

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

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NGA Center for Best Practices

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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

- ▶ **Drinking Water**

- ▶ **\$13.9 billion**

in coming year

- ▶ American Water Works Association, AWWA

- ▶ **Wastewater/Stormwater**

- ▶ **\$12.5 billion**

in coming year

- ▶ 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, WaterReuse 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
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Nathan Ohle

CEO,
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Deirdre Finn

Executive Director,
Council of
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RAFTELIS

The Financial Impact of the COVID-19 Crisis on U.S. Drinking Water Utilities

APRIL 14, 2020



This project was funded by the Water Industry Technical Action Fund of AWWA

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

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

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What is the Impact on Rural Utilities?

CEO,
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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)

Closed SRF Loans

- Restructuring
- Refinancing
- Reducing / Delaying Fees
- Across-the-Board Postponement of Payments??
- Additional Subsidization??
(principal forgiveness, grants)

Loans in the SRF Pipeline

- Subsidized Interest Rates
- Additional Subsidization
(principal forgiveness, grants)
- Set-Asides for Drinking Water State Revolving Funds

For More Information: 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



COUNCIL OF INFRASTRUCTURE FINANCING AUTHORITIES

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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