Dear Secretary Mnuchin and Chairman Powell,

We write to urge the Treasury Department and the Federal Reserve to expand access to the Municipal Liquidity Facility to special districts that provide essential services such as drinking water, wastewater treatment, and fire and police protection.

Special districts are suffering severe revenues losses and increased costs from COVID-19, just like other units of local government and states. The COVID-19 financial impact this year on water and wastewater districts alone is estimated to be $30.7 billion ($13.9 billion for drinking water utilities projected by the American Water Works Association, and $16.8 billion for wastewater utilities projected by the National Association of Clean Water Agencies).

We appreciate the June 3 changes to the Municipal Liquidity Facility’s term sheet that will allow governors to designate up to two Revenue Bond Issuers per state that can receive access to the facility. However, this access will not go far in California, which has 1,913 special districts. Rather than limiting the total number of eligible facilities, we ask that you rely instead on the term sheet’s independent provisions requiring a minimum credit rating for public entities to access the Municipal Liquidity Facility.

Given that only public entities with solid credit are eligible, we urge you to consider opening the facility to any special district that meets those credit eligibility standards. These districts need assistance to continue to provide essential public services through the pandemic, as described in the attachment. Thank you for your consideration of our request.

Sincerely,

Dianne Feinstein
United States Senator

Kamala D. Harris
United States Senator

Enclosure: Examples of the Effect of COVID-19 on Special Districts
Attachment: Examples of the Effect of COVID-19 on Special Districts

Southern Cascades Community Services District

Southern Cascades Community Services District provides emergency medical services, specifically emergency medical transport to southern Modoc and northern Lassen County. The district also provides non-emergency medical transport services to Lassen, Modoc, Shasta and Siskiyou counties. The district operates a medical helicopter base, medical helicopter and a training facility.

According to Dan Bouse, General Manager: “Our district has suffered revenue losses over the last two months approaching $100,000. We are now drawing down our unrestricted reserves to make payroll. Non-essential staffing has been furloughed and the level of EMS Services have been decreased. In addition, we continue to experience shortages of Personal Protective Equipment which has forced us to use alternatives and search out more expensive sources to meet minimum safety requirements. In addition, we have had to supply patients with masks, safety wipes, etc. before they can be seen in a medical facility as they are unable to procure them.”

Del Puerto Health Care District

Del Puerto Health Care District provides healthcare and emergency medical services to 30,000 residents in rural northwest Stanislaus County. On April 3, the district wrote:

COVID-19 has brought significant challenges to our community and our district. As a Rural Health Clinic and Emergency Medical Services (EMS) provider we are on the front lines of the Coronavirus pandemic. Our patient visit count at the Clinic have dropped by 50% with a large portion of the remaining visits often being conducted by telemedicine. Our ambulance service has the same number of transports to the hospital; we are conscientiously ramping up staffing to serve the foretold surge. Our income is predicted to be down by 40-50% this year. We are a fortunate operation with 90 days of operating cash in reserve, but are wrestling with the decision to layoff half of our clinic staff for the preservation of that reserve. I would much rather keep them fully employed.”

Oxnard Harbor District – Port of Hueneme

Oxnard Harbor District – Port of Hueneme imports and exports essential cargo, including produce and automobiles, to residents in Ventura County and 15 surrounding states. The district serves over $9 billion in cargo activity that generates over $1.5 billion in economic impact and $119 million in taxes annually, supporting more than 15,834 direct, indirect, induced and influenced jobs regionally. The district writes that it:
Receives no tax-related revenues and anticipates $7.1 million in COVID-19 response expenses and losses in revenue through 2021 fiscal year; experiencing a 30 percent revenue loss in 2020 due primarily to decline of auto industry sales related to the pandemic. In confronting COVID-19, the district is providing personal protective equipment, disinfectants, and additional precautions to waterfront workers as they move cargo. The district also is supporting the hardest hit communities in the region through providing meals to farmworkers, lunches to longshoremen supporting the local restaurants, and a blood drive.

**Vista Irrigation District**

Vista Irrigation District provides water service to more than 136,000 people in the City of Vista, portions of San Marcos, Escondido, Oceanside and some unincorporated areas of San Diego County.

According to Brett Hodgkiss, General Manager: As of May 27, “Vista Irrigation District has a $50,000 revenue shortfall for non-payment of water bills as well as $15,000 in direct COVID-19 related expenses. Vista Irrigation District expects a revenue shortfall of up to $1.57 million in the coming fiscal year as a result of customer non-payments, lower interest earnings and reduction in developer fee related revenue as well as an additional $12,000 in direct COVID-19 related expenses.”

**Cosumnes Community Services District**

Cosumnes CSD provides fire protection and parks/rec services to 205,000 residents in Elk Grove, Galt and southern Sacramento County.

According to Joshua Green, General Manager: “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.”
Midpeninsula Regional Open Space District (Midpen)

Midpen oversees the management of 65,000 of protected open space on the San Francisco Peninsula, and serves 770,000 constituents. The district acquires and preserves a regional greenbelt of open space land in perpetuity, protects and restores the natural environment, and provides opportunities for ecologically sensitive public enjoyment and education.

According to Ana Ruiz, General Manager: “At this time, Midpen estimates a $1.5 million revenue loss for FY 20/21 and have spent approximately $400,000 retaining field staff through shelter-in-place and unanticipated expenses as a result of the pandemic. Planned hiring has largely been frozen, while critical wildfire fuel reduction work has significantly slowed. This is happening at a time when the public increasingly relies on outdoor agencies like ours to offer health and respite opportunities as part of their shelter-in-place orders.”