



August 2021- *Special District Relief Funding Special Edition*

Following over a year of advocacy efforts, special districts previously excluded from direct access to COVID-19 funding have gained several valuable new opportunities for securing needed relief for the communities they serve. Details surrounding these relief funds remain in development and not all special districts are assured of eligibility. This special edition of CSDA’s *Take Action Brief* will provide members with an overview of approved funding, the status of those funds, and steps special districts can take to prepare.

Special districts with fiscal impacts eligible under the American Rescue Plan (ARP) that are unlikely to receive state or federal funding should reach out to their county officials to discuss funding opportunities and request fiscal assistance through the county’s share of ARP funds.

Special District Relief Funding: Status Update and What You Can Do Now

As we await final details to be unveiled, the best steps your district can take now are to:

1. Establish which, if any, of the individual relief programs apply to your district;
2. Ensure the 2020-2021 fiscal year is closed out in a timely manner;
3. Begin to prepare underlying documentation/accounting that will likely be required to apply for the funding your district plans to pursue; and
4. Initiate contact with your county and make the case for a transfer of county ARP funding to meet specific, compelling needs eligible under the ARP.

Inside this edition of the *Take Action Brief*:

- ❖ \$100 Million COVID-19 Relief Fund for Independent Special Districts.....2
- ❖ Nearly \$1 Billion in Water Utility Household Assistance.....4
- ❖ Nearly \$1 Billion in Energy Utility Household Assistance.....6
- ❖ County Coordination for Access to Local ARP Funding.....9
- ❖ Other Relief Funding Applicable to Special Districts.....10

Contact a local CSDA representative near you!

Chris Norden
 Dane Wadlé
 Colleen Haley
 Cole Karr
 Charlotte Holifield
 Chris Palmer

Northern Network
 Sierra Network
 Bay Area Network
 Central Network
 Coastal Network
 Southern Network

chrisn@csla.net
danew@csla.net
colleenh@csla.net
colek@csla.net
charlotteh@csla.net
chrisp@csla.net



FUND: \$100 Million Covid-19 Relief Fund for Independent Special Districts That Can Demonstrate Fiscal Impacts Due to the CV19 Public Health Emergency

Statutory Authority:

[AB 128 \(Ting\), the Budget Act of 2021 – “Budget Bill in Chief,”](#) was signed by the Governor and chaptered on June 28. This version of the budget reflected only the Legislature’s agreement and did not represent negotiations with the Administration. AB 128 included a \$100 million State General Fund appropriation for independent special districts. (*Item 9210-101-0001*)

[SB 129 \(Skinner\), the Budget Act of 2021 – “Budget Bill Junior”](#) significantly amended provisions in AB 129 to reflect general agreement between the Governor and the Legislature. It was signed by the Governor and chaptered July 12. SB 129 retained the funding level in AB 128 and amended the language specific to program details guiding this fund. The language in SB 129 directs the Department of Finance (DOF) to develop and implement the funding program. (*Item 9210-101-0001*)

Eligibility: According to the provisional language signed into law in SB 129, this fund is available to provide fiscal relief to special districts that have met **all** four of the following criteria:

1. The district is an independent special district;
2. The district has encountered unanticipated costs or loss of revenue;
3. The district has fiscal impacts due to the COVID-19 public health emergency; and
4. The district has not received other forms of fiscal relief from the state or federal government.

Process: SB 129 directs DOF to work in consultation with CSDA to develop a plan by September 1, 2021, to distribute the funding. DOF must notify the Joint Legislative Budget Committee of the plan by that date.

CSDA has participated in several meetings with DOF to seek clarity on the language, which provides specific guidelines for how a more detailed funding plan must be developed.

Note, it is CSDA’s current understanding that independent special districts that have received FEMA funding and/or City/County allocations of CARES Act or ARP funds will be eligible for this program; however, that funding would be deducted from the overall amount eligible for relief under this fund. **Nothing is official until a funding plan is released;** however, we anticipate the application guidelines for this fund to provide this specification. We additionally anticipate the baseline budget year to be 2018-2019 and for the eligible period to extend to most, if not all, of the COVID-19 State of Emergency timeframe, similar to other relief funds.

Funding details: SB 129 provides additional detail regarding what the plan for distribution must consider:

1. Each qualifying district that applies for relief will receive a prorated share;
2. Each district’s share will be based on a proportionate share of revenue losses* (CSDA anticipates this to be construed by DOF to include unbudgeted expenditures as included in provision 1 guiding eligibility for the fund) reported by all qualifying districts;
3. Applicants will self-attest to the accuracy of all information reported;
4. There is no stated timeline for DOF to release the program funds, but once DOF orders the State Controller to remit funds to each County Auditor-Controller, they must disburse the funds within 30 days of receipt from the State Controller.

STATUS: As of now, the program has not been finalized. In the meantime, special districts should ensure 2020-2021 Fiscal Year books are closed out in an accurate and timely fashion and be able to properly



TAKE ACTION BRIEF

.....
account for all revenue losses and unanticipated expenditures using the [United States Treasury ARP Guidelines](#) for guidance. CSDA anticipates DOF to meet the September 1 deadline and an official plan to be available in coming weeks. The State will most likely initiate an application period toward the end of 2021, and award funding sometime in the first half of 2022.

Please continue to monitor the CSDA eNews and Advocacy News community posts. We will provide updates through these methods as soon as there is something to report.

**FUND: Nearly \$1 Billion in Water Utility Household Assistance****Statutory Authority:**

[AB 128 \(Ting\), the Budget Act of 2021 – “Budget Bill in Chief,”](#) included the \$1 billion for water arrearage debt relief, contingent upon future legislation. (*Section 19.55(17)*)

[SB 129 \(Skinner\), the Budget Act of 2021 – “Budget Bill Junior”](#) amended the item, providing \$985 million for water arrearage debt relief available to forgive residential and commercial customer arrearages and water enterprise revenue shortfalls occurred during the pandemic period, with funding expenditure reliant on future legislation specifying conditions. (*Item 3940-162-8506*)

[AB 148 \(Committee on Budget\), the budget public resources trailer bill,](#) includes the program for distributing just shy of \$1 billion for water and wastewater arrearages and implements the funding appropriated in SB 129 (Skinner). (*Section 116773.4*)

Eligibility: According to the provisional language signed into law in SB 129, the amounts appropriated are for:

1. Forgiveness of residential and commercial customer arrearages;
2. Water enterprise revenue shortfalls, especially for those systems that are unable to disaggregate customer arrearages;
3. That occurred during the eligible pandemic relief period: March 4, 2020 through June 15, 2021. AB 148 specifies that the pandemic relief period is inclusive of any customer billing period that includes these dates.

Process: The California Water and Wastewater Arrearage Payment Program is established in Section 116773.4 and requires the State Water Resources Control Board (SWRCB) to:

1. Within 90 days of an appropriation in the Budget Act: survey community water systems to determine statewide arrearages and water enterprise revenue shortfalls and adopt a resolution establishing guidelines for application requirements;
2. Within 14 days of adopting a resolution: begin accepting applications from community water systems for funds to assist customers who have past-due bills from the COVID-19 pandemic bill relief period;
3. During a 60-day initial application timeframe community water systems may apply for reimbursement and the SWRCB shall contact any community water systems that do not apply during this period to assist the community water systems in applying;
4. SWRCB shall begin disbursing funds under this chapter to community water systems no later than November 1, 2021, and complete distribution of funds to community water systems no later than January 31, 2022.
5. If there are sufficient funds appropriated for purposes of the program after community water system arrearages and shortfalls are processed, then the SWRCB would establish a similar program for funding wastewater treatment provider arrearages and shortfalls with the remaining funds no later than February 2, 2022. *Please note, this means funding for wastewater treatment providers would be subject to funding becoming available.*

Funding Details: AB 148 includes the following provisions for the SWRCB to adhere to when establishing guidelines for the funding program:



- If there are insufficient funds appropriated for purposes of the program, SWRCB would then have to disburse the funds on a proportional basis to each community water system applicant based on reported arrearages and estimated shortfalls for systems who were unable to report arrearages;
- A community water system applicant will need to calculate or estimate, based on its billing frequency, the total amount of outstanding past-due bills that have accumulated during the COVID-19 pandemic bill relief period. Calculations must include documentation to support the amount of outstanding customer arrearages incurred, if available;
- Community water system applicants will also be able to report their water enterprise revenue shortfalls during the COVID-19 pandemic bill relief period;
- Disbursement of funding to small community water systems will be prioritized by SWRCB;
- Applicants will self-attest to the accuracy of all information reported.

Community water systems must:

- Prioritize residential water customers and customers with the largest arrearages;
- Within 60 days of receiving funds under this chapter: allocate payments as bill credits to customers to help address past-due bills incurred during the COVID-19 pandemic bill relief period and notify customers of the amounts credited to their accounts;
- Provide customers who have accrued arrearages during the COVID-19 pandemic bill relief period with a notice that they may enter into a payment plan and that they have 30 days from the date of the notice to enroll in the payment plan;
- Continue water service to a customer that remains current on a payment plan;
- If receiving funds under this chapter, a water system may not discontinue water service due to nonpayment of past-due bills before September 30, 2021, or the date the customer misses the enrollment deadline for, or defaults on, the payment plan if offered an opportunity to participate in one (whichever date is later);
- Remit any monies back to SWRCB that are not credited to customers within six months of receipt by the community water system.

STATUS: As of now, the program has not been finalized, but we anticipate the process to move fast. Special districts should begin to prepare their underlying documentation/accounting that will be needed to answer the impending survey. We anticipate SWRCB to release the survey in early August; it will be important for water systems to answer the survey promptly and submit their applications on time. On August 19, from 10:00 – 11:30 a.m., the SWRCB will hold a webinar training session for how to complete its survey. Additional details and registration information can be found [here](#):

Please continue to monitor the CSDA eNews and Advocacy News community posts. We will provide updates – including the survey link – through these methods once available.



FUND: Nearly \$1 Billion in Energy Utility Household Assistance

Statutory authority:

[AB 128 \(Ting\), the Budget Act of 2021 – “Budget Bill in Chief,”](#) included \$993.5 million to administer the California Arrearage Payment Program (CAPP). (*Item 4700-162-8506*)

[SB 129 \(Skinner\), the Budget Act of 2021 – “Budget Bill Junior”](#) amended the item, specifying the Department of Community Services and Development will administer the California Arrearage Payment Program (CAPP) to reduce delinquent electricity and natural gas utility bill balances for customers experiencing financial hardships related to the economic impacts of the COVID-19 pandemic, pursuant to future statutory change, and allows funds appropriated in Schedule (2) to be transferred to Item 5180-001-0001 to implement and administer the C.R.I.S.E.S. Grant Pilot upon the direction of DOF. (*Item 4700-162-8506*)

[AB 135 \(Committee on Budget\), the budget trailer bill dealing with human services,](#) and includes the statutory language for distributing almost \$1 billion for past due electric and gas utility bills. Article 12, commencing with Section 16429.5, establishes the California Arrearage Payment Program Under the American Rescue Plan Act of 2021, which will be implemented by the Department of Community Services and Development (CSD). (*Commencing with Section 16429.5*)

Eligibility: According to AB 135, eligibility extends to:

1. All residential and commercial energy utility customers;
2. For outstanding customer arrearages that were incurred during the COVID-19 pandemic bill relief period, with “past due bills” meaning customer utility bills that are 60 days or more past due and includes both active and inactive accounts, as well as customer accounts that have payment plans or payment arrangements;
3. Incurred in the eligible pandemic relief period: March 4, 2020, through June 15, 2021.

Process: Article 12 established the California Arrearage Payment Program Under the American Rescue Plan Act of 2021 and requires:

1. Within 90 days of an appropriation in the State Budget Act, CSD shall survey utility applicants to obtain data pertaining to the total number of residential and commercial customer accounts in arrears to determine the total statewide energy utility arrearage and develop an allocation formula for determining an individual utility applicant’s share of CAPP funds;
2. Once made available, to receive CAPP funding a utility applicant will be required to complete both a utility survey and CAPP application including submitting all necessary data and information to support the utility applicant’s request for CAPP funding;
3. CSD shall release program notices that detail CAPP application, participation, and reporting requirements for energy utilities to receive CAPP funds and issue CAPP assistance to eligible customer accounts;
4. Within a 60-day initial application timeframe, a utility applicant may apply to the department for CAPP funds and the department must contact any utility company that does not respond during the initial application period to inquire as to the status of the utility’s CAPP application;
5. Within 30 days of receiving a utility’s CAPP application, CSD shall disburse funds after completing review and approval. Incomplete CAPP applications shall be returned to the utility applicant for corrections or amendments consistent with department notes or directives. Funds should be dispersed as expeditiously as possible, but no later than January 31, 2022.



-
6. CSD shall review CAPP applications for completeness and confirm the utility applicant's submission supports the total amount of financial assistance requested by the utility applicant on behalf of its customers. CSD shall also confirm the total amount of CAPP assistance does not exceed the utility applicant's CAPP allocation amount.

Funding details: AB 135 includes the following provisions for CSD to adhere to when establishing the funding program:

- A utility applicant's CAPP allocation will be based on the proportional share of the total statewide energy utility arrearages of their applicable category (as identified in subdivision (d)) and as established from all survey responses received by the department;
- For local publicly owned electric utilities and electrical cooperatives, the applicable category designates \$298,546,750 to be allocated to this subdivision;
- CSD will release a program notice informing utility applicants of CAPP allocation determinations;
- A utility applicant must provide a calculation of the total amount of outstanding customer arrearages that were incurred during the COVID-19 pandemic bill relief period and shall include documentation, which shall include an account number, to support the amount of outstanding customer arrearages that were incurred during that period;
- In addition, the utility application shall identify for each utility account the corresponding past due bill balance accumulated during the COVID-19 pandemic bill relief period for which the utility applicant is seeking CAPP financial assistance;
- Applicants will self-attest to the accuracy of all information reported.

A utility applicant must:

- Within 60 days of receiving CAPP funds: a utility applicant must issue CAPP assistance benefits to customers as bill credits to help address the eligible past due balance and include a statement that the credits are a result of California's CAPP funding;
- Ensure all available active and inactive residential and commercial accounts are included in CAPP applications;
- If CAPP funding is not sufficient to meet utility applicant requests, utility applicants must prioritize the issuance of CAPP assistance in the following order:
 1. active residential customers who are past due and who, absent the CAPP assistance might be subject to service disconnection, consistent with current law, due to nonpayment of balances incurred during the COVID-19 pandemic bill relief period,
 2. active residential customers with delinquent balances incurred during the COVID-19 pandemic bill relief period,
 3. inactive residential accounts with delinquent balances incurred during the COVID-19 pandemic bill relief period, and
 4. commercial customers with delinquent balances incurred during the COVID-19 pandemic bill relief period
- An energy utility may not disconnect a CAPP recipient's utility service, regardless of balance owed after applying a CAPP benefit, for 90 days after a CAPP benefit is applied;
- If a customer has a remaining balance after a CAPP benefit is applied, the utility applicant must notify the customer of the option to enter into an extended payment plan with late fees and penalties waived;



TAKE ACTION BRIEF

- The utility must continue service to the customer while the customer remains current on the repayment plan;
- Service may not be discontinued due to nonpayment for those customers with arrearages accrued during the COVID-19 pandemic bill relief period while the department reviews and approves all pending CAPP applications, and the utility applicant must waive any associated late fees and accrued interest for customers that are awarded CAPP benefits;
- Within six months of receipt of its CAPP allocation, the utility must submit all reporting required;
- The utility must remit payment to the department in the total amount of any unapplied CAPP benefits as part of its final reporting to the department.

STATUS: As of now, CSD continues to work through the prescribed process and further details have not been made available. Special districts should begin to prepare their underlying documentation/accounting needed to answer the impending survey and wait for additional information to be made available.

Please continue to monitor the CSDA eNews and Advocacy News community posts. We will provide updates through these methods as soon as it becomes available.



FUNDING OPPORTUNITY: County Coordination for Access to Local ARP Funding

Under the American Rescue Plan (ARP) Act, California counties were among the entities that received direct allocations from the federal government for COVID-19 relief funding. While special districts did not receive the same access to funding, the ARP *did* grant counties with specific transfer authority to provide special districts with a portion of their ARP allocations, similar to the transfer authority granted to the State.

Much like the other funding programs discussed within this brief, any potential access to ARP relief funding through a county would require special districts to demonstrate and document expenditures and revenue losses incurred as a result of the pandemic.

Should a district be successful in securing county assistance, such funding is not expected to render special districts ineligible for the \$100 million state COVID-19 relief funding for special districts. However, relief funding received from a county is expected to be deducted from the overall amount of relief the district could receive from the State.

STATUS: There is no uniform statewide program for seeking ARP funding through a county government. However, many counties are currently engaged in the decision-making process to establish their ARP funding priorities and special districts are encouraged to contact their County Executive/Administrative Officers and Board of Supervisors as soon as possible to relay the need for funding of critical infrastructure and other essential services eligible under the ARP.

CSDA is developing a toolkit for communicating special district needs to your county; look for the toolkit and other information in future CSDA's eNews and Advocacy News community posts.



OTHER RELIEF FUNDING: Additional Programs Applicable to Special Districts

Low-Income Home Energy Assistance Program (LIHEAP)

SB 135 also contains provisions pertaining to The Low-Income Home Energy Assistance Program to prioritize and expedite services that reduce energy arrearages for low-income households. (*Section 16367.51*)

The website is [here](#).

Low-Income Household Water Assistance Program (LIHWAP)

SB 135 established LIHWAP to prioritize and expedite services that reduce arrearages for low-income households. The state has received \$116 million in federal relief dollars to fund this program, which will be implemented by CSD according to federal guidelines. (*Section 12087.2*)

The website is [here](#) and a plan will be submitted to the Legislature August 9, 2021 and is expected to be implemented in late fall.

Thursday, August 12 the US Office of Community Services (OCS) is hosting a webinar for water and wastewater utility vendors to introduce the new LIHWAP program. The webinar will include an overview of the structure of the program at all levels, coordination of assistance for households, federal requirements, and address water provider questions. More information on the webinar is available [here](#); register [here](#).

Property Tax Backfill for a Countywide Claim Due to Property Damage from 2020 Wildfires

AB 128 included just under \$11 million to fund property tax backfill for impacted counties, cities, and special districts that incurred losses from the damage caused by 2020 wildfires. Counties will submit a county wide claim, DOF will review the claims and upon determining them complete will provide reimbursement. Funds are available for this purpose until June 30, 2024. This process will be initiated by County Auditor-Controllers and special districts in impacted areas should automatically receive their share of funding. (*Item 9210-102-0001*)

Economic Assistance for California's Public Ports

SB 129 included \$250 million to provide economic assistance to the state's public ports, to be allocated based on their revenue losses resulting from the COVID-19 pandemic and administered by the State Lands Commission. (*Item 3560-162-8506*)



➤ OTHER WAYS TO TAKE ACTION

Learn More

You Are Invited to Feel the Magic at the 2021 Board Secretary / Clerk Conference!

October 25 – 27, 2021

Anaheim, CA

Register Now at: <https://www.csda.net/boardsecretary/home>

Join Today

Join an Expert Feedback Team to provide CSDA staff with invaluable insights on policy issues. Email eleanorb@csda.net to inquire about joining one of the following teams:

- Budget, Finance and Taxation
- Environment
- Formation and Reorganization
- Human Resources and Personnel
- Governance
- Public Works and Contracting

Stay Informed

In addition to the many ways you can **TAKE ACTION** with CSDA's advocacy efforts, CSDA offers a variety of tools to keep you up-to-date and assist you in your district's legislative and public outreach. Make sure you're reading these resources:

- CSDA's weekly e-Newsletter
- Districts in the News
- CSDA's CA Special District Magazine

Email updates@csda.net for help accessing these additional member resources.