



The Sewerage & Water Board OF NEW ORLEANS

625 ST. JOSEPH STREET

NEW ORLEANS, LA 70165

504.529.2837 OR 52.WATER

WWW.SWBNO.ORG

The Honorable Cedric Richmond
United States House of Representatives
506 Cannon HOB
Washington, DC 20515

Dear Congressman Richmond,

On behalf of the Sewerage and Water Board of New Orleans (S&WB), I urge you to support the inclusion of three important provisions in the next round of legislation that responds to the Covid-19 crisis. Each is essential to ensuring the financial stability of the nation's water systems and to supporting S&WB's ability to continue providing essential water, sewer, and drainage services to our region.

Water System Revenue Assistance

First, water systems nationwide are experiencing severe revenue losses as a result of disconnection moratoriums, increased delinquencies, reduced commercial revenues, and higher personnel expenses related to the pandemic. Without federal aid, these losses have the potential to hinder utility operations, lead to delays in capital expenditures that further stagnate economic activity, further defer vital infrastructure investment, and result in higher rates for customers.

An analysis produced this month by AMWA and the American Water Works Association estimated that drinking water utilities across the country are facing an annualized revenue loss of approximately \$13.9 billion as a result of the pandemic – a sum equal to nearly 17 percent of the sector's annual revenue.

Our financial projections are consistent with those of utilities around the country: a significant decrease in water production demand, that likely will result in a 15 – 30% negative impact on annual revenue.

As Congress develops the next phase of legislation to respond to the Covid-19 crisis, significant funding should be set aside to help offset these losses by community water systems. Otherwise, ratepayers will face escalating costs and reduced economic activity related to delayed capital investments which will further hinder the nation's economic recovery.

Aid to Low-Income Ratepayers

Covid-19 response legislation should also include a separate component to ensure that low-income customers are able to afford to keep up with water bills throughout the pandemic. Even as many water systems have suspended nonpayment-related shutoffs during the crisis, customers must continue to be charged for the water they use. Without federal assistance targeted at these customers, some low-income households will fall even further behind on their bills, making it that much more difficult for them to catch up with their payments once the crisis ends.

Payroll Tax Credit Eligibility for Water Systems

Finally, S&WB requests that the next Covid-19 response bill include language to fix a provision in the Families First Coronavirus Response Act (P.L. 116-127) that currently bars public water systems and other public sector employers from obtaining a critical federal payroll tax credit.

As enacted last month, the new law expands paid sick leave and family medical leave benefits for many private sector and all public sector employees who are affected by the coronavirus crisis. However, only private sector employers are entitled to receive a federal payroll tax credit to offset the costs. Water systems and other public sector employers are explicitly prohibited from receiving those same federal payroll tax credits, meaning that the new leave benefits will have to come out of water system operating budgets that are already under strain because of the pandemic.

On April 13, a bipartisan group of more than 70 representatives led by Reps. TJ Cox, John Katko, Brad Schneider, and Diana DeGette wrote to congressional leaders to request a fix to this problem. Their proposal would simply strike language from the enacted Families First law that bars public sector employers from receiving these tax credits. S&WB requests that you support inclusion of this proposal in the next Covid-19 response package.

Water utilities have incredibly tight budgets in the best of times, and the coronavirus pandemic has only exacerbated the financial stress on our community and our ratepayers. Especially considering that the pandemic and its economic fallout are already having negative effects on water utility finances, it is critical that Congress not leave public water systems behind when responding to the current crisis.

I thank you for your ongoing support of our region and our agency. Please do not hesitate to contact me directly if I can be of any assistance in supporting this request.

Regards,



Ghassan Korban
Executive Director, S&WB