



**California Special  
Districts Association**

*Districts Stronger Together*

April 16, 2020

The Honorable Holly Mitchell  
Chair, Senate Committee on Budget and Fiscal Review  
California State Capitol, room 5050  
Sacramento, CA 95814

**RE: Special Districts COVID-19 Impacts, Request for Revenue Relief**

Dear Senator Mitchell:

On behalf of over 1,000 special districts and affiliates, the California Special Districts Association (CSDA) respectfully requests independent special districts be included in any revenue relief the State considers extending to California local governments to mitigate COVID-19 impacts.

California's special districts are working diligently to maintain essential services and infrastructure during this unprecedented public health emergency. Our members are on the front lines, ensuring the delivery of critical local services to California's communities such as water, wastewater, fire and police protection, healthcare delivery and first response, mosquito abatement and vector control, access to parks and open space, safe and respectful burials, transportation and commerce, and more. Many districts serve rural and vulnerable populations and operate with razor thin staffs and budgets. The fiscal, operational, and administrative challenges resulting from COVID-19 responses are many and mounting.

**Fiscal Impacts from COVID-19 Response**

Service needs are more important than ever while revenues are plummeting, and many special districts anticipate further significant fiscal impacts related to COVID-19 response, including but not limited to:

- Loss of all programmatic revenues for recreation and park districts, community services districts, veterans memorial districts, and library districts
- Dramatic anticipated increases in pension costs
- Losses in ridership and user fee revenue for transit districts, port and harbor districts, and airport districts
- Losses in utility revenues due to account nonpayment
- Increases in operational costs attributable to the new federal Emergency Family Leave

In a recently conducted survey, a majority of special districts are turning to the reserves they have prudently set aside for emergencies – yet roughly a third additionally reported anticipating service reductions in the next six months and just over a quarter reported layoffs are likely in that same time frame. Many of these districts service vulnerable populations and are the lifeline to their communities as the only service provider.

Amid this perfect storm of economic distress, special districts are finding innovative ways to adapt to community needs, while having an eye on the future so that they are prepared to meet the next inevitable disaster. Many of the districts hardest hit are the same providers of vital community services

and critical infrastructure in areas most impacted by the state's catastrophic wildfires and recent de-energization events. California's special districts are doing everything within their power to meet the challenges required of them during this crisis, while preparing for the next, but they need the partnership of their State and Federal counterparts to best meet this moment on behalf of our mutual constituents.

Per the U.S. Department of Treasury's issued guidance, only cities and counties with a population of 500,000 and over will receive direct funding from the State's portion of federal relief funds; the remainder of local government remains in need of assistance, including independent special districts. Special districts are not directly eligible to access funding relief from the federal efforts to date though they continue to experience additional COVID-19 related costs at the same time revenues are declining. Additionally, independent special districts do not have general taxing authority. The anticipated reduction in service levels and staffing, as well as the need to raise fees for services where applicable to navigate the budgetary challenges, will have a direct and adverse impact on California communities statewide yet are unavoidable pending access to additional relief measures.

Specifically, we ask that special districts receive:

- An equitable share of financial relief from federal stimulus bills now being allocated through the State;
- Inclusion in any no-interest or low-interest bridge loan programs;
- A seat at the table in the State's discussions seeking fiscal relief for local government agencies confronting this pandemic and the local infrastructure and economic recovery efforts that will follow.

### **Worker Safety**

Additionally, with special district staff on the front lines, staff health and safety is a main concern. Special districts, including water, sanitary, wastewater, waste management, fire protection, and parks have indicated they need help sourcing and obtaining sanitation materials (e.g., wipes, sanitizer, cleaning products, etc.) and personal protective equipment (PPE), as well as access to testing for potentially exposed staff, due to insufficient supply. These are needed to keep these agencies performing essential public services operating and to protect their staff and the public they serve.

Specifically, we ask:

- As the State procures additional supply or pools resources and can prioritize outside of the healthcare setting that the State include special districts, who operate and maintain critical infrastructure and deliver essential services, in distributions of supplies in State response actions;
- Explicitly include language providing that special districts are eligible to participate in programs or receive funding meant to assist in emergency response efforts.

### **Technical Assistance**

The stay-at-home order and transition to a remote workforce is reliant on access to appropriate technologies and broadband service. Many small, rural agencies need technical assistance in acquiring and deploying the technology needed to transition to a remote workforce as the COVID-19 outbreak continues. Additionally, broadband is not equally and readily available in all communities, which has presented challenges for many special districts operating through this crisis in rural areas. In CSDA's recent member survey, the average annual operating revenue of respondents who indicated they have readily available access to broadband internet in their community was roughly \$18.5 million, whereas

the average operating revenue for those districts without access to broadband in some form was approximately \$2 million per year. In the long-term, funding is needed to help deploy broadband networks in rural communities throughout the state.

To help these small, rural districts meet this moment for their communities, we ask:

- The State explicitly include language providing that special districts are eligible to participate in programs or receive funding meant to assist in emergency response efforts that may be used toward technical assistance.

CSDA respectfully requests the Committee consider actions to provide immediate and long-term relief to special districts in the ongoing efforts to confront this pandemic. We thank you for your leadership and look forward to working together to ensure that California's independent special districts continue to stand ready to provide the critical services our communities rely on, not only to meet this public health crisis but as we prepare for emergencies yet to come.

If you have questions or would like to further discuss any of the material in this letter or other matters relating to special districts, I welcome the opportunity to assist your efforts in any way possible. Please do not hesitate to contact me at (916) 505-4978 or [alyssas@csla.net](mailto:alyssas@csla.net).

Sincerely,



Alyssa Silhi,  
Legislative Representative

CC: The Honorable Gavin Newsom, Governor of California  
The Honorable Toni Atkins, President pro Tempore, California State Senate  
The Honorable Shannon Grove, Senate Republican Leader  
Members and staff of the Senate Special Budget Subcommittee on COVID-19 Response  
Keely Bosler, Director of the California Department of Finance  
Mark Ghilarducci, Director of the Governor's Office of Emergency Services