



Smart Management for
Small Water Systems

Setting the Right Rates for Your Water System

South Burlington, VT
October 4, 2018



UNC
ENVIRONMENTAL
FINANCE CENTER



NADO
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS
RESEARCH FOUNDATION



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Housekeeping



CEU Certificates

If you need a CEU certificate, you will need to confirm the following on the roster today before you leave:

- Is your name spelled correctly?
- Did you provide an email address UNIQUE TO YOU? A unique email address is required to receive your certificate.
- Did you mark the checkbox that you need a certificate?

Within 30 days of the training, you will receive an email with instructions to print your certificate. Emails from EFCN may be blocked or go to your Junk mail. To avoid this issue, add Smallsystem@syr.edu to your email Contacts or check your Junk mail frequently.

EFCN will apply to the water operator state licensing agency for CEU preapproval when applicable. You may be awarded CEUs by your agency. It is your responsibility to confirm with the agency that training meets relevancy criteria established for your license type as some agencies may not apply CEUs to your license if the training topic is not relevant to your position.

EFCN follows the IACET Standard of CEU calculation.

0.1 CEU = 1 Contact Hour or 1 Professional Development Hour

Questions? Please contact Smallsystem@syr.edu



Environmental Finance Center Network (EFCN)

The Environmental Finance Center Network (EFCN) is a university-based organization creating innovative solutions to the difficult how-to-pay issues of environmental protection and improvement. The EFCN works with the public and private sectors to promote sustainable environmental solutions while bolstering efforts to manage costs.

The Small Systems Program Team

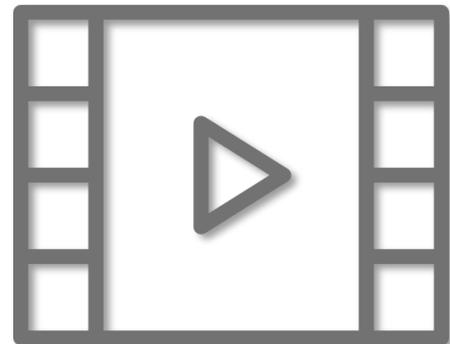
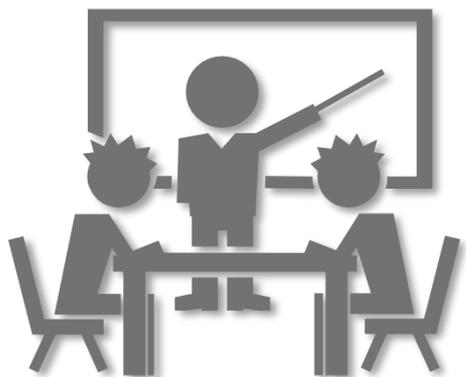
- Environmental Finance Center at The University of North Carolina at Chapel Hill
- Southwest Environmental Finance Center at the University of New Mexico
- Syracuse University Environmental Finance Center
- Environmental Finance Center at Wichita State University
- EFC West
- Environmental Finance Center at the University of Maryland
- New England Environmental Finance Center at the University of Southern Maine
- Great Lakes Environmental Infrastructure Center
- Government Finance Officers Association (GFOA)
- National Association of Development Organizations (NADO)





Smart Management for
Small Water Systems

Smart Management for Small Water Systems Program



Areas of Expertise



Asset Management



Rate Setting and Fiscal Planning



Leadership Through Decision-making and Communication



Water Loss Reduction



Energy Management Planning



Accessing Infrastructure Financing Programs



Workforce Development



Water Conservation Finance and Management



Collaborating with Other Water Systems



Resiliency Planning



Managing Drought



30 Second Introductions

1. Name?
2. Organization?
3. Responsibility?
4. One issue you face?



Workshop Objectives

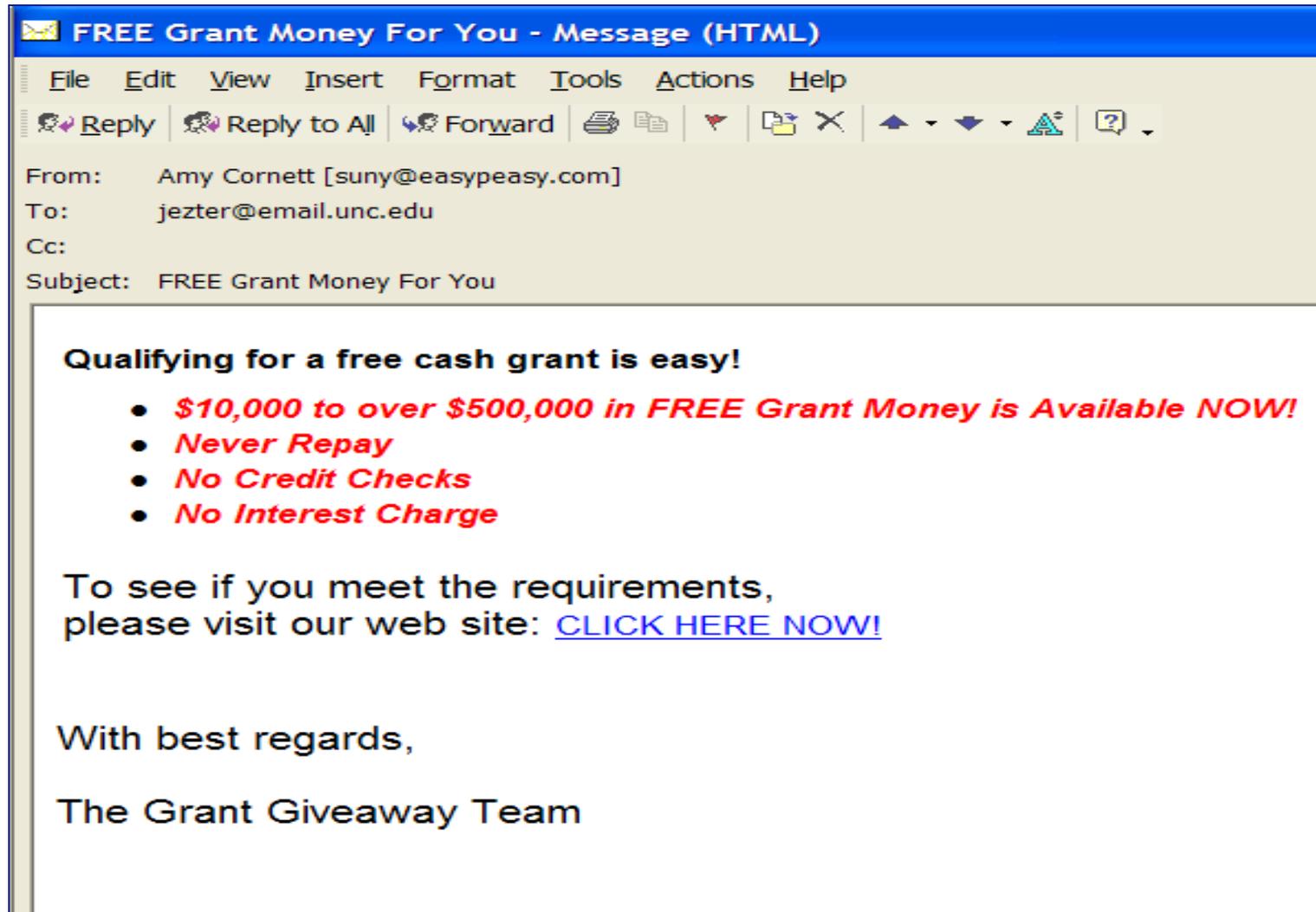
- Understand common rate setting objectives for water systems
- Learn how to structure rates to meet those objectives
- Provide forum for sharing finance and management perspectives, ideas, and experiences



Agenda

- Infrastructure Funding Programs
- Rate setting objectives
- Calculating costs for your water system
- Setting rates that cover the full cost of operations
- Achieving other system objectives

Topics Not Covered



FREE Grant Money For You - Message (HTML)

File Edit View Insert Format Tools Actions Help

Reply Reply to All Forward Print Save Delete Undo Redo

From: Amy Cornett [suny@easypeasy.com]
To: jezter@email.unc.edu
Cc:
Subject: FREE Grant Money For You

Qualifying for a free cash grant is easy!

- ***\$10,000 to over \$500,000 in FREE Grant Money is Available NOW!***
- ***Never Repay***
- ***No Credit Checks***
- ***No Interest Charge***

To see if you meet the requirements,
please visit our web site: [CLICK HERE NOW!](#)

With best regards,

The Grant Giveaway Team



Nigeria's anti-corruption unit finds \$43 million cash in Lagos apartment

By **Yemisi Adegoke, CNN**

Updated 10:03 AM ET, Fri April 14, 2017



Source: CNN

Watch: Millions seized from Nigerian apartment 01:14

Story highlights

Nigeria's anti-corruption agency discovered \$43 million in cash at a Lagos apartment

This is the latest in a string of busts thanks to a new whistleblowing policy

Lagos (CNN) — The Nigerian anti-corruption unit discovered more than \$43 million in US dollars at an upscale apartment in Lagos.

The anti-graft agency said in a statement it raided the apartment Tuesday after a tipoff about a "haggard"

Top stories



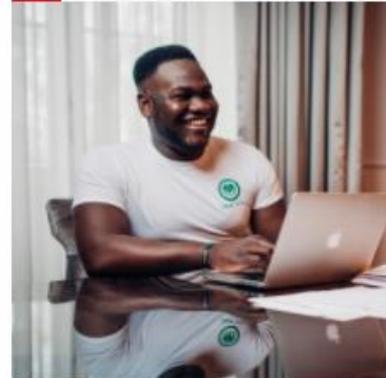
MLB team spent \$900M, still doesn't have a ring



Conservatives accuse the Pope of spreading heresy

Ad

WorldRamt



How to keep close to home

"I still love Nigeria and stay in touch with friends and family there." - Akin.



Infrastructure Funding Programs



40 Years



Building Better Neighborhood





Rate Setting Objectives

Glenn Barnes

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The University of North Carolina at Chapel Hill

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Session Objectives

- Understand common types of rate setting objectives
- Learn how to match rate structure elements with rate setting objectives

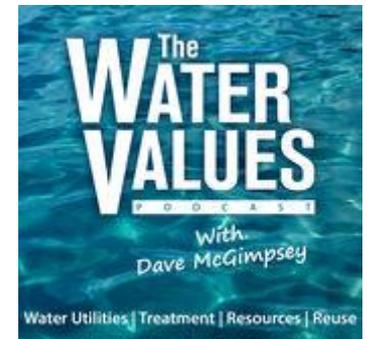


Why are rates so important?

Let's hear from an expert



Dave McGimpsey interviews George Hawkins, former CEO of DC Water, on the Water Values Podcast (Change Leadership episode)



<http://www.podcasts.com/the-water-values-podcast-44/episode/change-leadership-with-dc-water-ceo-george-hawkins>



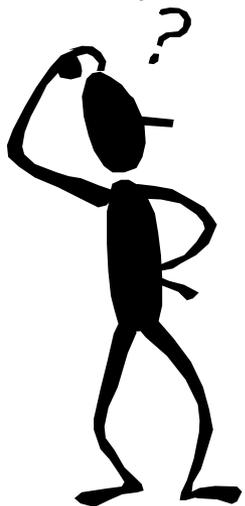


Rate structures are the primary way that we as water systems “communicate” with our customers

Here’s a question we hear often...



Are our
rates right?

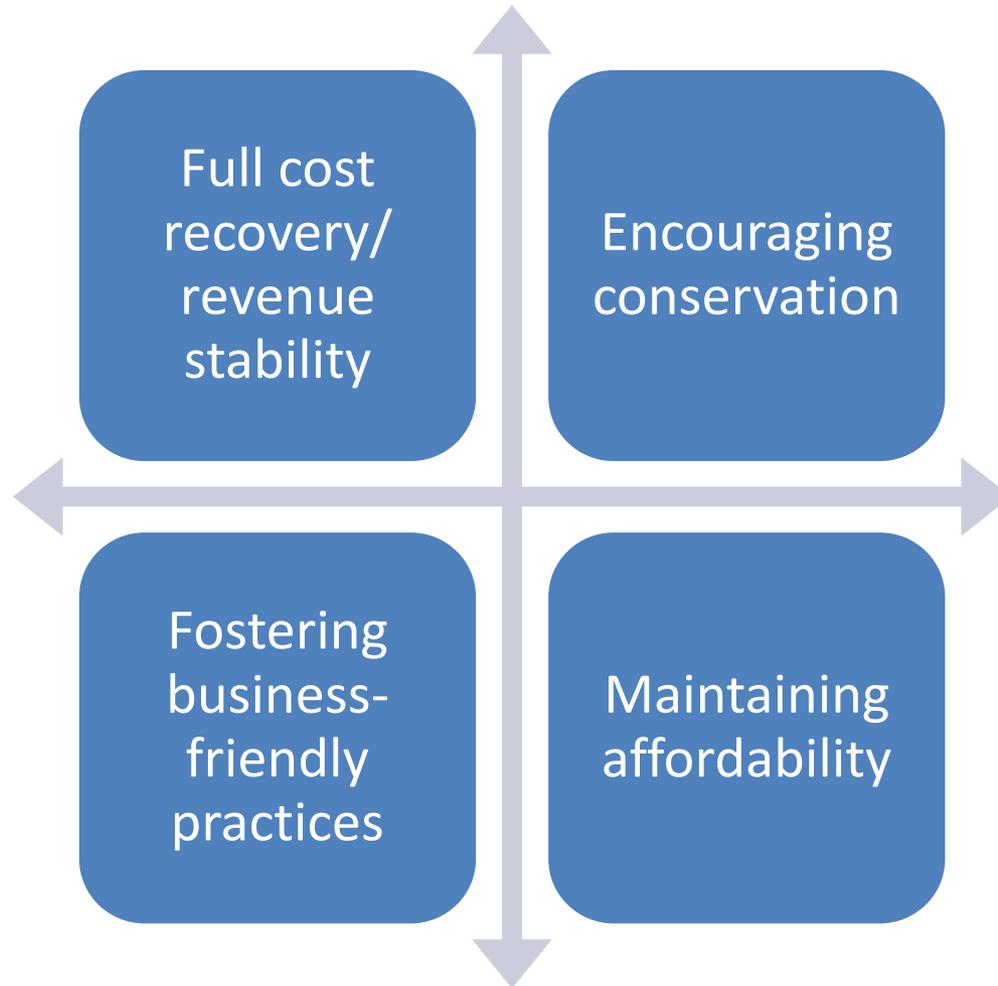


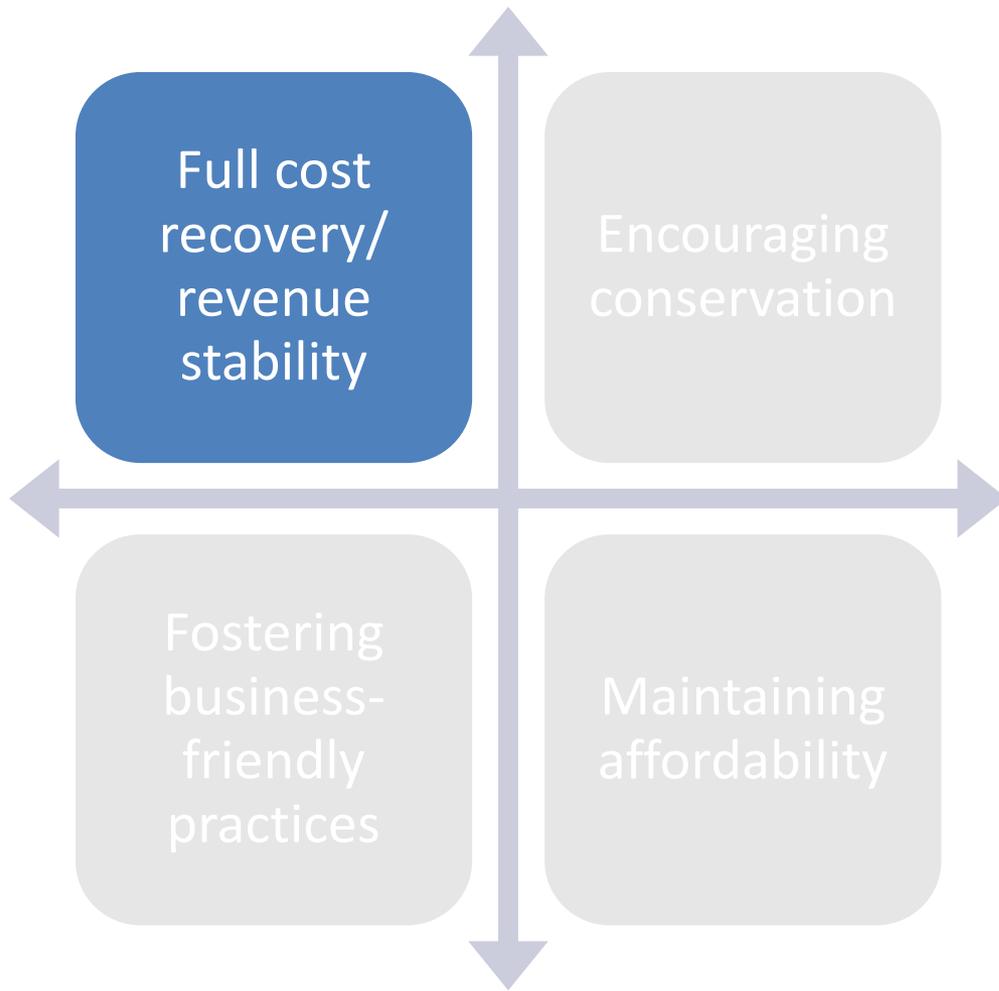
It depends...





Water System Objectives

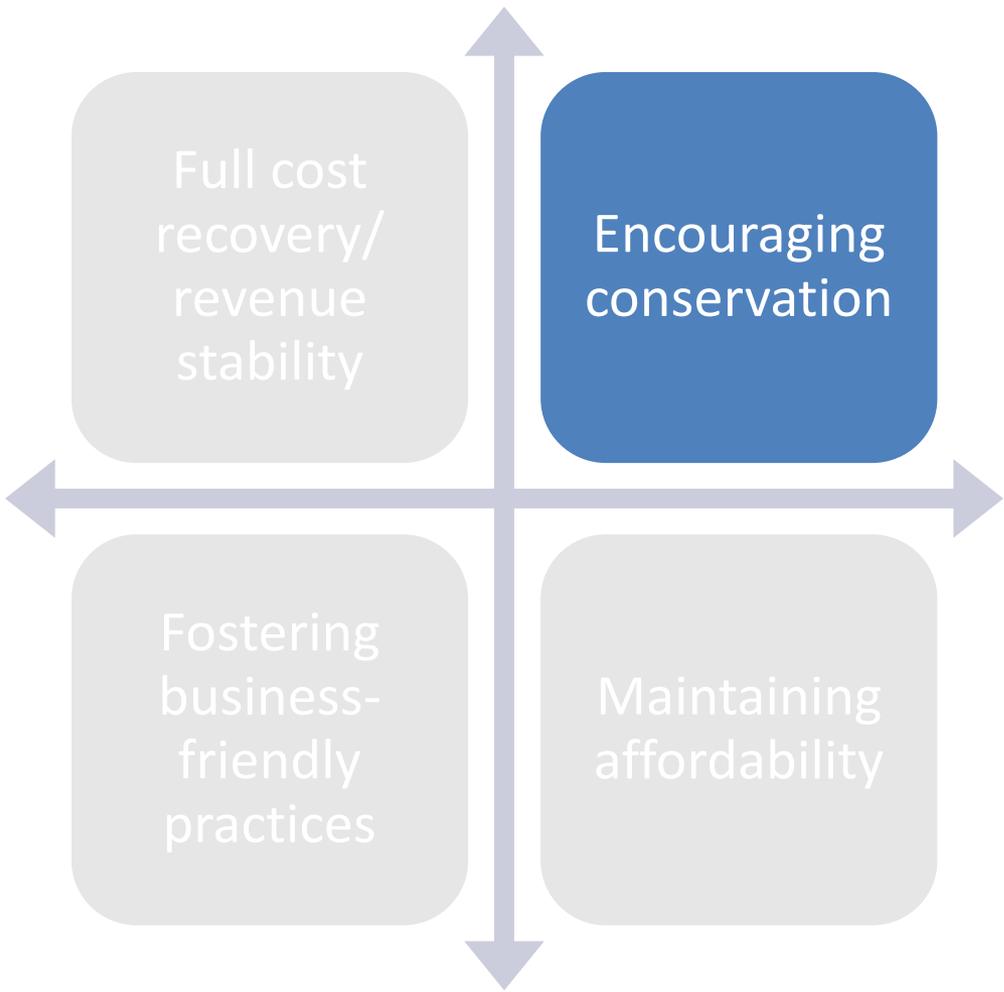




Bring in enough revenue to cover the full cost of running the water system:

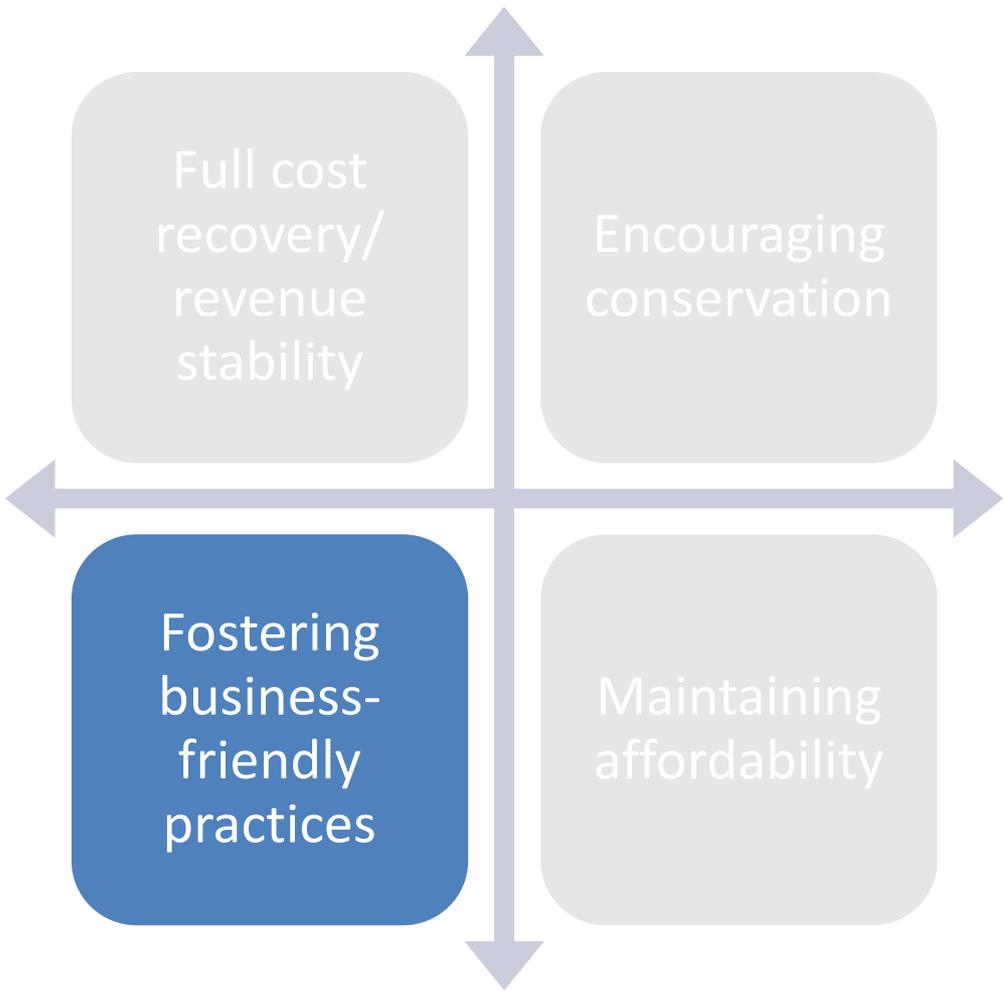
- O&M
- Capital needs
- Debt service

Why do this?



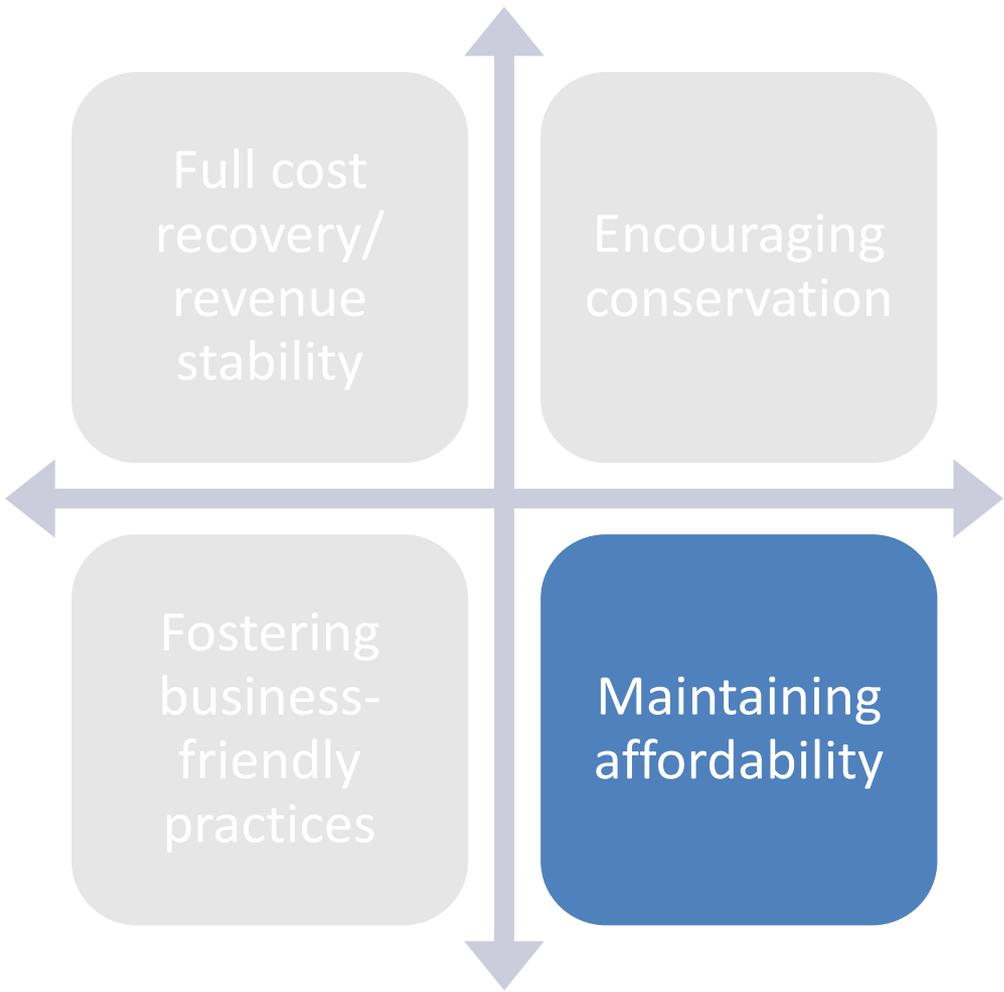
Use pricing to encourage customers to reduce their water consumption

Why do this?



Use pricing to encourage businesses and agriculture to locate to your community or stay in your community

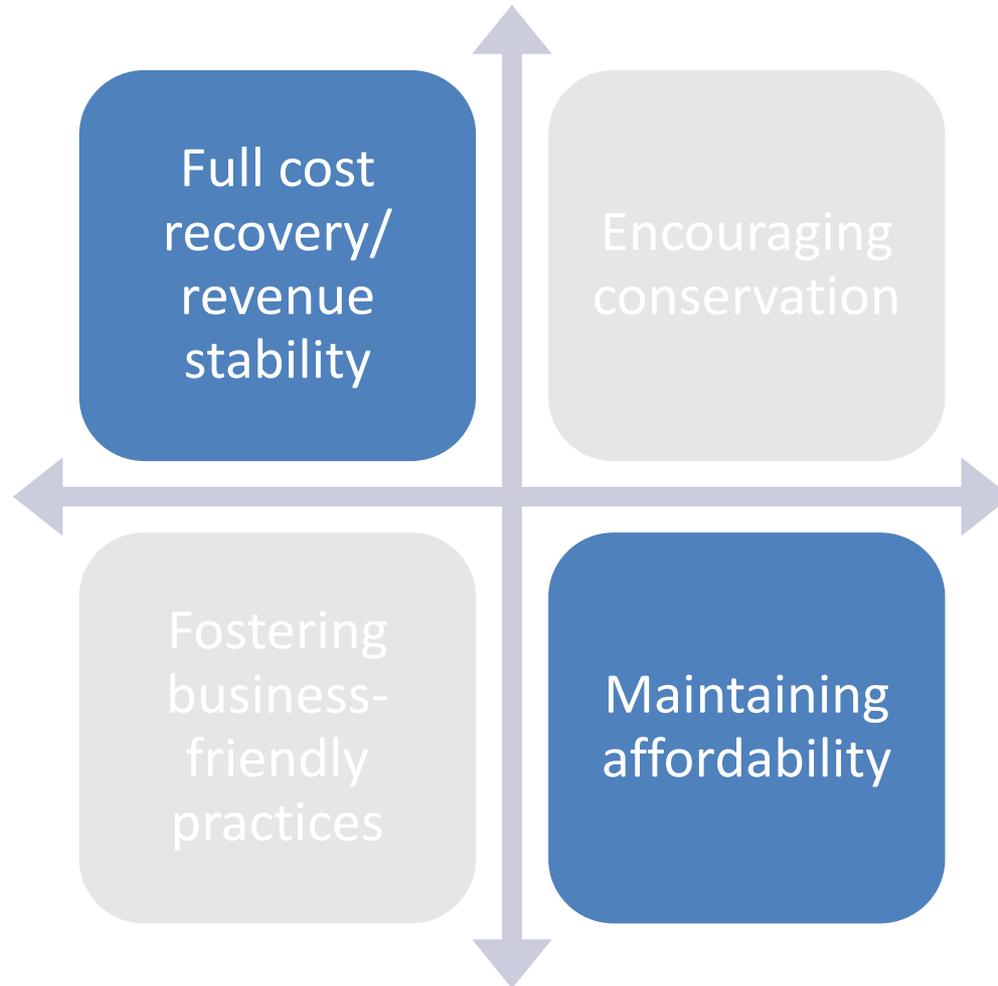
Why do this?



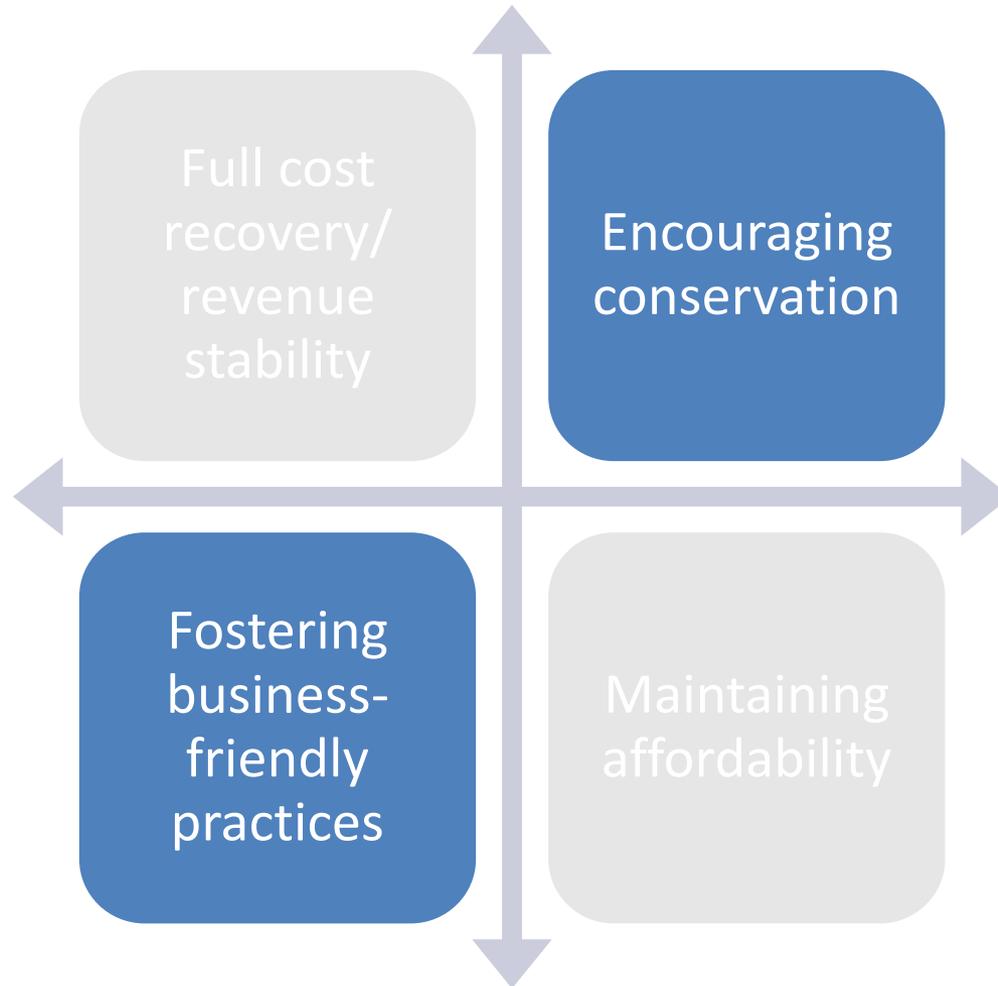
Ensure that all customers in your water system are able to afford enough water to live on

Why do this?

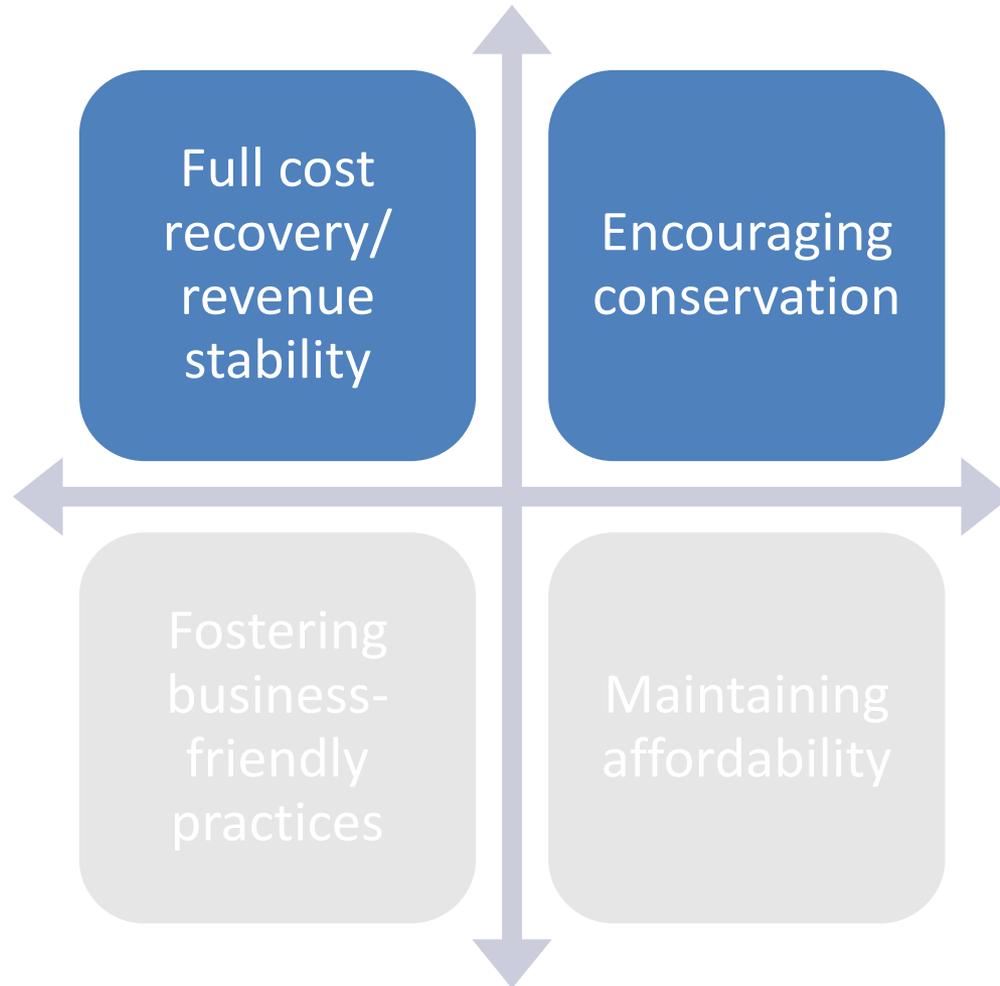
Competing Objectives



Competing Objectives



Competing Objectives





Rate Setting Objectives

Your rate structure is a tool to help you meet your rate setting objectives

- Frequency of billing
- Base charges and allowances
- Volumetric charges



Exercise:

Matching rate setting objectives and rate structures with the circumstances of a small water system



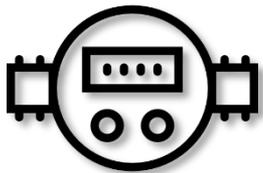


Irwindale, USA Exercise

Small town with a water and wastewater system



Population: 1,100

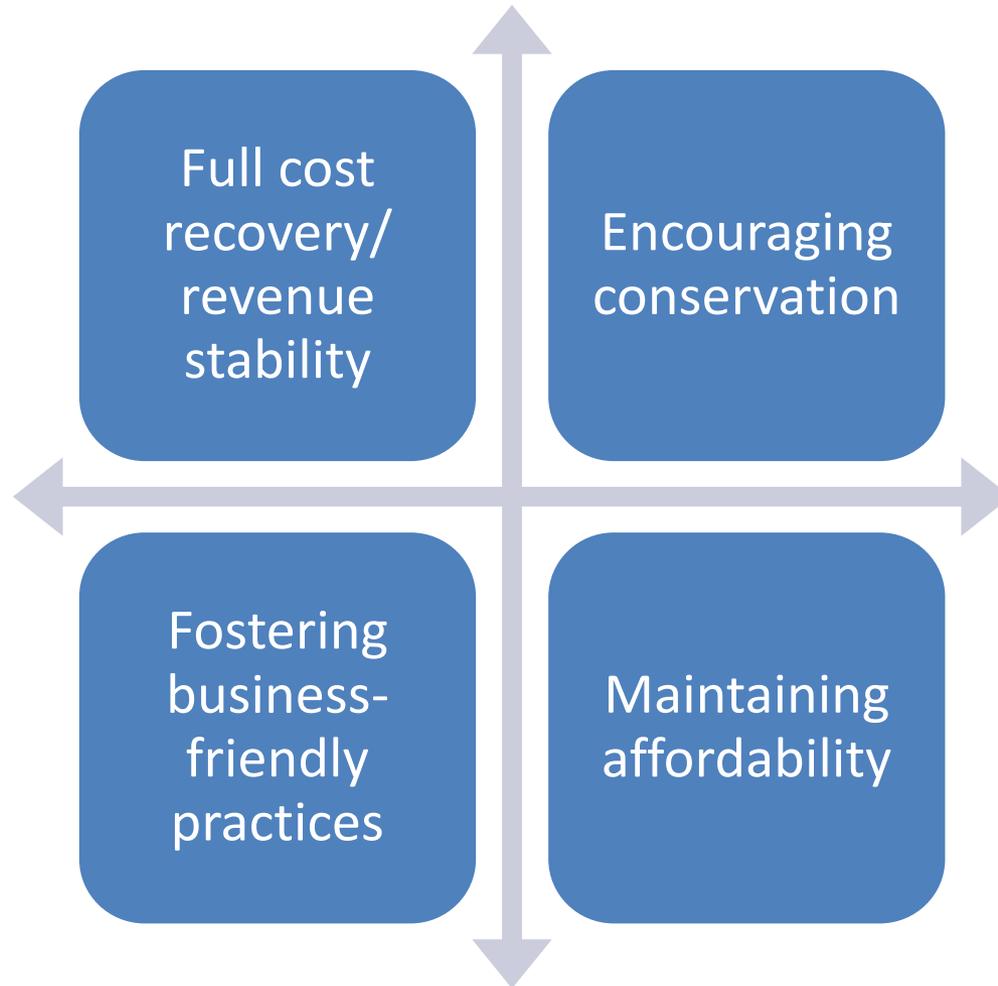


Service Connections: 450



MHI: \$24,432

Which Water System Objectives?





Rate structures for all customers

1. Flat charge for unlimited use
2. Increasing block
3. Decreasing block with large first block
4. High base charge, low uniform
5. Low base charge, high uniform



Rate Setting Objectives

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