

August 31, 2021

The Honorable Greg Abbott
Office of the Texas Governor
P.O. Box 12428
Austin, TX 78711

The Honorable Dan Patrick
Office of the Texas Lieutenant Governor
P.O. Box 12068
Austin, TX 78711

The Honorable Dade Phelan
Speaker of the House
P.O. Box 2910
Austin, TX 78768

The Honorable Jane Nelson
Texas State Senate
P.O. Box 12068
Austin, TX 78711

The Honorable Greg Bonnen
Texas House of Representatives
P.O. Box 2910
Austin, TX 78768

Dear Governor Abbott, Lieutenant Governor Patrick, Speaker Phelan, Chair Nelson, and Chair Bonnen,

Congress has approved \$37.5 billion for Texas' state and local governments to aid in their response and recovery to the ongoing public health emergency. Unfortunately, **many of Texas' special districts, which includes non-profit water supply corporations – a large sector of local governments – have been overlooked during the distribution of government aid**, and they continue to face hardship accessing state and local relief program. Special districts did not receive a direct allocation of the \$10.5 billion American Rescue Plan Act distribution to Texas' local governments.

As you may be aware, special districts differ across state lines; and, accordingly, special districts' role in providing essential services within each state varies. Congress provided a flexible solution to this problem in the American Rescue Plan Act, empowering states with authority to transfer Coronavirus State Fiscal Recovery monies to special districts. The U.S. Department of the Treasury solidifies this intent in its State and Local Coronavirus Fiscal Recovery Fund Final Interim Rule:

"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."

We are hopeful that the next special session will include ARPA funding for special districts and other eligible entities. **Accordingly, during the next special session, we, the undersigned, urge you to use this transfer authority as intended to its fullest extent and designate a portion of Texas' \$15.8 billion in State Fiscal Recovery funding to the special districts providing critical, essential services to Texas communities.**

There are more than 2,500 of these local governments that provide millions of Texans with fire protection, emergency medical service, water, wastewater treatment, healthcare, flood control, resource and agricultural conservation services and more. They specialize in providing these specific services that other governments are not providing in their communities. Our special districts play a direct role in maintaining and growing the "Texas Miracle."

Despite the major roles they play in our daily lives, many special districts have yet to receive direct access to COVID-19 relief funds in our state. Like counties and cities, which received a direct allocation of ARP funds, Texas' special districts seek to utilize these funds to:

- Implement eligible water infrastructure projects, including projects to improve resiliency and emergency water reliability in the aftermath of Winter Storm Uri.
- Reimburse eligible expenditures made in response to the public health emergency.

- Ensure special districts are positioned to recruit, train, and retain the essential workforce responsible for the continuity of critical infrastructure.
- Assist hospital districts to make capital investments to expand facilities to meet the ongoing demands of COVID-19.
- Establish emergency communications programs.

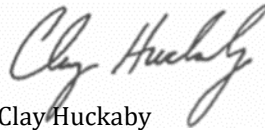
Texas' special districts support the inclusion of administration costs in any ARP allocation to expedite the process for administering these programs and to quickly distribute relief to our essential special purpose districts. These agencies include, but are not limited to, the Texas Division of Emergency Management, Texas Commission on Environmental Quality, and Texas Water Development Board.

When special districts are excluded from relief, essential frontline workers and community residents are excluded from relief. By designating State Fiscal Recovery Funds to special districts, special districts would not need to rely on cities and counties for much needed relief and would have enhanced ability to invest in our communities' infrastructure and readiness. We encourage you to utilize the tools Congress has provided you to transfer relief funds to special districts expeditiously, and to ensure these critical, essential service providers continue to provide unfettered services to our recovering communities.

Sincerely,



Mark Jack
President
State Association of Fire and Emergency Districts



Clay Huckaby
Immediate Past President
Texas Fire Chiefs Association



John Henderson
President & Chief Executive Officer
Texas Organization of Rural and Community Hospitals



Mike Howe
Executive Director
Texas Section of the American Water Works Association



Lara Zent
Executive Director & General Counsel
Texas Rural Water Association



Stacey Steinbach
General Manager
Texas Water Conservation Association



Auggie Campbell
Executive Director
Association of Water Board Directors-Texas