

# Logistics

At the top right corner of your screen:

Show your control panel to submit questions and see answers

All phones/microphones are muted for the duration of the webinar.

Toggle between full screen/window screen view

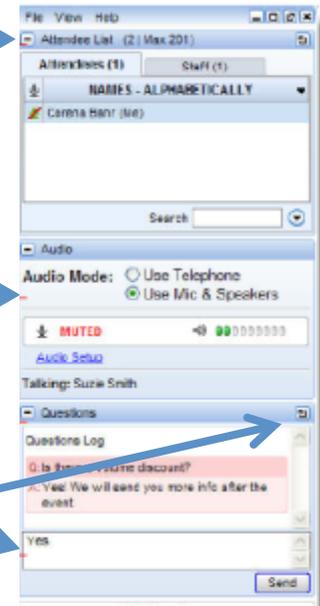


## Control Panel:

Attendee List

Audio: please choose between speakers and telephone. If you do not hear audio right now, please check your speaker volume or enter #[audio pin]# if using phone.

Submit questions in the Questions box at any time, and press [Send]. To undock and increase the size of the box, click on top right corner icon.





# Board & Staff Communication

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# Session Overview

- Understand strategies for getting buy-in for needed rate increases
- Learn about a recent nation-wide survey of current practices

# Polling Question 1

What kind of water utility do you represent?

- For-Profit
- Municipality
- Sanitary District
- Other Special District
- Not a Water Utility

# Polling Question 2

What size water system does your utility operate (by number of people served)?

- Very Small (500 or fewer people served)
- Small (501 to 3,300 people served)
- Medium (3,301 to 10,000 people served)
- Large or Very Large (10,001+ people served)
- Not a Water Utility

# Polling Question 3

Are you a board or staff member?

- Board Member
- Staff Member
- Not a water system



# How much money do you need?

# Systems Love Low Rates, but...

“Once again, the [City’s] Water Department proved to have some of the lowest water and sewage rates in the state.”

The screenshot shows a city website with a navigation menu on the left and a news flash article on the right. The navigation menu includes: Job Openings, Citizen Survey Results, Council Agenda, Comprehensive Planning Information, Community Assessment, and E-News Signup. The news flash is titled "News Flash - All" and "News Flash - Home" with the sub-headline "Low Water and Sewer Rates" dated January 8, 2007. The article text states: "Once again, the City of [redacted] and sewage rates in [redacted] recent s [redacted] providers to evalu [redacted] rates residents p [redacted] City of [redacted] is proud to say, based on [redacted] household, the City has the third lowest water a [redacted] proved to have the third lowest water bill of \$15.38, and sewage bill of \$10.36. As a result, [redacted] proved to have the third lowest combined residential water and sewage rates, of the 63 polled." Below the article, it begins: "The commercial rates were also compared among the same providers, based on 150,000 gallons per month. [redacted] has the lowest sewage, as well as the lowest combined water and sewage rates of those polled. The average commercial monthly sewage bill is \$222.00, with the combined



# What about customers?

THE STORIES **BUSINESS** FAITH TECHNOLOGY REAL NEWS THE BLOG GUN

**HOT TOPICS:** Campaign 2012 Media Matters GBTV

1.9k

BUSINESS

**RESIDENTS INCREDIBLY HAPPY ABOUT WATER SERVICE: *"I DON'T KNOW HOW THESE FOLKS DO IT – CLEAN WATER WHENEVER I NEED IT FOR ONLY A FEW DOLLARS A DAY!!"***

Posted on December 17, 2011 at 3:20pm by **Becket Adams**

[Email »](#) [Print](#)

Like 467 Send 10 Tweet 78

[Comments \(3\)](#)

“These people are going to end up rioting about this,” says Sheila Tyson, a community activist in Jefferson County, Ala. “If they let this stuff happen they are going to get the biggest riot the South has ever seen . . . I can see it coming.”



# Will our rates provide sufficient cost recovery?

Are we following the applicable laws?

What exactly does this include?

Will revenues be resilient to changing water demands?

Are we allocating the costs to the right customers?



Do these rates send the right signals to our customers, based on our objectives?

Will our customers understand these rates?

Will our customers be able to pay these rates?

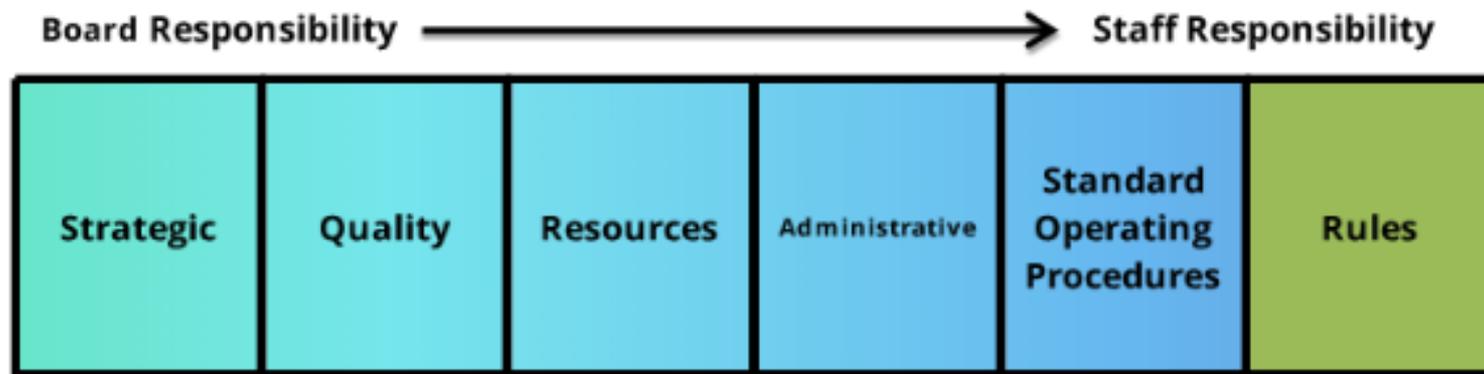


# “Full Cost Pricing”

- Operations & maintenance expenditures
- Taxes and accounting costs
- Contingencies for emergencies
- Principal and interest on long-term debt
- Reserves for capital improvement
- Source water protection

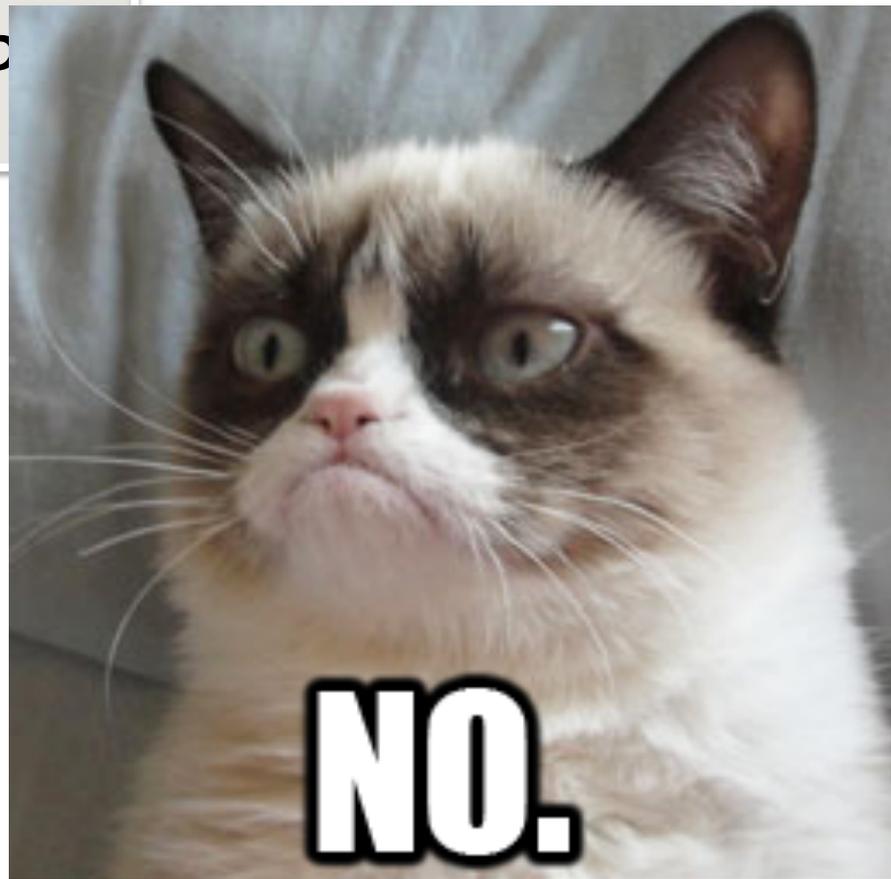


# Difference Between Board and Staff Roles and Responsibilities





*Can we get a  
rate increase?*





# Some ways of getting buy-in



# Appeal Based on What's Good

**Water has MWRA bubbling with joy**

**New process said to improve taste**

By Michael Levenson  
GLOBE CORRESPONDENT

It is flowing, 275 million gallons a day into our homes, and, boy, is it delicious, state officials say.

Tap water flowing to 2.3 million people in Greater Boston is now dramatically better tasting, officials say, thanks to a new treatment plant in Marlborough that uses ozone to remove contaminants with a decrease in chlorine.

"It's clean, and it's crisp, and it's refreshing, and it's a great product; we'd put the taste of our water up against any bottled water," said Frederick A. Laskey,

executive director of the Massachusetts Water Resources Authority. "Put our water in the refrigerator, and it's great. And our water is great out of the tap."

The ozone treatment not only affects taste, it also makes the water safer and cleaner than the stuff Greater Bostonians have been quaffing for generations, Laskey said.

A 2001 federal appeals court ruling spurred the MWRA to use ozone as a water purifier. The US Environmental Protection Agency had asked the authority to build a more sophisticated water filtration plant to remove contaminants. But the MWRA successfully argued that an ozone system could be built that would make the wa-

**WATER, Page A12**

*"It's clean, and it's crisp, and it's refreshing, and it's a great product..."*

# Appeal Based on What's Wrong

**2013 REPORT CARD for AMERICA'S INFRASTRUCTURE**

**ASCE**  
AMERICAN SOCIETY OF CIVIL ENGINEERS

[LAUNCH THE REPORT CARD >](#) [HOME](#) [GRADES](#) [STATES](#) [NEWS](#) [TAKE ACTION](#)

**EXPLORE ASCE'S 2013 REPORT CARD FOR AMERICA'S INFRASTRUCTURE ONLINE!**

- > GRADES
- > STATE
- > VIDEOS
- > INTERACTIVE CHARTS

**LAUNCH THE REPORT CARD >**

**AMERICA'S GPA:**

**D<sup>+</sup>**

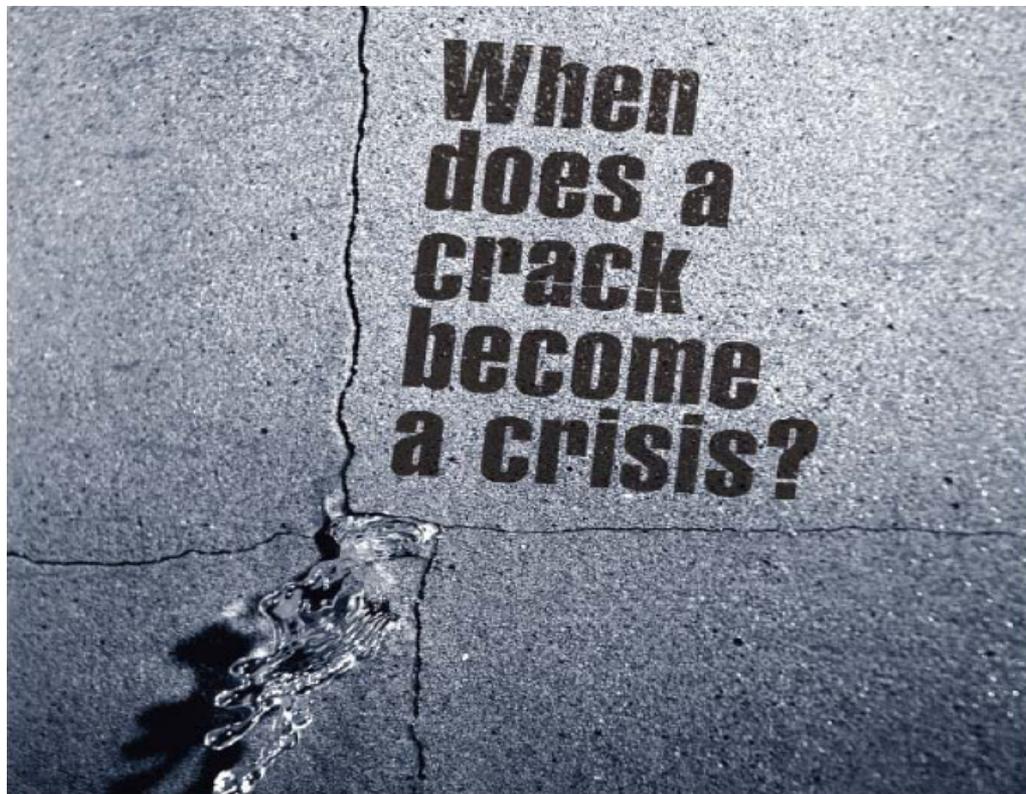
The American Society of Civil Engineers is committed to protecting the health, safety, and welfare of the public, and as such, is equally committed to improving the nation's public infrastructure. To achieve that goal, the Report Card depicts the condition and performance of the nation's infrastructure in the familiar form of a school report card—assigning letter grades that are based on physical condition and needed investments for improvement.

**ESTIMATED INVESTMENT NEEDED BY 2020:**

**\$3.6 TRILLION**



# Warn of Consequences



## When it shuts down our water and sewer systems.

Our water and sewer pipes are getting older by the day, putting our community at risk for leaks and breakage. Join us in stopping this problem before it gets worse. Supporting initiatives to invest in water and wastewater infrastructure. For more information call 800-300-3000 or visit [www.WaterIsLife.net](http://www.WaterIsLife.net).



[www.WaterIsLife.net](http://www.WaterIsLife.net)



# A 'Good' Crisis...





# Use Visuals



Photo Source: [http://www.wuc.on.ca/information/distribution.our\\_watermains.cfm](http://www.wuc.on.ca/information/distribution.our_watermains.cfm)



# Talk Numbers

| <b>Annual Capital Improvement Budget for Water System</b> | <b>Total Value of Water System</b> | <b>Replacement Schedule</b> |
|---|------------------------------------|-----------------------------|
| \$226,000   | \$315,496,000                      |                             |



# Divine Intervention



## Pope Francis Lays Hands On Ailing U.S. Infrastructure

NEWS IN BRIEF

September 25, 2015

VOL 51 ISSUE 38

News · Religion · World Leaders · Pope



ONION VIDEO



NEW YORK—Treating the frail, long-overlooked structures with an unparalleled display of compassion, Pope Francis reportedly inspired a crowd of onlookers Friday by laying his hands upon the ailing United States infrastructure. “My heart just melted when I watched the pope





But how is this happening at water systems today? What is working well, and what is not?



# Communicating a Rate Case: 2014 Survey on Water System Rate Communication

# ICMA

*Leaders at the Core of Better Communities*



# UNC

ENVIRONMENTAL  
FINANCE CENTER



[www.efcnetwork.org](http://www.efcnetwork.org)



UNC  
ENVIRONMENTAL FINANCE CENTER



# Methodology

|   | Chief Administrative Officers           | Chief Elected Officials                 |
|---|---|---|
| Matched surveys sent  | 5,750<br>(4,439 cities; 1,311 counties) | 5,750<br>(4,439 cities; 1,311 counties) |
| Surveys returned  | 2,110                                   | 781                                     |
| ...from local governments that manage and set rates for water systems | 1,408                                   | 329                                     |
| Matched Sets from Same Local Government                               | 202                                     |   |

Survey was administered by ICMA from May through August 2014



# Survey Objective

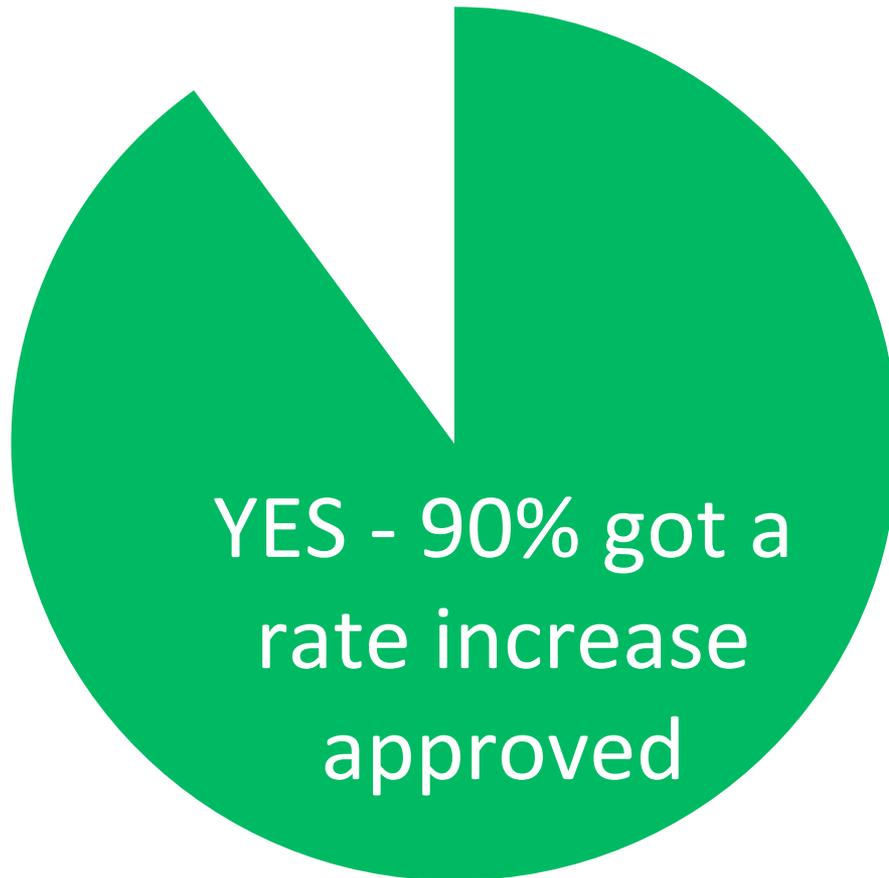
Identify the:

- Most important factors and information shared regarding the most recent rate increase request
- Most effective methods of communicating the need for the rate increase



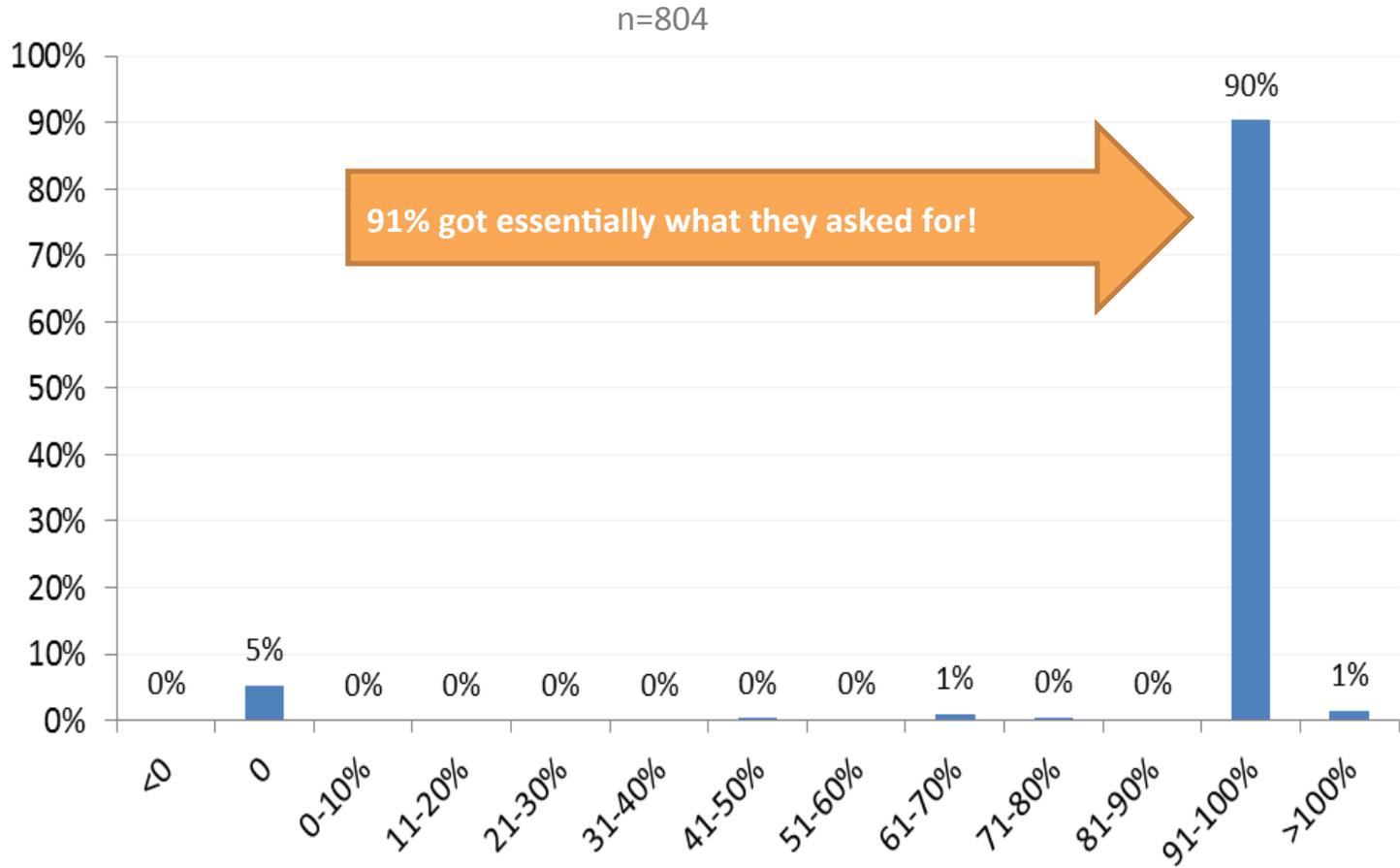
# Are rates getting approved?

n=1,330





# What was approved vs. what was requested?



When single request was made (n=806)

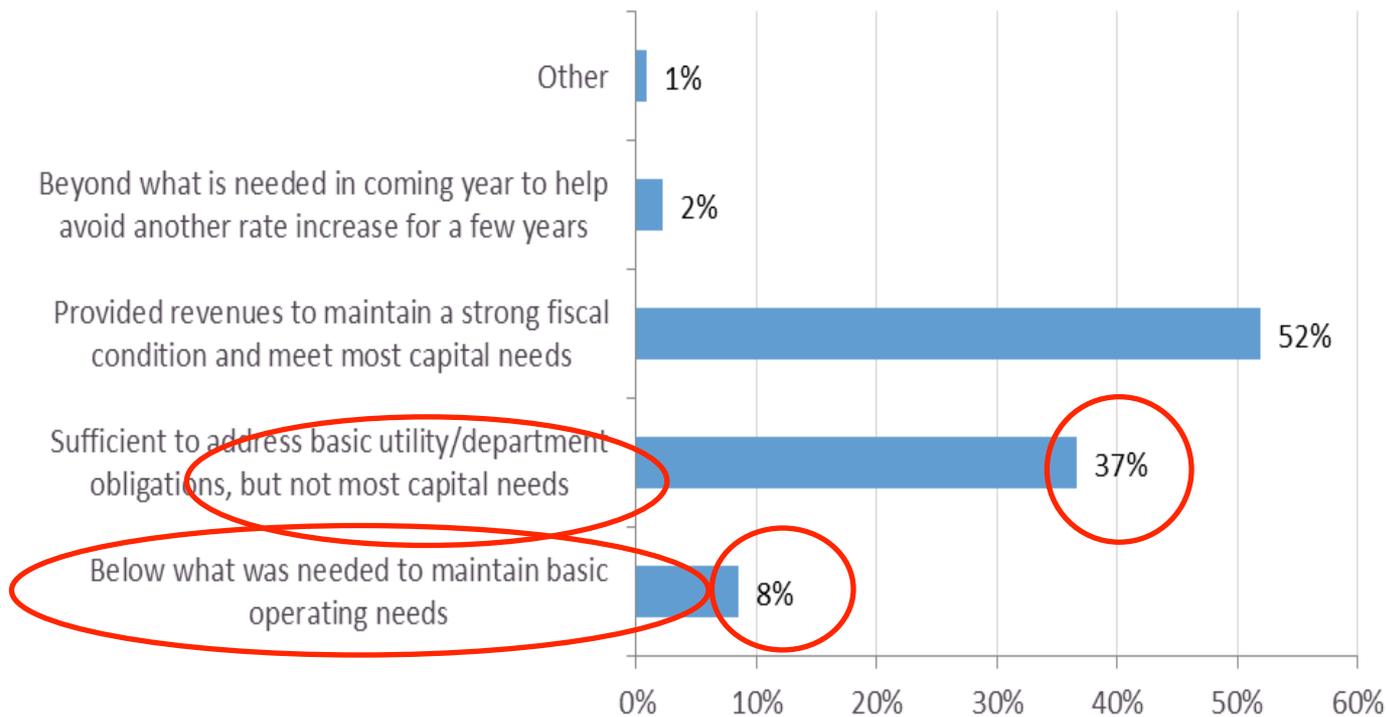
\*Summary Statistics



# But...did they ask for enough?

In your professional opinion, which statement below best describes the water rate increase that was proposed to the local government governing body for approval?

n=1,349





# Some Key Factors

- Trust (Working Relationship)
- Information Conveyed
- Public Involvement



# Trust (Working Relationship)

According to administrative officers, the working relationship with the governing body is not related to:

- The size of the governing body
- Whether or not a rate adjustment was approved by the governing body



# Trust (Working Relationship)

But...the administrative officers with better working relationships with the governing board were:

- More likely to request higher rate increases
- More likely to request full-cost-recovery rate increases

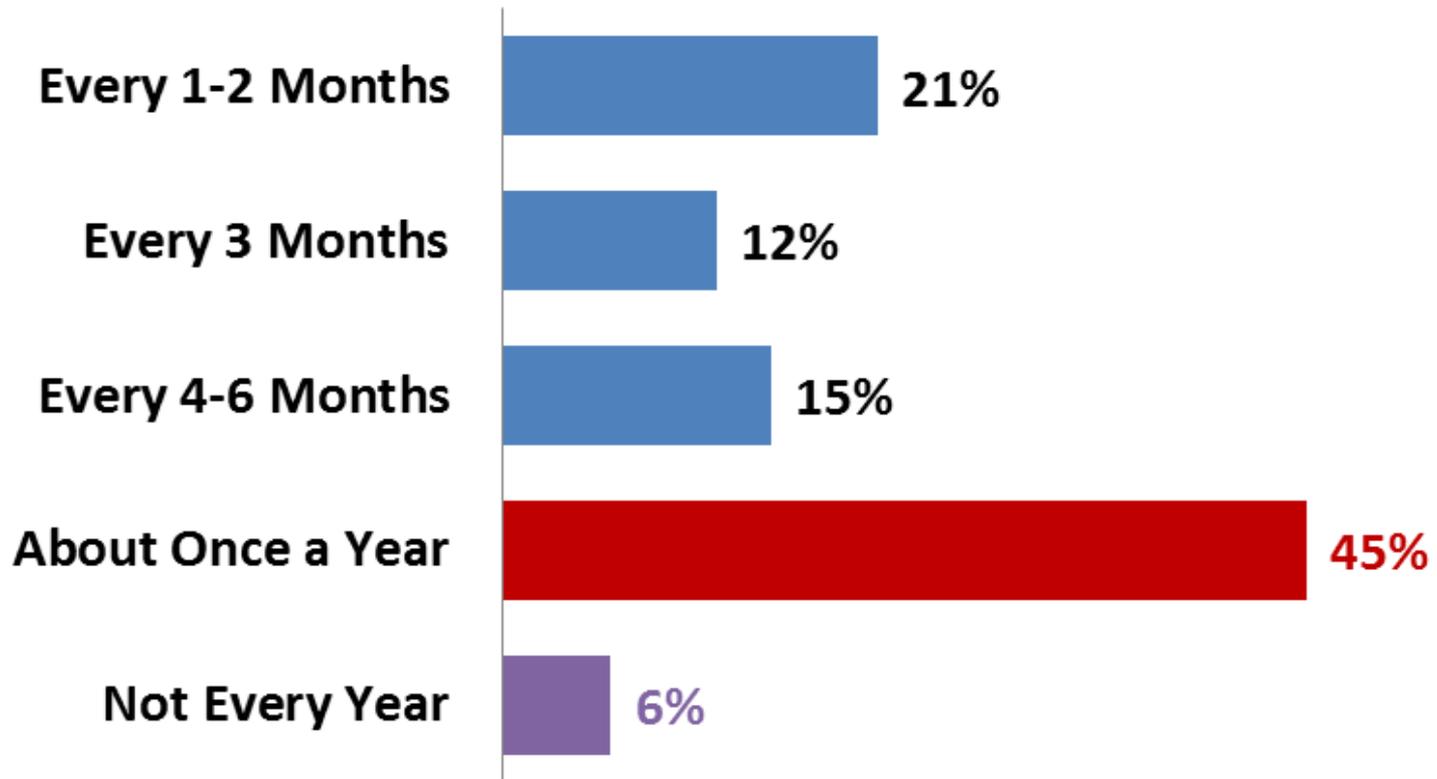


# Trust (Working Relationship)

- According to elected officials, **more frequent communication** and **effective communication** are directly related to a good working relationship



# The full governing body typically meets with staff **once a year** or less





# Information Conveyed to Governing Boards

| Description   | Utility Interviewed |   |   |   |   |   |   |   |   |    |
|---|---------------------|---|---|---|---|---|---|---|---|----|
|   | 1                   | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1. How much the average bill would change               | ✓                   | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓  |
| 2. How changing circumstances affects finances          | ✓                   | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |    |
| 3. Anticipated capital expenses                         | ✓                   | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓  |
| 4. The financial condition of the water utility         | ✓                   | ✓ | ✓ | ✓ | ✓ |   | ✓ | ✓ | ✓ | ✓  |
| 5. The physical condition of the water utility          | ✓                   |   |   |   | ✓ |   |   | ✓ | ✓ |    |
| 6. How proposed rates compare to customer incomes       | ✓                   |   |   |   |   |   |   | ✓ |   | ✓  |
| 7. Comparisons of rates with other utilities            | ✓                   | ✓ | ✓ | ✓ | ✓ |   | ✓ | ✓ |   |    |
| 8. Bond covenants                                       | ✓                   | ✓ | ✓ | ✓ | ✓ |   |   | ✓ | ✓ |    |
| 9. Multiple rate scenarios                              |                     |   |   | ✓ |   |   | ✓ |   |   | ✓  |
| 10. Projected impact of rate adjustments on demand      |                     |   |   |   |   |   | ✓ |   | ✓ |    |
| 11. Previous history of water rate adjustments          | ✓                   | ✓ |   |   | ✓ |   |   |   | ✓ |    |
| 12. Rate adjustments needed in the next few years       | ✓                   | ✓ |   |   | ✓ |   | ✓ |   | ✓ | ✓  |
| 13. Comparisons of rate adjustments with other services | ✓                   |   |   | ✓ |   |   | ✓ |   |   |    |
| 14. Initiatives that improve efficiency                 |                     |   |   | ✓ |   |   | ✓ | ✓ | ✓ | ✓  |
| 15. Customer satisfaction surveys                       |                     |   |   |   | ✓ |   |   | ✓ |   | ✓  |

# Information Conveyed to Governing Boards

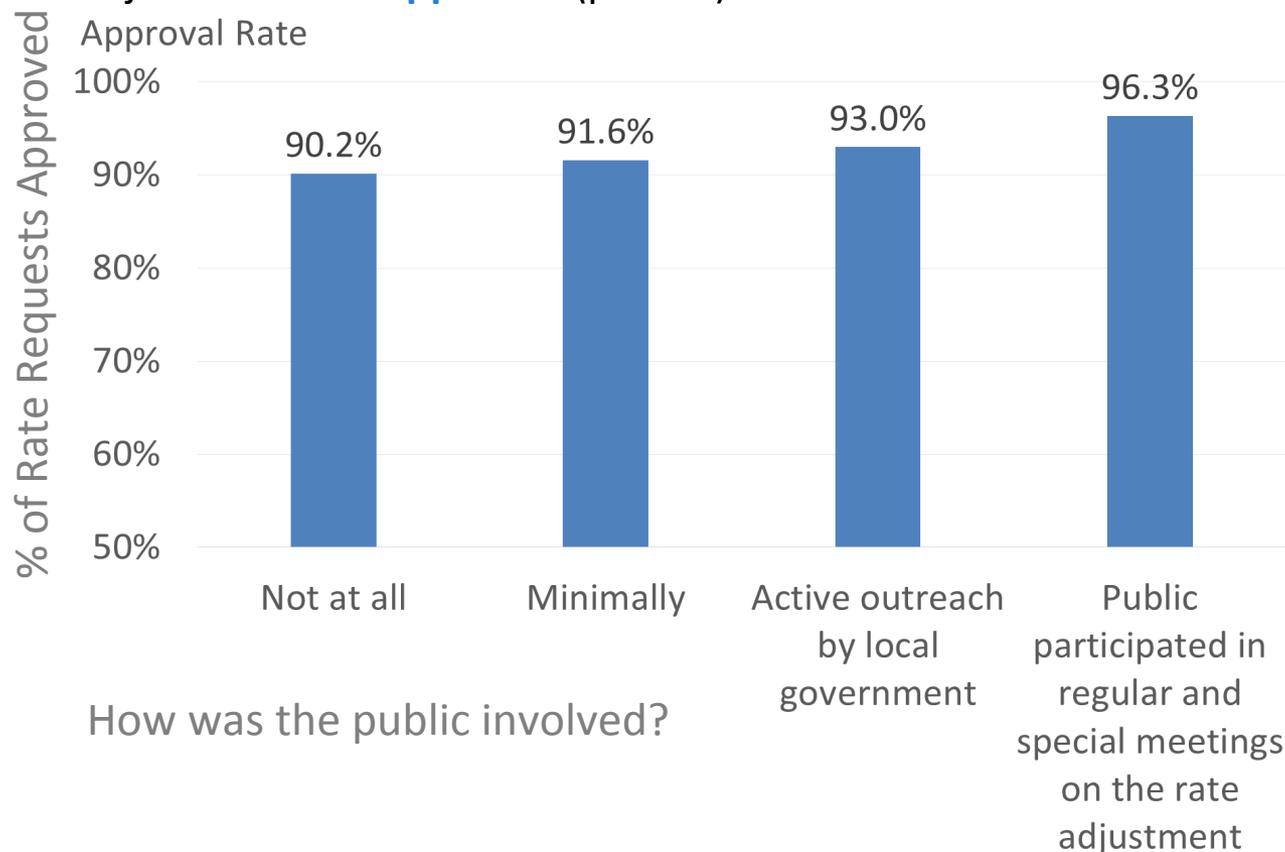
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| 1. How much the average bill would change               | ✓                   | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓  |
| 2. How changing circumstances affects finances          | ✓                   | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |    |
| 3. Anticipated capital expenses                         | ✓                   | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓  |
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| 5. The physical condition of the water utility          | ✓                   |   |   |   | ✓ |   |   | ✓ | ✓ |    |
| 6. How proposed rates compare to customer incomes       | ✓                   |   |   |   |   |   |   | ✓ |   | ✓  |
| 7. Comparisons of rates with other utilities            | ✓                   | ✓ | ✓ | ✓ | ✓ |   | ✓ | ✓ |   |    |
| 8. Bond covenants                                       | ✓                   | ✓ | ✓ | ✓ | ✓ |   |   | ✓ | ✓ |    |
| 9. Multiple rate scenarios                              |                     |   |   | ✓ |   |   | ✓ |   |   | ✓  |
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| 14. Initiatives that improve efficiency                 |                     |   |   | ✓ |   |   | ✓ | ✓ | ✓ | ✓  |
| 15. Customer satisfaction surveys                       |                     |   |   |   | ✓ |   |   | ✓ |   | ✓  |

Highlighted were reported by Governing Boards as most helpful.



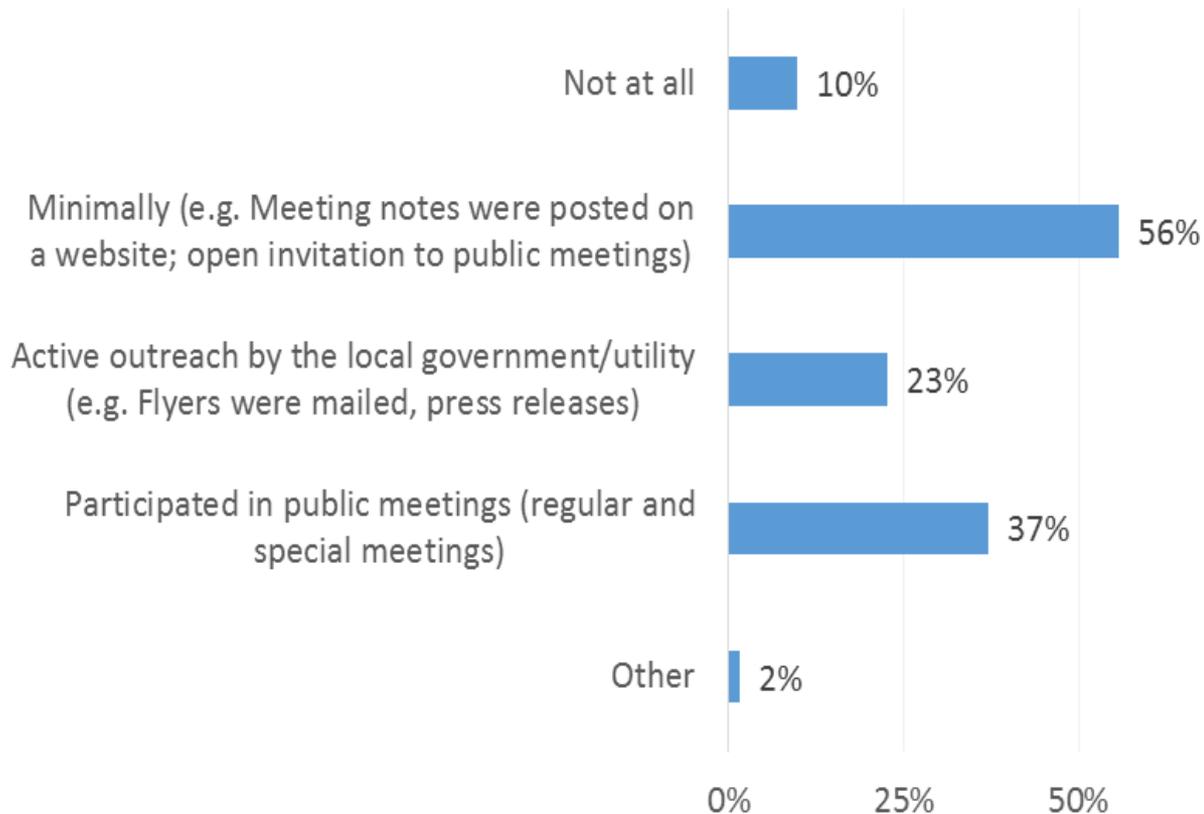
# Public Involvement

The **more the public was involved**, the more likely the rate adjustment was **approved** ( $p < 0.01$ )





# Public Involvement



How the public was involved?  
(n=1,364)

When the public was involved, the system was 20% more likely to request a higher rate increase



# The Bottom Line

Water systems are getting rate approvals, but effective and frequent communication about salient issues, along with public involvement, can make the difference in getting the rates systems need to cover capital costs.

# Polling Question 4

Would you like to subscribe to the Environmental Finance Center's blog?

- Yes
- No

# Polling Question 5

Are you interested in receiving in-depth technical assistance for your small water system?

- Yes
- No
- Would like more information on this



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