



July 30, 2020

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Kamala Harris
United States Senate
112 Hart Senate Office Building
Washington, DC 20510

RE: Thank you for your leadership on S. 4308, the Special Districts Provide Essential Services Act

Dear Senator Feinstein and Senator Harris,

The Cosumnes Community Services District is thankful for your support of S. 4308, the Special Districts Provide Essential Services Act, and we are grateful for your leadership on this vital piece of legislation. This measure would bring much-needed relief resources to special districts in our community, throughout California, and across the nation.

The Special Districts Provide Essential Services Act would provide critically needed relief for local agencies that have experienced unforeseen expenditures or decrease in revenue as a result of the COVID-19 health crisis. Based on a July 2020 CSDA/National Special Districts Coalition survey, **California's special districts anticipate a \$1.26 billion impact due to COVID-19 through the end of Fiscal Year 2021.**

As a provider of fire suppression, emergency medical and parks and recreation services to over 205,000 residents in the Cities of Elk Grove, Galt and south Sacramento County, proportional access to federal resources would help our District confront COVID-19 and overcome related unbudgeted expenses and revenue losses.

COVID-19 has brought significant challenges to our community and our District.

As a provider of Fire and Emergency Medical Services, we have continued to serve the community and continue to incur additional costs for PPE and other essential equipment.

As a provider of Parks and Recreation services, we closed all of our community sites, all recreation activities and programs, events and rentals were suspended or cancelled; all picnic areas, playgrounds and sports courts were closed as well.

For every month that these resources are closed, and events suspended the District suffers a revenue loss of \$800,000, while continuing to have outgoing cashflow for fixed cost items. When the COVID-19 situation begins to subside, this revenue loss (in large part due to the seasonality of revenue generating programs) will significantly impact the District throughout the next fiscal year of recovery.

Despite the significant impact to our District, our local agency and the vast majority of California's special districts, have not received access to the Coronavirus Relief Fund. We thank you for your supporting special districts' access to COVID-19 relief fund to help us continue providing, without hindrance, vital services our community relies upon while also providing greater certainty and ability to retain our essential workers.

S. 4308 would accomplish the following:

- **Allows special districts direct access to the Coronavirus Relief Fund.** The bill requires states to distribute five percent of future Coronavirus Relief Fund allocations that they receive to special districts within their respective state within 60 days of receiving funds from the U.S. Treasury. Designating special districts as eligible for the Fund would greatly assist in their attempts to both recoup dramatic revenue losses and backfill the increase in expenditures many have experienced due to a variety of pandemic-related expenses.
- **Requires special districts to demonstrate the financial impact of COVID-19** when applying for funding. Special districts would submit information to their state demonstrating the degree to which they have experienced or anticipate they will experience COVID-19-related revenue loss, grant/inter-governmental revenue loss, or increased COVID-19-related expenditures.
- **Creates limits to allocations** such that a special district may not receive funding that exceeds the amount the district expended in any quarter of 2019. However, special districts providing services that the federal Cybersecurity and Infrastructure Security Agency deems to be within a "critical infrastructure sector" would be exempt from limitations.
- **Provides flexibility for states with excess funds reserved for special districts** that make a good faith effort to distribute funds to districts within the state. The bill requires states to file a waiver with U.S. Treasury after 60 days demonstrating how the state distributed its special districts funding. If approved, the state may use the balance of the funds for other COVID-19 response purposes.
- **Defines "special district"** as a "political subdivision of a State, formed pursuant to general law or special act of the State, for the purpose of performing one or more governmental or proprietary functions." With the variety of services that special districts throughout the country deliver, it is important to have a clear understanding of what is – and what is not – a special district. The definition in the bill was developed through a collaborative and consensus-driven process by special district associations across the nation.
- **Specifically permits special districts to be considered "eligible issuers" of the Federal Reserve Board's Municipal Liquidity Facility (MLF).** The bill would direct the U.S. Department of Treasury to consider special districts as eligible issuers to take advantage of the Municipal Liquidity Facility, as established in the CARES Act, for access to capital during the current financial downturn. States, territories, tribes, cities with a population greater 250,000 and counties with a population greater than 500,000 have access to the Fed's tool. Despite special districts' statutory authority to issue tax and revenue anticipation notes, they are currently not considered "eligible issuers" under the

CARES Act. This bill expands the Fed's authorization to purchase these notes to include all special districts as "eligible issuers" for MLF.

We sincerely appreciate you and your staff for your outstanding leadership on special districts issues, including your June 15 letter to Treasury and the Federal Reserve regarding special districts' access to the Municipal Liquidity Facility. We look forward to working with you on S. 4308 and strongly support its inclusion in the impending federal COVID-19 relief bill for state and local governments.

Sincerely,

A handwritten signature in black ink that reads "Joshua Green". The signature is written in a cursive, flowing style.

Joshua Green
General Manager
Cosumnes Community Services District

CC: California Special Districts Association [advocacy@csga.net]

CC: The Honorable Dr. Ami Bera