2020 Water and Wastewater Utility Impact Survey Findings

August 14, 2020

The 2020 water and wastewater utility impact survey provided acute insights into the challenges caused by the COVID-19 epidemic. Utilities reported revenue challenges, wide-ranging operational concerns, and the level of existence funding needed for critical capital projects. The Department of Health surveyed 2,938 utilities, including 2,016 drinking water systems represented by 1,770 individual entities.

Entities (Connections)	City/Town, or County (112)	Special Purpose District (64)	HOA/ Cooperative (95)	Other (28)	For Profit (15)
0-1000 (197)	45	27	85	27	13
1,001-15,000 (91)	51	28	10	1	1
Over 15,000 (26)	16	9	0	0	1

General Findings

- The survey contains responses from 314 entities (11% response rate) and this represents 507 individual drinking water systems.
- Of the 314 responses, 273 represented at least one drinking water system, 165 represented at least one wastewater system, and 124 represented both drinking water and wastewater systems.
- There are 1.9 million residential connections represented, and 2.1 million total connections.
- State wide there are 247 cities and towns and 171 special purpose districts that provide drinking water. Of these, 95 (38%) and 52 (30%) participated in the survey.
- 101 drinking water utilities with over 1,000 connections responded. This is nearly half of the largest drinking water utilities in the state.

Revenue Impacts

- Reported revenue losses are approximately $20 million across 114 utilities.
- If we extrapolate the nearly $20 million in reported revenue losses across the sample, we estimate a potential $177 million in revenue losses. This is a conservative estimate.
- Utilities are underreporting revenue shortfalls as they expect to collect delinquent payments and late fees through payment plans and other means.
- On the expectation of revenue losses due to customer non-payment: Nearly 50% of the cities, towns and counties, and 33% of special purpose districts responded yes, while 13% of the HOAs and cooperatives responded yes. These entities may bill less frequently than monthly, or include utility services in their annual fee.

Revenue Impacts		
Category	**n (%)**	**Key Findings**
Revenue Loss	135 (43%)	No revenue losses reported, but at least 30% of utilities indicated they expected revenue loss due to customer non-payment.
	114 (36%)	Known revenue losses. Recorded loss is approximately $20 million.
	57 (18%)	Revenue losses are unknown.
	103 (33%)	Utilities reported revenues are similar to the same period in 2019.
Utilities > 1,000 Connections	80 (25%)	Total reported losses are approximately $18.6 million. This figure includes 43 municipalities and 24 special purpose districts.
Utilities < 1,000 Connections	85 (27%)	Total reported losses are approximately $356,000. This figure includes 22 municipalities and 12 special purpose districts.

Operating Impacts

- Utilities are reporting greater operational impacts to date than revenue impacts.
- 33%, or 106 utilities, requested access to grants and low-interest loans to support utility and economic recovery.

Operating Impacts		
Category	**n (%)**	**Key Findings**
Impact	179 (57%)	Low to moderate financial impact from COVID-19.
	99 (32%)	No financial impact from COVID-19.
	14 (4%)	High or extreme financial impact from COVID-19.
Reserves	93 (30%)	The current billing structure does not include a reserve.
	45 (14%)	Utilities used reserves to backfill operating expenses.
To Offset COVID-19 Impacts	164 (52%)	No action needed.
	94 (30%)	Will delay planned or new capital projects.
	83 (26%)	Will draw down their reserve.
	19 (6%)	Will lay off staff.
	34(11%)	Will be unable to perform regular maintenance.
Customer Assistance	40 (13%)	Requested state financial relief to assist payment of ratepayer bills.
Regionalization	6 (2%)	Interested in a new management or ownership structure.

Capital Projects

- The survey identified 810 capital projects that would complete in the next two years, if funding were available. These projects are valued at $2.1 billion and presented by system type in the table below.

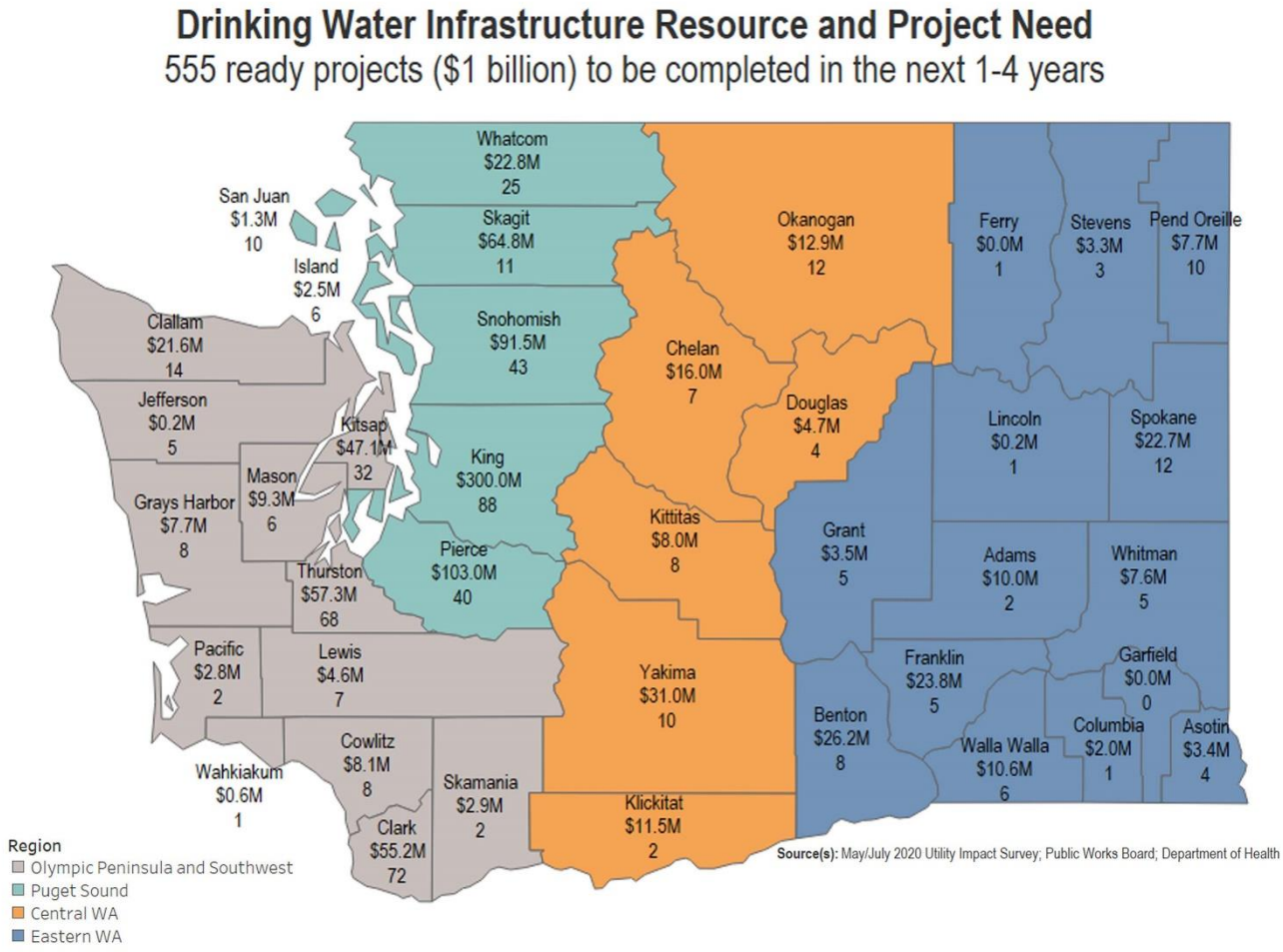
Systems > 15,000 connections (19 entities)	Projects (n)	Financing Needed
Drinking Water	205	$506,875,335
Wastewater (sewer and storm)	114	$856,284,569
Solid Waste/Recycling	7	$120,311,153
Grand Total	**326**	**$1,483,471,057**

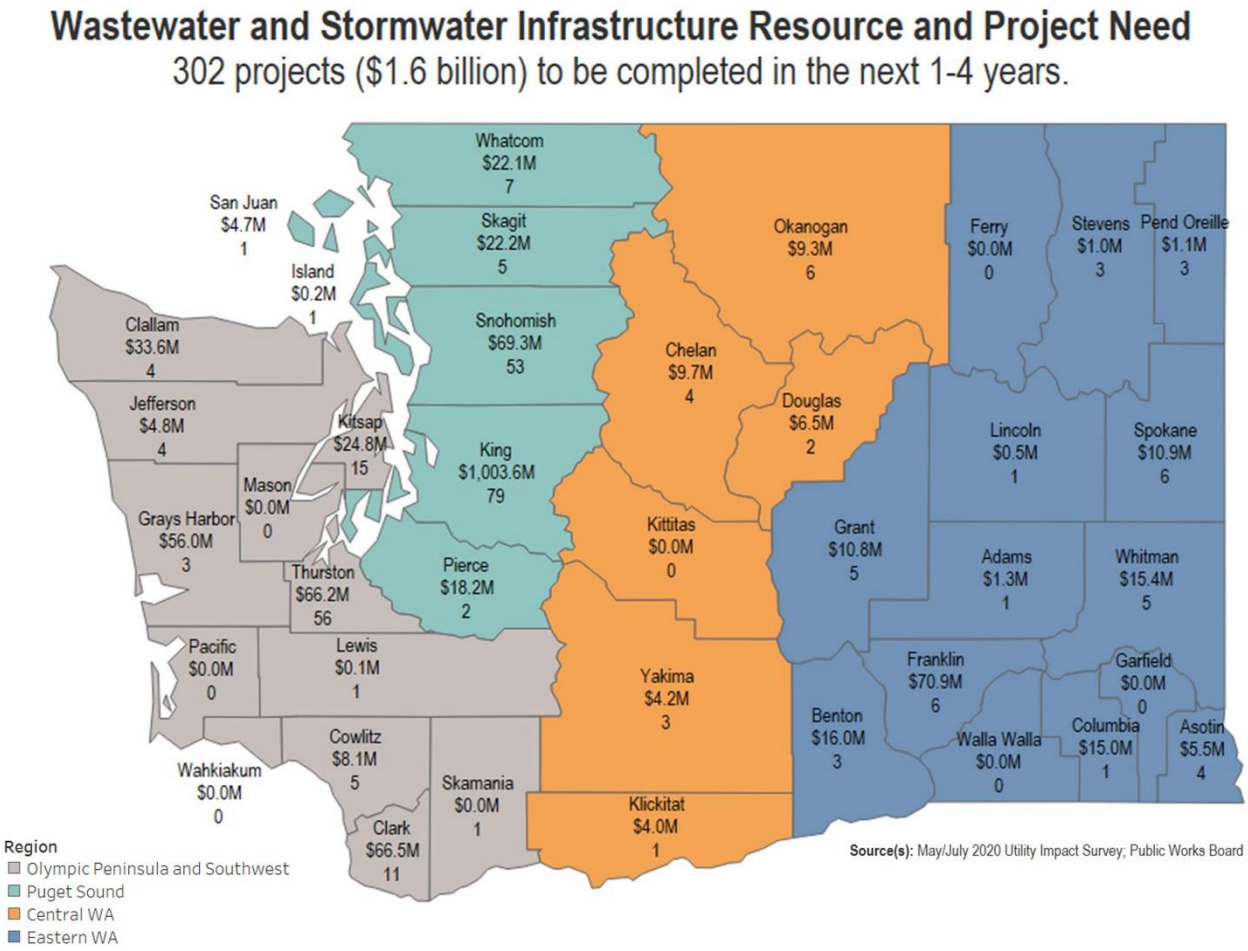
Systems 1,000-15,000 connections (71 entities)	Projects (n)	Financing Needed
Drinking Water	170	$250,537,147
Wastewater (sewer and storm)	115	$248,018,197
Road/Street/Bridge	49	$29,246,519
Grand Total	**334**	**$527,801,863**

Systems 1-1000 connections (77 entities)	Projects (n)	Financing Needed
Drinking Water	116	$64,094,600
Wastewater (sewer and storm)	31	$19,235,600
Road/Street/Bridge	2	$406,000
Irrigation	1	$100,000
Grand Total	**150**	**$83,836,200**

The Need for Infrastructure

- Results of the capital project element of the survey were combined with known capital project pipelines at the Office of Drinking Water and the Public Works Board. There are 926 total projects valued at $2.8 billion. These projects will complete in the next one to four years, if funding were available.
- The two maps that follow present regional views of drinking water, and wastewater and stormwater infrastructure. The existence capital needed for these 857 projects is $2.6 billion.





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