Short- and Long-Term Strategies to Address Water Utility Revenue Losses From COVID-19

April 24, 2020
NGA Center for Best Practices

Bevin Buchheister, bbuchheister@nga.org
Asking questions in a zoom webinar

Steps:

○ On the control panel at the bottom of screen there is an icon labeled ‘Q&A’, click on the icon.

○ Once you click on the ‘Q&A’ icon, a screen will pop up where you can type out and submit your question.

○ Alternatively, navigate to the control panel and click on the ‘Chat’ icon. A new screen will pop up where you can type and submit a comment to all participants.
Revenue Losses From Covid-19
26.4 billion

<table>
<thead>
<tr>
<th>Drinking Water</th>
<th>Wastewater/Stormwater</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13.9 billion</td>
<td>$12.5 billion</td>
</tr>
<tr>
<td>in coming year</td>
<td>in coming year</td>
</tr>
</tbody>
</table>

- American Water Works Association, AWWA
- National Association of Clean Water Agencies, NACWA
MORATORIUMS ON DISCONNECTIONS

Twenty-eight states and DC issued moratoriums for water utility disconnections thru governors’ Executive Orders, public utility commission orders, and legislation:

AK, AR, CA, CO, CT, DC, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MS, MT, NH, NY, NC, PA, RI, SC, TN, TX, VT, VA, WI.

VOLUNTARY COMMITMENTS:

Twelve states negotiated voluntary commitments to halt disconnections:
AZ, FL, GA, MO, NV, NJ, OH, OK, OR, WA, WV, WY.
Stimulus Requests

- **NGA letter:**
  - Request Congress allocate $500 billion in unrestricted funds to states.
  - “Flexible federal funding must be provided to fill immediate budgetary gaps caused by critical revenue losses for our essential utilities...aggressive infrastructure plan...should include substantial investment in our energy, water, broadband, and cybersecurity infrastructure.”

- **See:** [NGA Stimulus Request](#)

- **Water Associations’ Letter:**
  - Cover costs of moratoriums on disconnections
  - Grants or loans to fund operations
  - Strong funding for established water infrastructure programs - SRF’s WIFIA, USDA Rural Development, Bureau of Reclamation’s Title XVI-WIIN Water Reclamation and Reuse Program

- AMWA, AWWA, NACWA, WEF, WateReuse Association, ACEC, ASCE, APWA, CIFA, NAWC, RCAP.

- **Water Sector Stimulus Letter**
Today’s Panelists

G. Tracy Mehan, III
Executive Director, Government Affairs, American Water Works Association

Adam Krantz
CEO, National Association of Clean Water Agencies

Nathan Ohle
CEO, Rural Community Assistance Partnership

Deirdre Finn
Executive Director, Council of Infrastructure Financing
AWWA: The Financial Impact of the COVID-19 Crisis

A link to the AWWA Report can be found by clicking here.
## Estimated Total Aggregate Financial Impact on Drinking Water Utilities

<table>
<thead>
<tr>
<th>Description</th>
<th>2 Months</th>
<th>4 Months</th>
<th>6 Months</th>
<th>Annualized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginal Cost of Non-Shut Offs</td>
<td>$0.10B</td>
<td>$0.19B</td>
<td>$0.29B</td>
<td>$0.57B</td>
</tr>
<tr>
<td>Revenue Loss Due to Increased Delinquencies</td>
<td>$0.82B</td>
<td>$1.64B</td>
<td>$2.46B</td>
<td>$4.92B</td>
</tr>
<tr>
<td>Reduction in Commercial Revenues</td>
<td>$1.23B</td>
<td>$2.46B</td>
<td>$3.69B</td>
<td>$7.38B</td>
</tr>
<tr>
<td>Increase in Residential Revenues</td>
<td>($0.44B)</td>
<td>($0.88B)</td>
<td>($1.32B)</td>
<td>($2.64B)</td>
</tr>
<tr>
<td>Increase in Personnel Expenses</td>
<td>$0.10B</td>
<td>$0.21B</td>
<td>$0.31B</td>
<td>$0.63B</td>
</tr>
<tr>
<td>Reduction in System Development Charges</td>
<td>$0.43B</td>
<td>$0.87B</td>
<td>$1.30B</td>
<td>$2.60B</td>
</tr>
<tr>
<td>Reduction in Revenues from Lower Customer Growth</td>
<td>$0.01B</td>
<td>$0.05B</td>
<td>$0.09B</td>
<td>$0.41B</td>
</tr>
<tr>
<td><strong>Total Aggregate Financial Impact</strong></td>
<td><strong>$2.3B</strong></td>
<td><strong>$4.5B</strong></td>
<td><strong>$6.8B</strong></td>
<td><strong>$13.9B</strong></td>
</tr>
</tbody>
</table>

This assessment and report was funded by the Water Industry Technical Action Fund ("WITAF") of AWWA. WITAF is managed by the Water Utility Council to support projects, studies, analyses, reports and presentations in support of AWWA's legislative and regulatory agenda. WITAF is funded by a portion of organizational member's dues.
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Chief Executive Officer
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Washington, DC

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What is the Impact on Rural Utilities?

Nathan Ohle
How Can SRF’s Address Revenue Declines?

Dierdre Finn
Executive Director
Council of Infrastructure Financing
State Revolving Funds: What You Can Do Now
(and what you might not be able to do)

<table>
<thead>
<tr>
<th>Closed SRF Loans</th>
<th>Loans in the SRF Pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Restructuring</td>
<td>• Subsidized Interest Rates</td>
</tr>
<tr>
<td>• Refinancing</td>
<td>• Additional Subsidization (principal forgiveness, grants)</td>
</tr>
<tr>
<td>• Reducing / Delaying Fees</td>
<td>• Set-Asides for Drinking Water</td>
</tr>
<tr>
<td>• Across-the-Board Postponement of Payments??</td>
<td>State Revolving Funds</td>
</tr>
<tr>
<td>• Additional Subsidization?? (principal forgiveness, grants)</td>
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For More Information: [www.cifanet.org/info-hub](http://www.cifanet.org/info-hub)
Contact: Deirdre Finn, dfinn@cifanet.org, (850) 445-9619
2020 S.A.F.E. Water Infrastructure Action Plan
Save, Accelerate, Fill & Expedite the SRF Project Pipeline

SAVE projects currently in the SRF Project Pipeline.
  • Waive state match
  • Increase access to WIFIA for SRFs (SWIFIA)
  • Allow up to 100% of stimulus funding to be used for additional subsidization (grants and principal forgiveness) for any applicant and any project

ACCELERATE projects moving through the SRF Project Pipeline.
  • Waive federal requirements for Cost-and-Effectiveness Analysis and Fiscal Sustainability Plan; let SRFs decide what projects require these
  • Waive requirement to use the federal procurement process for Architectural and Engineering Services; allow loan recipients to use state and local procurement process
2020 S.A.F.E. Water Infrastructure Action Plan
www.cifanet.org/coronavirus

FILL the SRF Project Pipeline with new projects.
  • Provide stimulus funding and total flexibility on what projects to fund.

EXPEDITE construction of projects in SRF Project Pipeline.
  • Maintain requirement for Davis Bacon/federal prevailing wages.
  • Require the U.S. Department of Labor to adopt state prevailing wages for heavy construction (water projects), just like they do for highway construction.
  • Consider states with prevailing wage laws to be considered in compliance with Davis Bacon.
  • Allow states without prevailing wage laws to develop their own compliance procedures for Davis Bacon, just like they have done for NEPA since the SRFs were established.
Questions for Panelists?

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