



Hidden Valley Lake Community Services District

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May 26, 2021

Senator Mike McGuire
State Capitol, Room 5061
Sacramento, CA 95814

Mr. McGuire,

On behalf of the Hidden Valley Lake Community Services District, I request your support for Special Districts' access to the State Coronavirus Fiscal Recovery Fund monies for the District's expenditures, losses and recovery from the pandemic. To date, the District can demonstrate \$4.8M in eligible aid, as allocated under the American Rescue Plan Act.

Hidden Valley Lake Community Services District provides 7500 residents in Hidden Valley Lake with water and wastewater services that the county does not otherwise provide. As a result of the pandemic, our essential workers, sworn to protect critical infrastructure, and consequently ensuring the health and safety of the public, were exposed to an invisible killer. The District suffered significant productivity losses, as well as revenue loss. Some of our customers continued to use water, but could not afford to pay, sending our arrearages into unprecedented levels. Our amazing staff has been brave, careful, and flexible in the face of the faceless threat, but challenges still remain. The financial burden of the pandemic has also challenged this District in moving forward with Capital projects. We strive to keep water and wastewater treatment safe to the public, yet affordable. These two principles cannot be upheld while the pandemic continues to diminish productivity, revenue, and the well-being of staff. There are three much-needed projects that threaten the affordability of services to our ratepayers, a water distribution project to ensure water reliability, a wastewater distribution project to ensure safe wastewater conveyance, and a CyberSecurity project to protect against malevolent acts. A recent article posted by the Pacific Institute aptly summed up the small community water system plight;

"How can we ensure small community water systems are resilient when facing current and future financial challenges, and can continue to provide reliable, affordable access to water and sanitation for the millions of Americans who rely on them?" ¹

¹ <https://pacinst.org/wp-content/uploads/2021/05/Customer-Debt-and-Declining-Revenue-2021-Pacific-Institute.pdf>



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Due to an oversight in the CARES Act outlining local government eligibility for Coronavirus Relief Funds, and subsequent ambiguous Treasury guidelines, many Special Districts, like mine, did not receive the same access to funds as other units of government. This, despite being technically eligible under Treasury guidelines.

The American Rescue Plan Act fixes this problem, granting states the authority to transfer Coronavirus Fiscal Recovery Funds to special purpose units of state and local government. These uses include costs to respond to the pandemic, revenue loss, the ability to provide premium pay for works essential to the continuity of critical infrastructure services, and "necessary investments" in water, sewer and broadband services. Establishing a state-administered program for Special Districts' relief would provide a centralized source with uniform access for districts that can demonstrate pandemic-related needs for relief funds. Furthermore, this approach would not defer any guaranteed relief funding for counites and cities in the state.

The Hidden Valley Lake Community Services District would appreciate the assistance to prevent further reductions to the essential services we provide to our community and mitigate further staffing reductions. I would appreciate the opportunity to discuss this matter further with you or your staff. Thank you for your consideration, and the District looks forward to working with you on this critical matter.

Thank you,

A handwritten signature in blue ink that reads "Dennis White".

Dennis White
General Manager
Hidden Valley Lake Community Services District