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VIA ELECTRONIC MAIL

June 21, 2021

The Honorable Ralph Northam
Governor of Virginia
P.O. Box 1475
Richmond, VA 23218

The Honorable Janet D. Howell
Chair
Senate Committee on Finance and Appropriations
Pocahontas Building, Room E509
900 East Main Street
Richmond, VA 23219

The Honorable Luke E. Torian
Chairman
House Committee on Appropriations
Pocahontas Building, Room W1304
900 East Main Street
Richmond, VA 23219

Dear Governor Northam, Chair Howell, and Chairman Torian:

On behalf of the Virginia Association of Counties, I write to express our appreciation for your continued commitment to deploying federal relief funds in ways that will support Virginia's recovery from the COVID-19 pandemic and address critical needs in communities across the Commonwealth. We believe that the American Recovery Plan Act (ARPA) presents a unique opportunity make investments that will position Virginia for future growth, and we were pleased to see that your joint statement in May reflects a number of priorities for the use of these funds that are shared by our members. As you weigh potential deployments of the state's Coronavirus Local Fiscal Recovery Funds as well as other sources of federal aid included in ARPA, we would encourage your consideration of the following priorities for county governments.

Broadband: As you noted in your statement of priorities, the pandemic underscored the critical importance of access to reliable, affordable broadband in enabling telework, distance learning, and telemedicine. VACo has long supported investments in this vitally important infrastructure to improve access and affordability, and we are grateful for the state's previous commitment of General Fund dollars to support broadband projects. The significant resources contained in ARPA present an historic opportunity to supplement these efforts and achieve statewide coverage, and we strongly support such a wise use of these funds.

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Wastewater and stormwater improvements: As you know, compliance with water quality standards can be challenging for local governments, particularly those localities with aging infrastructure. A needs assessment conducted in 2020 estimated that known wastewater treatment needs for nutrient-specific projects totaled \$800 million (of which \$300 million would be supported by state grants); since that time, we are grateful that \$150 million of the state's share has been provided, leaving approximately \$150 million still to be funded. Assistance with these projects would be a major help to localities in meeting water quality standards and avoiding rate increases for local residents, and we believe it would be a prudent use of these one-time funds.

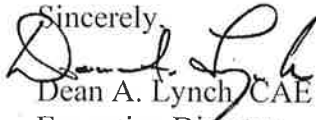
Stormwater management is another aspect of water quality improvement where the state-local partnership could be supplemented with federal assistance. A similar needs assessment was conducted for stormwater in 2020 and demonstrated an estimated \$50 million in unmet needs. The \$25 million provided during the 2021 Session for the Stormwater Local Assistance Fund represents a significant contribution toward filling this gap, and the federal relief funds could be deployed to address the remaining need. As you know, in addition to improving water quality, stormwater infrastructure frequently assists in flood mitigation, an increasing need in many localities.

School capital needs: VACo has long supported making additional state resources and funding tools available to localities to support school capital needs, including rehabilitation and upgrades to existing facilities as well as construction of new facilities. We appreciate your statement of support for dedicating federal resources to improvements to school facilities, including air quality and HVAC upgrades. We look forward to continued conversations about ways to support school construction costs through other state and federal resources.

Workers' Compensation presumption for COVID-19: As we communicated in an earlier letter, we are requesting that the state set aside a portion of ARPA allocations to reimburse costs to risk insurance providers generated by the enactment of legislation establishing COVID-19 as a presumptive illness compensable under the Workers' Compensation Act for certain first responders and jail officers. The presumption applies retroactively to July 1, 2020, and extends to December 31, 2021. Using Fiscal Recovery Funds to cover the estimated \$15 million in claims would assist localities with the costs associated with this legislation, thus freeing up local dollars to address other local needs; it would also enable the state to recoup the \$2 million in state General Funds set aside for the state fiscal impact of the bill. In addition, designating federal funds for this purpose would enable claims to be paid more promptly, as otherwise we understand that risk insurers will be obligated under their reinsurance contracts to automatically contest claims filed retroactively.

Replenishment of the Unemployment Trust Fund: As discussed by the Commission on Unemployment Compensation last week, the Unemployment Trust Fund has been depleted by the economic hardship caused by the pandemic. Significant increases in employer taxes are projected to be required to replenish the Trust Fund in the absence of other resources. As employers, local governments would be subject to these additional taxes, which could divert local funds away from investments in other community needs; the additional tax burden on local businesses may also hamper progress toward a full economic recovery. We support proposals to use federal aid to place the Trust Fund on a more stable financial footing.

We appreciate your consideration of our priorities, and we look forward to working with you and with your staff to ensure that the Commonwealth and local governments are able to take full advantage of this once-in-a-generation opportunity and maximize the use of each federal dollar. We stand ready to assist you and your staff in your discussions and we thank you for your ongoing partnership with local governments.

Sincerely,

Dean A. Lynch CAE
Executive Director

cc: Members, Senate Finance and Appropriations Committee
Members, House Appropriations Committee
Missy Neff, Legislative Director, Office of the Governor
Courtney Dozier, Policy Director, Office of the Governor
April Kees, Director, Senate Finance and Appropriations Committee
Anne E. Oman, Staff Director, House Appropriations Committee
Members, Virginia Association of Counties Board of Directors