



COVID-19 Impact on Utilities

Follow-Up Survey Results
June 2020

Report prepared in cooperation with
WaterOperator.org at the Illinois
State Water Survey, University of Illinois
Urbana-Champaign

ISAWWA Survey Regarding COVID-19 – Current Impact on Utilities

Introduction

The Illinois Section of the American Water Works Association (ISAWWA) offers resources to maintain safe and sustainable water for all of Illinois. In April of 2020, the ISAWWA put out a survey to their membership targeted at identifying trends in system's COVID-19 concerns and approaches adopted to manage the pandemic. The results of the April, 2020 survey are available on ISAWWA's website, www.isawwa.org. ISAWWA released a 2nd survey to their membership in June to offer an update on the April results and to better understand the impact of the pandemic on our water and wastewater utilities to date. As in the first survey, questions included a mix of open-ended responses allowing respondents to answer in their own words and check-the-box responses to indicate all answers that apply to them.

This new survey received a total of 73 responses. Respondents answered 12 questions with 9 of these pertaining to subject matter and 3 to system and respondent demographics. While both surveys included questions on concerns and changes made in human resources, utility staffing, revenue, and training needs, the first survey included two unique questions on water shutoffs and emergency response planning. The June survey substituted these questions to focus on employee COVID-19 policies, low- or no-flow plumbing guidance, and financial assistance. Of the three demographic questions included in both surveys, one asked respondents to identify their system size as a population of 5,000 or less, between 5,001 and 50,000, or 50,001 and larger. The results of the April survey indicated there were differences based on system size in some of the responses.

Results from both surveys reflect the financial, operational, and managerial impact that the pandemic has had on utilities so far. The June survey indicates that utilities are starting to prepare for more long-term policy and revenue changes instigated by the COVID-19 pandemic.

Survey Questions

As in the April survey, this June survey requested information on operational, managerial, and financial changes implemented by utilities in response to the pandemic. Respondents were also asked about their top concerns in these categories. Results from the survey will help ISAWWA better understand utility conditions, assist staff members in managing this crisis, and gauge how utilities have adapted to the pandemic now that it's clear this will be a long-term challenge.

Steps Taken by Human Resources (Q1)

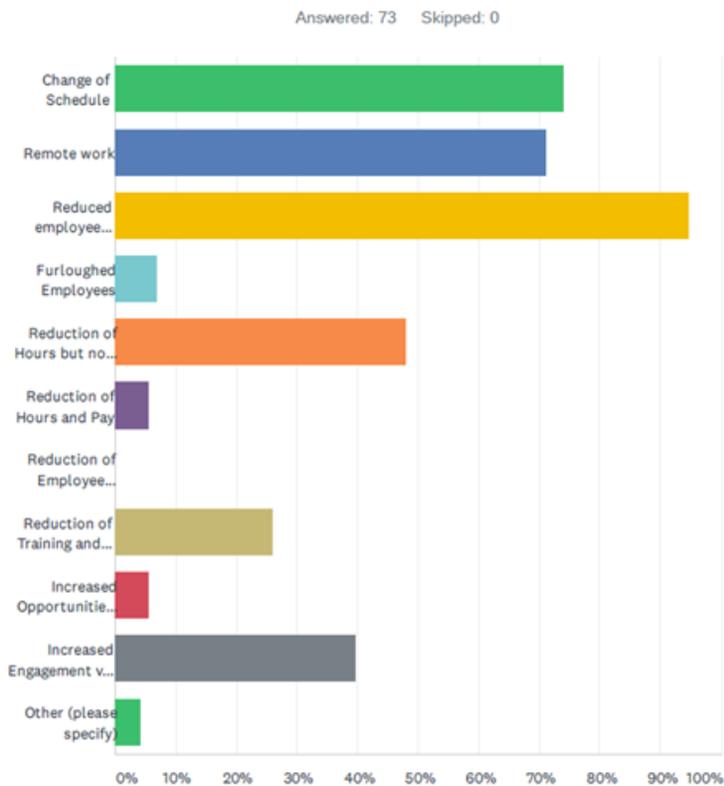
The first question (Figure 1), which was asked in the April Survey as well, provides an overview of the challenges utilities or communities are facing to protect employee health, maintain a safe working environment, understand potential barriers to training, manage system finances, and utilize remote technology.

The responses for most of the items in Q1 are nearly the same as the responses in the April survey. The majority of respondents note that their utility has reduced employee exposure to others, implemented some form of remote work, and/or made changes to staff scheduling.

While these responses echo the answers from April other responses in Q1 have changed. The percentage of utilities that have put staff on furlough or have experienced a reduction of both hours and pay has increased from approximately 1.5% to over 5%. There were also two comments noting pay raise and hiring freezes.

Training issues have also been affected since April. Utilities have seen a reduction in training funds, from 6% in April to 26% in June. Also, 13% said they had increased training opportunities in April, compared to only 6% in June. These changes indicate that some utilities are actively working to minimize non-essential expenses during the pandemic.

Q1 Since the pandemic, what human resources steps has your utility taken? Please check all that apply.



ANSWER CHOICES	RESPONSES	
Change of Schedule	73.97%	54
Remote work	71.23%	52
Reduced employee exposure to others (co-workers, public)	94.52%	69
Furloughed Employees	6.85%	5
Reduction of Hours but not Pay	47.95%	35
Reduction of Hours and Pay	5.48%	4
Reduction of Employee Benefits	0.00%	0
Reduction of Training and Development Funds	26.03%	19
Increased Opportunities for Employee Training and Development	5.48%	4
Increased Engagement via Technology	39.73%	29
Other (please specify)	4.11%	3
Total Respondents: 73		

Figure 1

New Employee Policies for COVID-19 (Q2):

At the time the first survey was released, it was generally assumed that any operational, managerial, or financial changes experienced under the pandemic would only last for a few months at most. Most pandemic related restrictions in the state were potentially going to end at the end of April. That has since changed indefinitely, and to address this issue, ISAWWA wanted to know if utilities were developing more formal, long-term policies to protect their staff while sustaining operations for an undetermined period of time. Q2 (Figure 2), which was not asked in the April survey, asked about policies in 5 areas related to the pandemic.

	YES	NO	IN DISCUSSIONS	TOTAL
Restriction of Travel for Employees	40.00% 28	51.43% 36	8.57% 6	70
Remote Work Policy	50.72% 35	43.48% 30	5.80% 4	69
COVID-19 Testing	26.47% 18	64.71% 44	8.82% 6	68
Health and Safety Measures - Office Environment	90.14% 64	5.63% 4	4.23% 3	71
Health and Safety Measures - Worksites	73.91% 51	17.39% 12	8.70% 6	69

Figure 2

The results indicate that regarding worker health at the utility, most have developed a policy. 90% and 74% of utility respondents have implemented policies to protect staff health and safety in the office environment and on worksites respectively. 50% have a remote work policy, 40% have a travel restriction policy, and 26% have a COVID-19 testing policy. One would assume that all utilities have provided their staff with common sense guidelines about working if they are showing symptoms, which is a responsibility for all of us.

Top 2-3 COVID-19 Concerns Related to Your Utility (Q3):

ISAWWA asked respondents to provide their top 2-3 concerns related to their utility regarding the COVID-19 crisis. This same question was asked as Q2 in the April survey. Responses from the June survey indicate that staff are experiencing similar challenges as in April, however there is greater concern for long-term continuity of operations under these pandemic conditions.

Echoing the first survey, an overwhelming number of respondents cite staff health (54 respondents) and budget (24 respondents) as their top concerns. Under staff health, several respondents are worried that there is not enough trained manpower to continue operations if some staff were to become sick. Multiple respondents are concerned about contracting the virus specifically from a coworker or when entering public homes to perform mandatory functions. More than one respondent noted that these concerns are not just for their own personal health, but passing the illness onto their families, some of which may be within the vulnerable population for COVID-19. Two respondents have indicated that their staff are starting to feel burnout from working under these stressful conditions.

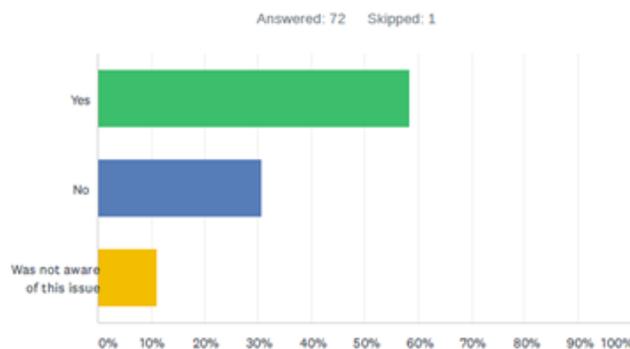
Budget concerns most often referred to a loss of revenue. A few mentioned loss of revenue concerns specifically from non-payments or a loss of commercial users. Other respondents were concerned with management decisions causing delays in necessary infrastructure projects or deferring regular system maintenance and the long term effects that will have on the financial health of their utility.

Additional concerns mentioned by more than one respondent included resident safety and interaction, layoffs and furloughs, concern over quality of work and lack of staff productivity, reduction or elimination of training funds, longevity of the pandemic, and staff understanding the seriousness of the pandemic. There were also several interesting concerns to note, one wastewater respondent noted that their plant has higher than normal fats, oils, and grease (FOG) issues and another has been dealing with a vandalism problem. It's clear from the responses that more respondents have a better understanding of the risks of the pandemic and all of the ways it could affect their personal health, co-workers, family, jobs, and the future of their utility.

Sharing Guidance for Start-Up of Buildings with No-Flow or Low-Flow During the Pandemic (Q4):

One of the side effects of the pandemic and closing of businesses has been low or no water flow through commercial and industrial buildings, schools, etc. The U.S. Environmental Protection Agency, Illinois Department of Health, and other groups, have developed procedures for building owners and managers to maintain or restore water quality during reopening of buildings that may have been closed for part of the pandemic. These guidance documents walk building owners through the necessary steps to flush out their plumbing systems to ensure there has been no compromise to their water quality due to stagnation and loss of disinfectant residual. Question 4 (Figure 3) asks utility respondents whether they have shared these guidance documents with building owners who may have been closed for part of the pandemic and now plan to reopen.

Q4 Has your utility shared guidance documents with your customers on how they should flush plumbing systems to improve water quality in buildings with low-flow, or no-flow due, to the COVID pandemic? IDPH Document



ANSWER CHOICES	RESPONSES
Yes	58.33% 42
No	30.56% 22
Was not aware of this issue	11.11% 8
TOTAL	72

Figure 3

Q4 responses indicate that 58% of respondents have shared these documents, while 31% have not. 11% of respondents indicated that they were not aware of this issue. Given the high proportion of respondents that have not shared this information, communities would benefit from increased outreach on this subject. This is a topic that the Section can provide more guidance on. We hope that the 42% who did not provide guidance have now reached out to their business customers after taking the survey.

Impacts to Revenue (Q5-6)

In Q5, respondents were asked whether they've seen any impact on utility sales or revenue due to the pandemic. The responses (Figure 4) show that 39% said yes, 19% no, and 39% think it is too early to tell. Of those who responded yes, most observed a negative impact on revenue/sales referencing an increase in unpaid water bills or a reduction in overall water use. This reduction is noted by several respondents as a result of businesses being closed and/or a reduction of their tax base. Several respondents also noted an increase in water use, indicating that some communities are less impacted by the pandemic than others. Systems that rely on mainly residential use are likely to experience fewer financial challenges, as long as their customers can continue to pay their utility bills.

Q5 Have you seen any impacts (positive or negative) on your water/sewer utility sales/revenues due to the COVID-19 pandemic?

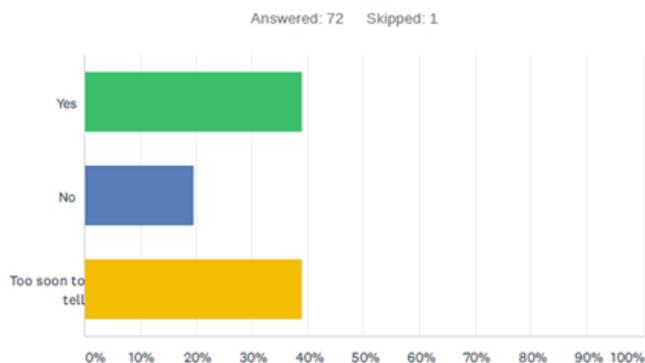


Figure 4

Q5 was asked in the April survey as Q7. Responses then were 19% Yes, 12% No, and 69% that felt it was too early to tell. In the June survey the number of utilities that have seen a definite financial impact has doubled from 19% to 39%. Those that who feel their finances are not being affected has increased from 12% to 19%. As noted in their concerns for their utility from Q2, nearly 40% still feel they aren't sure what will happen with revenues moving forward.

In Q6 (Figure 5) utilities were asked if they have started planning for budget and revenue stream worst case scenarios for the remainder of the year or looking into 2021. This question was asked in the April survey as Q8. Approximately 57% of respondents answered yes and 42% no. In the April survey, those numbers were 32% and 68%, respectively. This suggests that utilities are becoming more aware of the potential longevity of the pandemic and are starting to prepare for more long-term financial consequences.

Q6 Has your utility finance division advised you of any worst-case scenarios related to budgeting and/or revenue stream for the remainder of 2020 or looking ahead to 2021?

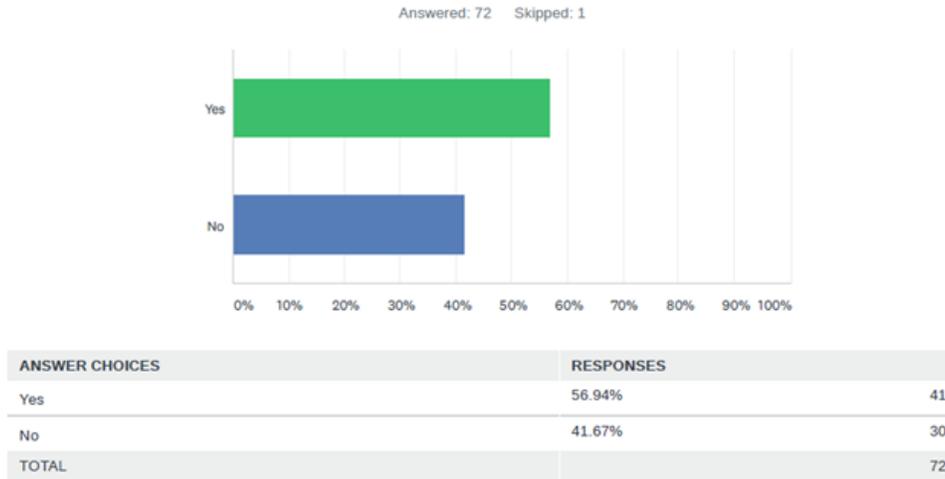


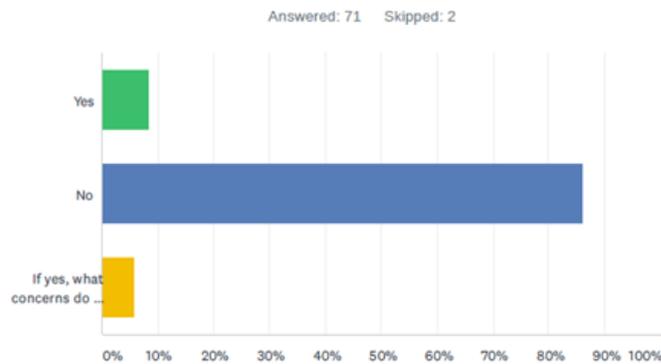
Figure 5

Comments from those who responded 'Yes' indicate that the projected revenue loss varies considerably by utility and some of the largest losses are not with their utility, but with projected tax revenue and reductions in the community's general revenue fund. The most common effect so far, has been a delay or hold on capital improvement projects, but several indicate that more changes are coming. Responses include no wage increases, furlough days starting in November, using water and sewer funds to supplement 30% reduction in general fund revenue, and a reduction in sales tax by 35%.

Water and/or Sewer Reserve Funds (Q7)

Q7 (Figure 6) asked utilities if their municipality has given any indication that they may want to borrow/obtain funds from the Water and/or Sewer Reserve Funds to help supplement revenue loss to the General Fund accounts. This concern was noted by a few respondents in the April survey and could lead to long term financial issues for the utility. 14% (10 of 71) responded that they have been contacted about this possibility. Responses included forced layoff of water utility employees to keep police and fire staff, needed capital maintenance projects delayed for years, and lower reserve funds which will mean higher interest rates on bonds when we go out to borrow.

Q7 Has your municipality/finance department indicated they may want to borrow, or obtain funds, from the Water and/or Sewer Reserve Funds (paid by user fees) to help supplement the loss of revenue to the General Fund accounts (tax supported)?



ANSWER CHOICES	RESPONSES
Yes	8.45% 6
No	85.92% 61
If yes, what concerns do you have?	5.63% 4
TOTAL	71

Figure 6

Training Needs (Q8)

The ISAWWA’s focus is on supporting utilities in sustaining operations during the pandemic, including support for operators who need to maintain their licenses. Respondents were asked if they have any training needs related to COVID-19 in both surveys. Consistent in both surveys, just over half of the respondents chose to even answer this question, an indication (we hope) that many aren’t concerned with their training requirements at this time. Of the responders, in both surveys about 55% said they had no training needs.

For those that did provide feedback on their training needs, several noted that they are taking advantage of the online training available through ISAWWA. Topics that were requested for additional seminars included information on what other utilities are doing to get through the pandemic, refresher training on the water operators exam, information on the COVID-testing in sewage, more information on potential threats and best practices, and information on developing Business Continuity Plans. One respondent specifically noted that ISAWWA should continue the COVID-19 updates.

Additional Comments Regarding COVID-19 (Q9)

The last survey question, Q9, asked participants if they have any additional comments or feedback to offer the ISAWWA regarding COVID-19. Over half of the survey respondents chose not to answer this question and of 44% that did, only 9 provided comments. One comment noted the importance of speaking with employees regularly during this time, and that keeping staff updated on the pandemic and utility operations will help to minimize stress and actively address valid concerns. One respondent noted that following CDC recommendations while performing daily tasks is challenging. Another mentioned they want to have plans to get closer to “normal”.

Summary

Utility staff are growing more concerned about furloughs and job benefits, however concerns for staff health, continuity of operations, and revenue loss has held steady when compared to the April survey. The June survey indicates that utilities are starting to better understand the revenue changes experienced under the pandemic. As such, concern over revenue loss and response, as well as employee job security are growing. It's clear that the utilities participating in the survey have learned a lot about the effects the pandemic is having on their systems, and some communities are looking at proactive ways to mitigate the financial and staffing impacts it has caused.

Acknowledgements

The Illinois Section of AWWA would like to thank our members who participated in the survey for providing such valuable insight into their operations, needs, and concerns related to the pandemic.

Questions? [Contact John Dillon, Education Manager, ISAWWA at jdillon@isawwa.org.](mailto:jdillon@isawwa.org)

The Illinois Section AWWA provides resources for the advocacy of safe and sustainable water through enriching membership, mentoring, and increasing public awareness.