EPA Webinar: Water Utilities Financial Impact Tool and 2020 COVID-19 Water Sector Survey

Transcript

October 8, 2020

Hello, everyone. Welcome. This is Melissa Bañales with Ross Strategic. We are contractors to EPA and welcome to the Water Utilities Financial Impact Tool and 2020 COVID-19 Water Sector Survey Webinar.

Thanks, Melissa. Hi. This is Sonia Brubaker with EPA's Water Finance Center. And like Melissa noted, our discussion during this webinar is going to focus on the water utility financial impact tool and the 2020 COVID-19 water sector survey.

So next, on our next slide we're going to give some information about today's presentation. So I'll start off with giving some background and then Dawn Ison from the Water Security Division is going to discuss the survey, and Britney Vazquez from the Water Finance Center will discuss and provide a demonstration of the tool.

So next, we have some Zoom logistics. All attendees are muted. If you are having a technical issue, click on the chat icon. And if you'd like to submit a question or feedback, use the Q&A icon. Which we've seen a couple come in, so as we're going through our presentation, please feel free to enter in questions, and we will be taking questions at the end.

So next, here are our presenters today so that you can put a name and a voice to a face. Here we are. So me, Sonia, Dawn, and Britney. And during this presentation, we want to talk about how the survey and tool are different and also some similarities they have.

So the survey is for EPA to collect information to learn about operational and financial impacts from COVID-19. And the tool is for utilities to use to determine financial impacts from COVID-19. So EPA is not collecting information entered into the tool, but the tool can be useful for some utilities to use when answering financial questions from various COVID-related surveys or inquiries.

So next, on the next slide, before we get into the details of the survey and tool, we first want to give a little bit of information about our respective organizations. So EPA's Water Finance Center provides funding and financing information to help local leaders make informed drinking water, wastewater, and stormwater decisions.

So we do this by our Water Finance Clearing House that gives communities easy access to available funding for infrastructure projects and also by developing resources and tools for communities to use. So Britney will be talking about the COVID-19 tool we developed and giving a demonstration later during this presentation. But first, I'm going to hand it over to Dawn to talk about the Water Security Division.

I think we're not hearing Dawn's audio, unfortunately, so some technical difficulty there. So unless Dawn's able to get connected or possibly might be double-muted. So Dawn, it looks like you're not muted from the system, but if you go to the bottom left where the microphone is and click the arrow and then select the microphone, make sure it's not on "same as" system.

Yeah. Can you hear me OK, Sonia?

Yeah. Yeah, you sound OK.

Awesome. I've had-- my whole computer crashed, so I was calling in and I tried to get in last minute. So let me go ahead and get started. Thanks, Sonia.

So the Water Security Division within EPA is responsible for carrying out EPA's role as the sector-specific agency for the water sector, which includes drinking water and wastewater systems. We've been working to help utilities protect drinking water and wastewater infrastructure since the passage of the Bioterrorism Act back in 2002. And we've developed over 30 resources and tools to help utilities handle all types of hazards.

The resources information the Water Security Division's developed all fit into a step or maybe a multiple-step approach within what we call the water resilience framework and will help your utility take actionable steps to reduce risk. The water resilience framework includes the five essential steps of assess, plan, train, respond, and recover.

So these steps encourage utilities to assess risks, plan for emergencies, train staff in order to respond to, and recover from emergencies including emergencies such as the COVID pandemic we are facing right now. And we have a link up there on the website, so all of the information on the various tools and resources that the Water Security Division has can be found by going to the website that's listed on the screen.

And speaking of pandemic, let's move on to the latest COVID-19 project we're working on. So next slide. So on October 1, 2020, EPA began administering a voluntary online COVID-19 water sector survey to a randomly selected, statistically representative sample of utilities to learn how drinking water and wastewater utilities across the country and including tribal utilities have been affected both operationally and financially by COVID-19.

So EPA conducted a soft launch of the survey to about 100 water sector utilities to address any potential technical issues, and that started last week. The survey was released to the remaining 4,000 utilities that we have email addresses, contact information for yesterday, so October 7th, and recipients have approximately two weeks to respond. And the objectives of the survey really

are to identify and gauge the severity of the past, current, and expected future challenges faced by the water sector as a result of the COVID-19 national health emergency.

We also want to collect information that would facilitate planning for a rapid response if needed should there be significant future challenges in the water sector due to COVID-19. So the specific survey participants in the drinking water community [AUDIO OUT] wastewater treatment facilities. So community water systems and publicly on wastewater treatment facilities of all sizes and we did include American Indian and Alaskan native village utilities.

So EPA emailed an individualized survey hyperlink to those several thousand community water systems and wastewater facilities that were selected. So if your utility received a link last week or yesterday, we encourage you to complete the survey. This voluntary survey is going to help facilitate the collection of useful information. We're trying to get it in a uniform format to guide the development of technical assistance which could help sustain water quality operations and to support planning for the future. If you didn't or don't receive a link, there is no action needed on your part.

So as far as the questions, if you guys have questions on that, the questions fall into four main categories. It will be supply chain disruptions, workforce issues including cybersecurity question, financial impacts, and sampling and analytical concerns. In each section, the questions will address utilities experiences during two time periods. First, the beginning of the year through present day and then the expectations for the remainder of the calendar year.

Unlike other surveys that EPA has done, it should be relatively short, quick. It should take 45 to 90 minutes to complete on average. If there were no impacts to the utility, it won't take very long at all. So EPA is going to be available to provide technical assistance to the water sector with completing the survey and answering questions. And information concerning how to request assistance for those people who actually get the survey will be provided in the survey instructions.

And just a reminder to everyone, this effort's not associated with or intended to inform any kind of statutory requirement or any type of regulatory action. It's a voluntary survey, and any information collected will be aggregated prior to any public release of a report. So there is going to be an email address there on the website. So if you have any more and want more information, there is a website there. There's an email address on that website if you have any further questions.

So with that, next we'll have Britney Vasquez talking about the COVID-19 financial tool. And so while the water sector survey and the financial tool are two separate projects that EPA is doing along with the Office of Wastewater Management, ours, with WST and the Office of Water, utilities can use that financial tool to help answer some of the financial questions in the survey.

Because it's an emergency survey that we put together, our questions had to be a little qualitative versus quantitative in nature. So our questions in the survey would be a little bit more general, but any of the material that you provide and can put together through the financial tool will only

help you answer those questions and provide you a lot more detailed information that would be beneficial to your system itself. But that's just one benefit of using the financial tool.

So I'll turn it over to Britney and let her explain the rest of it for you.

Thank you, Dawn. I am going to start sharing my screen. One second. All right. Are you able to see my screen now?

Yes, we can.

OK, great. So this is the landing page of the water financial impact tools. The first thing you'll see after you download the spreadsheet, on this page is some instructions on how to use the tool and some information about the tool itself. There's three different categories that the tool uses. There is revenue, expenses, and cash flows, and there will be several questions for those categories.

I think one main thing to keep in mind is that the only data fields that you need to worry about entering data are the little yellow boxes that are highlighted in yellow. Everything else will be automatically calculating just to help make things a little easier.

Britney, is it possible for you to zoom in just a tiny bit? We had a request.

Yes. How is that?

Good. Thanks.

Great. And we also provided a link on "Opening Up America Again" in case that's interested in-- useful for your community. In the bottom left-hand corner, some information that you can provide for your [AUDIO OUT]. Now, this is only for your own uses. Again, we're not collecting any data using this spreadsheet, so there could be some useful information to keep track of here. For example, the last date that the spreadsheet itself was updated or who the point of contact is for updating the spreadsheet.

If you're a utility, it has different system types like drinking water and wastewater. It could be useful to make a note of which system data you're entering in here. So you can either have one spreadsheet that's only looking at wastewater or only drinking water or you can have one for both. This will also be where you select the month that you want to start entering data for as well.

On the bottom right, there is just like a one-stop shop to see the results of everything that you've entered in so far. So I've gone ahead and entered some data here just for the purposes of this demo. We can go ahead and see that we've entered some data for July and see that there's a year-to-date, some that the tool itself will calculate for you.

Moving on to the 2019 Data tab, this is a useful tab to see all the questions that are available within the tool itself. We ask that you enter the data-- that you start here and you enter in the

previous year's data so you can have something to reference to for this year. Again, I went ahead and put some numbers in here just because having some examples is always, always good to have.

And delving into the questions a little bit more, we recognize that-- not applicable to every utility but we tried to include as many questions as we could as more of a thought process. Perhaps there is something that you didn't think of, some sort of expense or revenue that you didn't incur to then put here that the tool itself could capture.

For example, some questions in the revenue section include: do you have commercial, industrial revenues or do you have any residential, wholesale revenues? Do you have connection cap fees or late fees? Do you have any tax revenues as well? Do you sell any byproducts like buy or sell it to electricity? If you generate any interests from your cash on hand, what's that value? And also just a catch-all question, if there's anything that we didn't include here that you would also want to capture as well.

For the expenses, we include questions on what are your regular labor costs? Do you have any overtime labor cost? Do you have any expenses for purchasing water or are you purchasing wastewater treatment? Do you have been chemical disposal testing or some higher cost? What are your energy bills or do you have any other utility bills that are related? Do you have uniform or PPE costs? I know PPE could be one thing that could have increased due to COVID. Do you have any interest expenses? And again, another catch-all question for any expenses that we may not capture here.

And for the cash flow, it would include what the amount in your accounts receivable, accounts payable? Do you have-- what's the amount in your pension fund? Do you participate in inter-agency fund transfers? If so, what were the transfers to the other agencies or from the other agencies? What are your systems rate structuring revenues? Do you have a rate C relation fund? What's your cash flow from budget into capital expenditures? And those are all the questions that we have here.

I'm going to go ahead and show you what a blank month looks like. So if you want to enter in some data for August, this is what you'll first see upon opening up the tab. We try to keep its form because, again, we recognize that every question is going to be applicable to every utility.

So for example, if you don't expect to have any changes in revenue, you just go ahead and say no and proceed to the next section. But in this case, we're going to say yes. We are expecting some changes. So that will go ahead and expand that section. And similarly, all these questions here are yes-no answers. So if you go ahead and press "No," nothing will appear. You just move on to next question.

But if you are expecting some commercial revenue changes, you could go ahead-- the 2019 average monthly data value has already been populated here, and you can go ahead and enter whatever your commercial revenues were in August here. So let's just go ahead and say $200,000. We were more at school this month, and we'll go ahead and calculate that change for you there.

And similarly, all the other questions work the same way. More follow-up questions will pop up as you move forward and say yes to these questions. And similarly, the expenses work the exact same way. Some questions are broken up into questions like the labor costs already broken down into regular versus overtime. So you can go ahead and make that distinction here.

And just to get a better idea of what a made month looks like for July, you can go ahead and see that it automatically calculates these changes for you. And you can see also that it will go ahead and add it up for you on the introduction page as well. And I think that's it for-- sorry, my demo. So I guess we can move on to questions. And almost screen share [INAUDIBLE].

Hello, everyone. We will now be taking questions. Please type them in into the Q&A box. The Q&A box is located in the Zoom toolbar at the bottom of your screen. Please be sure to type in complete sentences so your question will be clear when we read it out loud. Thank you. And I see we did receive a question from Hilda, and she says is this talk going to be available for as far as programs to use for their long recipients?

So this is Sonia. Hilda, that's a great question. Right now the tool is available on our website, and it can be downloaded and used by anyone. So it certainly could be helpful to show how utilities have unexpectedly have some decreased cash flow, if that's the case. Britney, have you heard anything else in there that you've spoken to a lot of SRF coordinators?

No, I haven't heard anything more specific than that. I know we've definitely done some demos with the state, and that's something we're still willing to offer moving forward, either more personal with the utility or on the state staff level as well.

There are no questions in the Q&A box right now, and we'll pause for a minute to see if anyone else would like to type in a question. Glen just typed in, how will the results of the survey be communicated?

So this is Dawn. We are going to take all of the responses, and we will aggregate them. And we will create a report, and we will publish that report. So I am sure that it will be on our EPA website. But like we have been working through as well as the Association of Drinking Water Administrators and the Association of Clean Water Administrators, the financial folks, the SRF, clean water, drinking water SRFs, so we've been kind of communicating with a multitude of folks. So once that report is published and final, we will send that out.

We are working under an emergency information collection request through the Office of Management and Budget. So everything with the survey has to be done within a six-month period. So we got that initial approval in June. We have until December 31 to get everything finished. So we are administering the survey now, and once we-- we are hoping that by the end of December, middle to end of December, we will get that report finalized and published.

And the results will be used to inform technical assistance. So we will provide those results in that report to your local, state, federal, other than EPA agencies so that we can help. At least on our side, the water security division, our whole job and purpose is to support the water sector about drinking water and wastewater with resources or training.

So based on the needs, the impacts, we will work with other federal agencies. I guess an example, right now we're working with DHS and FEMA to prioritize the water sector for vaccinations. They have a priority that they listed out in trying to make sure that the water sector is a higher priority for vaccinations, just like we did the same for testing.

We'll also do the same thing for any type of them. And we don't know yet. We don't know what the results are going to tell us, but the whole goal would be to inform any type of technical assistance that we can provide to help support the water sector.

Thank you, Dawn. We did receive in the chat, how can we incorporate this impact analysis into water affordability assessment?

That's a great question. Because as the pandemic goes on, it is just going to heighten, I think, the affordability issues that a lot of communities are already experiencing, and it may cause some other communities to experience some affordability issues.

And so I think that that's-- I think that remains to be seen, what the long-term effects are. And with of the financial impacts, there is a little bit of a lag of when the crisis hits to when communities start to seize some of the financial impacts. And so we recognize that too. And so I think time will tell.

Thank you, Sonia. And we did receive another question in the chat. Should this be used in accordance with the 1997 guidance combined sewer overflows, guidance for financial capability assessment and scheduled development?

Well, I knew a community can submit any piece of information that they feel shows their complete picture of financial capability and their financial capability assessment. So the community could submit the information in the spreadsheet tool as part of that other information that communities can submit.

Thank you, Sonia. And I have not seen any questions in the Q&A box, and we'll pause a minute to see if anyone would like to type in a question. Theresa just chat in the Q&A box on the monthly tabs and asked for an example of revenues since March 2020 as a monthly tab to cover year-to-date or just a month.

This is Britney. I can go ahead and answer to that. So it's only meant to enter data for that specific month. The reason why we have revenues since March 2020 is because we believe that's when the start date at least for how we're defining COVID started.

And we'll just wait another minute to see if anyone else has questions they would like to type in. And if there are no other questions, we will end the webinar in just a minute, but we'll wait another moment to see if anyone is still wanting to type in another question.

All right, I do not see any further questions. And this concludes the end of our webinar. On the screen, you will see some resources and some links, but that is all. Thank you everyone for joining the webinar today, and I'll hand it to you, Sonia, if you have any additional remarks.

No. Thank you so much for joining and we will have a recording on the website in the next few weeks.