19.
- **Address negative economic impacts caused by the public health emergency**, including economic harm to workers, households, small businesses, impacted industries, and the public sector.
 - Treasury guidelines allow utility assistance and emergency burial coverage as part of “household assistance.”
 - Treasury will also allow funds to be spent on rehiring state, local and tribal government staff.
- **Replace lost public sector revenue**, using this funding to provide government services to the extent of the reduction in general revenue experienced due to the pandemic.
 - The special district’s most recent full fiscal year prior to the public health emergency may be used, which is Fiscal Year 2019.
 - “General revenue” *includes revenue collected by a recipient and generated from its underlying economy and would capture a range of different types of tax revenues, as well as other types of revenue that are available to support government services.*
 - Under the guidance, “intergovernmental transfers between state and local governments” are included; however, it this excludes federal transfers.
 - When calculating loss, governments may include what they expected to receive in revenues without COVID-19’s interference/impacts. In doing so, Treasury states:
 - Recipients may use a growth adjustment of either 4.1 percent per year or the recipients’ average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency, whichever is higher.
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors.
 - Workers in the sectors of healthcare, public health and safety, childcare, education, sanitation, transportation are included in guidelines; however, recipients of funds have discretion to add additional sectors to the list so long as they are deemed “critical to protect the health and well-being of residents.”
 - Low-income workers should be prioritized.
 - A recipient may provide up to \$13 per hour, with a maximum of \$25,000, for eligible employees.
 - Recipients would be required to publish an explanation of why any employee whose wage, with premium pay, totals 150 percent of the state’s average annual wage for all occupations, and how providing the worker with premium pay meets the goals of this provision.
 - Recipients may grant funds to a contracted entity to provide contracted employees with premium pay.
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet. Treasury states:
 - A “necessary investment” would provide adequate, minimum levels of services that are unlikely to be made using private funds. Projects must maintain a level of services that:
 - Meets applicable health-based standards

- Takes into account climate resiliency
- Establishes or improves broadband service to unserved or underserved populations.
- Eligible use of water and wastewater infrastructure investment is aligned with projects eligible to receive financial assistance through the Environmental Protection Agency's Clean Water State Revolving Fund or Drinking Water State Revolving Fund.
- In addition to a focus on climate resiliency, Treasury encourages recipients to consider "green infrastructure investments."
- Reporting requirements on how state and local governments utilize infrastructure projects will be offered in future guidance.

Full information from the U.S. Treasury can be accessed [here](#).

For questions, contact Cole Karr, CSDA Federal Advocacy Coordinator, at colek@cda.net.