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ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

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April 7, 2020

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

RE: Fourth Coronavirus Response Legislation – Water Sector & Infrastructure

Dear Senator Feinstein:

As Congress develops the next phase of Coronavirus assistance, it is vital that any package address important technical corrections to the CARES Act and provide for substantial federal infrastructure investment for the water sector. On behalf of the Orange County Water District (OCWD; the District) and the 13 cities, five retail water districts, and one investor owned water utility that we serve (which include the cities of Anaheim, Buena Park, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, La Palma, Newport Beach, Orange, Santa Ana, Seal Beach, Tustin, and Westminster; East Orange County Water District; Irvine Ranch Water District; Mesa Water District; Serrano Water District; Yorba Linda Water District; and Golden State Water Company), our requests are outlined below. These requests are grounded in two guiding principles. First, the public water sector provides critical health services that support stable economies. Second, as we move toward recovery, the ability to develop long delayed water infrastructure projects can serve as a catalyst to spur on long term sustainable economic improvements.

Cities, water districts and investor owned water utilities serve ratepayers that are facing unparalleled economic and health threats. In Orange County Water District alone there are approximately 420,000 residents that meet California's definition of a disadvantaged community. In March, water disconnects were halted to ensure California's residents enjoy safe and reliable access to drinking supplies during the COVID-19 pandemic. This decisive action imposes its own set of challenges for public agencies related to decreasing revenues.

Direct assistance to low income ratepayers

We urge Congress to include direct assistance to low income ratepayers and other ratepayers that are unable to make payments for their water and wastewater services as part of the next assistance package. We note that a provision to provide \$1.5 billion to support low-income ratepayers, like the Low-Income Home Energy Assistance

Program (LIHEAP), was in the House proposal and we believe it is an appropriate approach for California and ensures no violation of Proposition 218.

Public sector offset to costs of employee leave

The CARES Act provided the private sector with tax credits to help offset the costs of mandatory sick, family, and medical leave. This offset was not extended to the public sector despite the fact that public agencies are liable for payroll taxes. We urge that the prohibition of tax credits contained in the CARES Act for public agencies be repealed.

The CARES Act authorized the Federal Reserve to purchase, sell or trade municipal obligations and other instruments to ensure liquidity of the financial markets. This is vital and we encourage you review if the \$400 billion in authorized activity is adequate given the growing scale of the pandemic.

Provide water quality and wastewater infrastructure funding

For the past three years, Congress has considered how best to support local infrastructure needs. As the next package is developed in the coming weeks, we urge that you provide funding to support cities, water and wastewater agencies efforts to clean up per and polyfluoroalkyl substances (PFAS). In addition, regarding the U.S. Environmental Protection Agency's (EPA) State Revolving Fund (SRF) program, waive the state 20% cost-share, provide direct grants for communities to construct critical water infrastructure, and provide enhanced subsidization for SRF loans.

Additionally, a concern exists that our workforce may be disproportionately and adversely impacted by COVID-19. We also request that direct funding for workforce development also be provided.

OCWD reiterates that the next phase of federal assistance must, at a minimum:

- Provide at least \$1.5 billion in direct federal assistance to low-income ratepayers and economically impacted ratepayers to cover costs associated with moratoriums on water service disconnections, or reconnections of delinquent accounts, that water systems have implemented in response to the pandemic;
- Provide a significant increase in the Federal Reserve's ability to purchase, trade or sell municipal bonds to avoid destabilizing impacts to the bond market, including the secondary market;
- Provide funding to clean up per and polyfluoroalkyl substances (PFAS).
- Increase federal spending commitments to the water infrastructure investment programs such as EPA's Clean Water and Safe Drinking Water SRF program

The Honorable Dianne Feinstein
April 7, 2020
Page 3 of 3

and Water Infrastructure Finance and Innovation Act, stormwater capture, sediment management, WaterSMART, and other water infrastructure programs to boost employment throughout the economy and help ensure a future of safe and reliable water supplies; and,

- Direct that states and political subdivisions are eligible for payroll tax credits.

OCWD and the cities and water districts it serves thank you for your attention to this important issue. Please do not hesitate to contact OCWD Legislative Affairs Liaison Alicia Dunkin at (714) 378-8232 or adunkin@ocwd.com, or me, if we may be of assistance to you or your staff.

Sincerely,

A handwritten signature in blue ink, appearing to read "Vicente Sarmiento".

Vicente Sarmiento, Esq.
Board President