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**Raftelis Study: The Financial Impact of the COVID-19 Crisis on U.S. Drinking Water Utilities
(April 14, 2020)**

Report Prepared for the American Water Works Association

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<u>Analysis Results of Estimated Impacts on Water Utilities in the U.S.:</u>	<u>2 mths</u>	<u>4 mths</u>	<u>6 mths</u>	<u>annual</u>	<u>BCVWD IMPACT</u>
Estimated Cost of Non-Shut Offs	\$0.10B	\$0.019B	\$0.29B	\$0.57B	Higher affect
Revenue Loss Due to Increased Delinquencies	\$0.82B	\$1.64B	\$2.46B	\$4.92B	Higher affect
Reduction in Commercial Revenues	\$1.23B	\$2.46B	\$3.69B	\$7.38B	Lower: 4.8% of Revenues
Increase in Residential Revenues	(\$0.44B)	(\$0.88B)	(\$1.32B)	(\$-2.64B)	Higher affect
Increase in Personnel Expense	\$0.10B	\$0.21B	\$0.31B	\$0.63B	Medium affect
Reduction in System Development Charges	\$0.43B	\$0.87B	\$1.30B	\$2.60B	Medium affect
Reduction in Revenues from Lower Customer Growth	\$0.01B	\$0.05B	\$0.09B	\$0.41B	Higher affect
Total	\$2.3B	\$4.5B	\$6.8B	\$13.9B	

Analysis Results:

- Customer Delinquency: 6% increase
- Commercial Revenues: decline
- Slow Growth: Reduction in Revenues

- 1 Increase Personnel expense due to safety equipment and stand-by
- 2 Commercial Customers Revenue make up 4.8% of Revenues
- 3 Expect Revenue numbers to increase (usage), but cash receipts to decline (payments)
- 4 Raftelis study shows 4.80% increase in Residential Indoor water use due to COVID-19 shelter in place
- 5 Potential less usage of outdoor usage from customers to help lower bill- wait for billing cycle to finish
Unable to precisely predict the impact due to by-monthly bill - 1st bills with partial Feb March going out Today 5/7/2020

BCVWD Preliminary Estimated Impact

Annual shortfall to be determine

Commercial customers make up 4.8% (small impact on Revenues)

Residential Customers make up 94.9%

Other Customers(Ag & Temp Construction) make up .4%

(To be determined base on City permits activity)

Minimal cost on equipment & safety equipment due to size of District

(masks, laptops, cell phones, sanitizing supplies, etc.)

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Accounts with Balances as of 4/30/2020

	# of Accounts	% Of total (19,128)	# of Accounts with Balance under 30 days	# of Accounts with Balance 30-60 days	# of Accounts with Balance 60-90 days	# of Accounts with Balance 90+ days	Total # of Accounts with Balances Due
Residential	18,135	94.81%	262	967	552	178	1,959
Commercial	912	4.77%	769	22	16	14	821
Other	81	0.42%	18	22	2	4	46
Total	19128	100.00%	1,049	1,011	570	196	2,826

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Credit Card Processing Fees to be reversed for COVID-19

	# of transactions	Credit Card Fees (\$1.75 per transaction)
March	427	\$ 747.25
April	2352	\$ 4,116.00
May	401	\$ 701.75

3180 \$ 5,565.00

As of 7/1/2019 Population: Estimated population of uninterrupted income source

Age	
Under 5 yrs.	4.3%
Under 18 yrs.	17.1%
65 yrs. and over	27.6%
19-64 yrs.	51.0%

BCVWD Recommendations for Preserving Operating Cash

- 1 Deferring Capital Project which are paid via Capital Replacement Funds

CIP funded by Facility Fees (Restricted Cash): Maintain Financial

- 2 Sustainability by Working on Projects which are funded via Facility (Capacity) Fees (Restricted Cash), so General Fund is not impacted

Currently there are approximate 8 Capital Projects which can be prioritize work on, funded by Restricted cash

- 3 Water Purchases: Hold in 2020, possible drought condition in 2021 (i.e. get water while available), sell water from storage if necessary in 2021 to recover Reserve

- 4 Reduction in Training (non safety or training that won't impact service delivery -essential)

Address aging infrastructure - need new rate (regardless of what we collect: prior rate District was operating in a deficit)

Finance will be closely monitoring Cash Flows on a monthly basis and will report back to the F&A & Board