

Dear Clients, Colleagues, and Friends,

Re: Insights on Raising Rates

Here in the mid-state, discussion of the Chesapeake Bay Tributary Strategy (CBTS) and the cost to local wastewater rate payers has reached a level of well-deserved attention, with a lawsuit being filed to protest the strategy and costs, and talk of legislation being introduced to provide funding assistance from the Commonwealth. The cost of meeting the requirements of the CBTS is significant and is particularly difficult when added to all the other infrastructure needs faced by wastewater and water utilities, such as aging pipelines and treatment works.

Aside from the issue of unfunded mandates like the Chesapeake Bay requirements, everyone agrees that we really have some serious infrastructure improvements that require local funding. But how can rates be increased sufficiently to support these needed efforts without public outcry and unwanted local political fallout?

Average rate payers do not know what it takes to treat their wastewater so that it is safe for those who live downstream. They are not aware of the process units, the equipment, the controls, and costs for power, maintenance, staff, etc. They would probably rather not think about it. And, they certainly do not want to see their sewer bills go up.

Despite the fact that no one wants to pay any more than necessary, experience shows that most people are willing to pay for environmental benefit. The problem is that many times they just see rates increase and no change in service. The public becomes frustrated and sometimes angry. If people could see the fruit of their investment and understand the service they are actually getting, increasing rates might be more readily accepted.

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Two years ago, while attending a WEFTEC conference, I went to a presentation of a paper with the unique title "How to Nearly Double Sewer Rates without Ratepayer Revolt"¹. To meet local infrastructure improvement needs, the City of Indianapolis projected a sewer rate increase of 87 percent and stormwater rate increase of 80 percent from 2005 through 2008. The previous rate increase was 17.8 percent in 2001, and prior to that, rates had not been increased since the late 1980s. The paper describes how the Department of Public Works developed and implemented a successful public relations campaign to demonstrate the benefits of the rate increases and generate widespread public support. The campaign involved four main elements: (1) public education on the infrastructure needs; (2) demonstration of the benefits of the proposed increases; (3) outreach to key stakeholders; and (4) media activities and events timed for City council action.

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I highly recommend reviewing this article for ideas. With permission from the WEF, we have posted it for you at our website, www.cet-inc.com. While your community may not require an effort on this scale, the need for on-going public education is evident if we are to maintain the support of the public while meeting the fiscal challenges that we face.

Besides using your municipal newsletter, many of you may already be involved in another aspect of

public education by hosting plant tours. Expanding this form of education is a cost-effective way to increase awareness. For eleven years, a tour of the University Area Joint Authority (UAJA) treatment plant has been included in the environmental science curriculum for every fifth grade student of the State College Area School District. Not only are the students educated on the outstanding efforts being made by UAJA to preserve and protect water resources, but the teachers and parent chaperones are gaining an awareness of the resources needed to provide clean water.

Cory Miller, Executive Director of UAJA, states, “Wastewater treatment is talked about at many dinner tables around the community because of the tours. A 5th grader can’t resist talking about it. Taking the time to educate tomorrow’s rate payers is inexpensive and has a big long term payback. The first batch of 5th grade students that toured UAJA are now entering the work force and buying and renting homes and businesses. They remember what they learned and are supportive of reasonable rate increases for environmental benefit.”

In the past, federal and state funding was plentiful, which allowed rates to be low. But, unfortunately, those days appear to be over. While the industry is trying to regain some federal/state funding, we are faced with aging infrastructure and increased regulations. We believe that the public will have an easier time supporting rate increases, however, if they have a better understanding of the benefits of the investment. You and your team can then develop a plan to make those benefits known that best meets your community’s needs.

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Cory Miller, Executive Director of UAJA

Until next time,



Jeffrey G. Wendle
President

¹ Perras, J.; Garrard, J.; Smith-Simmons, M. (2006) How to Nearly Double Sewer Rates without Ratepayer Revolt. *Proceedings of the 79th Annual Water Environment Federation Technical Exposition and Conference* [CD-ROM]; Dallas, Texas, Oct 21-25; Water Environment Federation: Alexandria, Virginia.