



**California Special
Districts Association**

Districts Stronger Together

January 20, 2021

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

RE: Emergency Rental Assistance (ERA) Program, Special District Utility Service Providers Access to \$2.6 Billion Funding Assistance

Dear Governor Newsom:

On behalf of over 1,000 independent special districts and affiliates, the California Special Districts Association (CSDA) requests your support to ensure special district utility providers are specified as eligible recipients of the funding assistance for tenants and landlords through the federal Emergency Rental Assistance (ERA) Program.

CSDA appreciates the strong efforts and leadership of your Administration during this unprecedented time, as California and the nation face COVID-19. We applaud your unrelenting efforts to secure federal relief for Californians and acknowledgement of the severe impacts the pandemic has had on local government revenues.

However, despite facing a collective estimated \$1.26 billion in COVID19 related revenue losses and expenditures as of July 1, 2020, special districts have not been included in the state and federal resources made directly available to cities, counties, small business, non-profits, and individuals to aid in COVID-19 response impacts. Even as impacts continue to mount special districts remain dedicated front-line workers in their local communities, reliably providing critical services to Californians throughout the duration of the pandemic.

Utility services provided by special districts include water, sewer/wastewater, trash removal, and electricity. These services have made it possible for California's stay at home orders to be successfully adhered to as residents' immediate needs for water, sanitation, and electricity continue to be provided for in a safe and reliable manner, even when customer payments are outstanding. The cost of special district utility and home energy services are defined as allowable uses for funding received by grantees per the [ERA FAQ guidance](#) released by the US Department of Treasury on January 19, 2021.

OUR REQUEST

As the State of California develops its own guidelines for portions of the ERA funding and delivers messaging to cities and counties, we ask:

- 1. Your Administration explicitly communicate the eligibility of special districts providing qualifying utility services to be recipients of the ERA funds by whatever mechanism is determined, whether that be as a direct allocation to the district or through the customer in need; and,**
- 2. Funding available for housing utility assistance and rental assistance stay separate so that both needs can be addressed, as an individual is not required to show a need for rental assistance to access housing utility assistance per federal guidelines.**

DEMONSTRATED NEED

Special districts primarily experiencing financial duress include those providing local services critical to the public's health, such as water treatment and delivery, sanitation, and wastewater services. Since March 2020, many of these districts have been forced to cut staffing and services/service levels or have indicated they expect to do so over the coming year due to revenue impacts resulting from COVID-19.

Numerous special districts providing utility services have consistently indicated substantial arrears from non-payment of accounts, with districts who have experienced the most significant and immediate challenges from COVID-19 impacts primarily providing critical services and infrastructure to small communities – largely in rural areas with vulnerable populations. It is not uncommon for these districts to be the sole service providers in the state's less-populated regions, serving as a community's lifeline to essential services.

As noted in the January 19, 2021 State Auditor Report release, urban counties received twice the amount of Coronavirus Relief Funds compared to smaller counties in California, despite similar COVID-19 transmission rates and impacts. These smaller communities would benefit most from additional resources to aid in recovery. The inequity in investment in disadvantaged communities in small and rural counties is compounded by their reliance on special districts for their critical services. Communities in areas of the state where services are more centralized and delivered by cities in larger and urban counties have received CARES Act federal and state assistance – sometimes twice – buffering against some of the fiscal, operational, and staffing impacts. To secure a more equitable outcome, it is crucial the state not only target investments to smaller regions, disadvantaged communities, and vulnerable populations, but also prioritize the essential service providers to these same groups by including special districts in its funding and resource determinations.

Special district utilities' access to the ERA housing utility federal funding is an important step in the right direction toward equitable investment in all communities impacted by COVID-19 response and to help ensure that all Californians are able to afford and receive uninterrupted, high-quality essential local services.

CSDA is calling upon your administration and our county and city partners to ensure special district utility service providers are instructed in how to access the ERA programming for housing utility and home energy cost assistance. Additionally, to benefit the residents and communities we collectively serve, special district utility service providers should be utilized as local partners in outreach to impacted customers eligible for these program funds.

Just as California is calling for federal assistance, we recognize this extraordinary crisis necessitates partnership from all levels of government to manage impacts over the longer term. We continue to seek your partnership and that of local, state, and federal leaders as we work to rebound from the steep economic impacts of COVID-19 response. CSDA respectfully asks for your support in accessing ERA resources to allow us to continue to serve our communities at the high-service levels Californians deserve and expect.

Sincerely,



Neil McCormick
Chief Executive Officer

CC: The Honorable Toni Atkins, President pro Tempore, California State Senate
The Honorable Anthony Rendon, Speaker, California State Assembly
The Honorable Shannon Grove, Senate Republican Leader
The Honorable Marie Waldron, Assembly Republican Leader
Keely Bosler, Director, California Department of Finance
Graham Knaus, Executive Director, California State Association of Counties
Greg Norton, President & CEO, Rural Counties Representatives of California
Carolyn Coleman, Executive Director, League of California Cities