



WICHITA STATE
UNIVERSITY

HUGO WALL SCHOOL
OF PUBLIC AFFAIRS

Environmental Finance Center



SETTING RATES: WHAT'S APPROPRIATE & HOW TO COMMUNICATE WITH CUSTOMERS

Regional Water
Finance Forum

*Financing the
Future of Water
Utilities*

September 12, 2017. St. Joseph, MO

Nicholas Willis & Leslie Kimble

WSU Environmental Finance Center



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Our Mission

To be a collaborative resource, creating solutions to environmental challenges to improve quality of life in communities.



Nick Willis
Program Manager
WSU Environmental Finance Center

EXPERIENCE

- ▶ Permit writer – Arkansas Department of Environmental Quality. Water waste disposal – NPDES & Land Application
- ▶ City of Hays, KS. Assistant Utilities Director. Water, wastewater, stormwater, CIP. Significant drought & conservation experience
- ▶ WSU EFC – training, technical assistance



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Leslie Kimble
Marketing & Events Coordinator
WSU Environmental Finance Center

- ▶ Marketing Coordinator for WSU EFC programs – 3 years
- ▶ Master's in Business Administration – Wichita State University
- ▶ Bachelor of Arts – Strategic Communication (WSU)
- ▶ Intern at Disney Institute
 - ▶ (Disney's Professional Development & Training organization)



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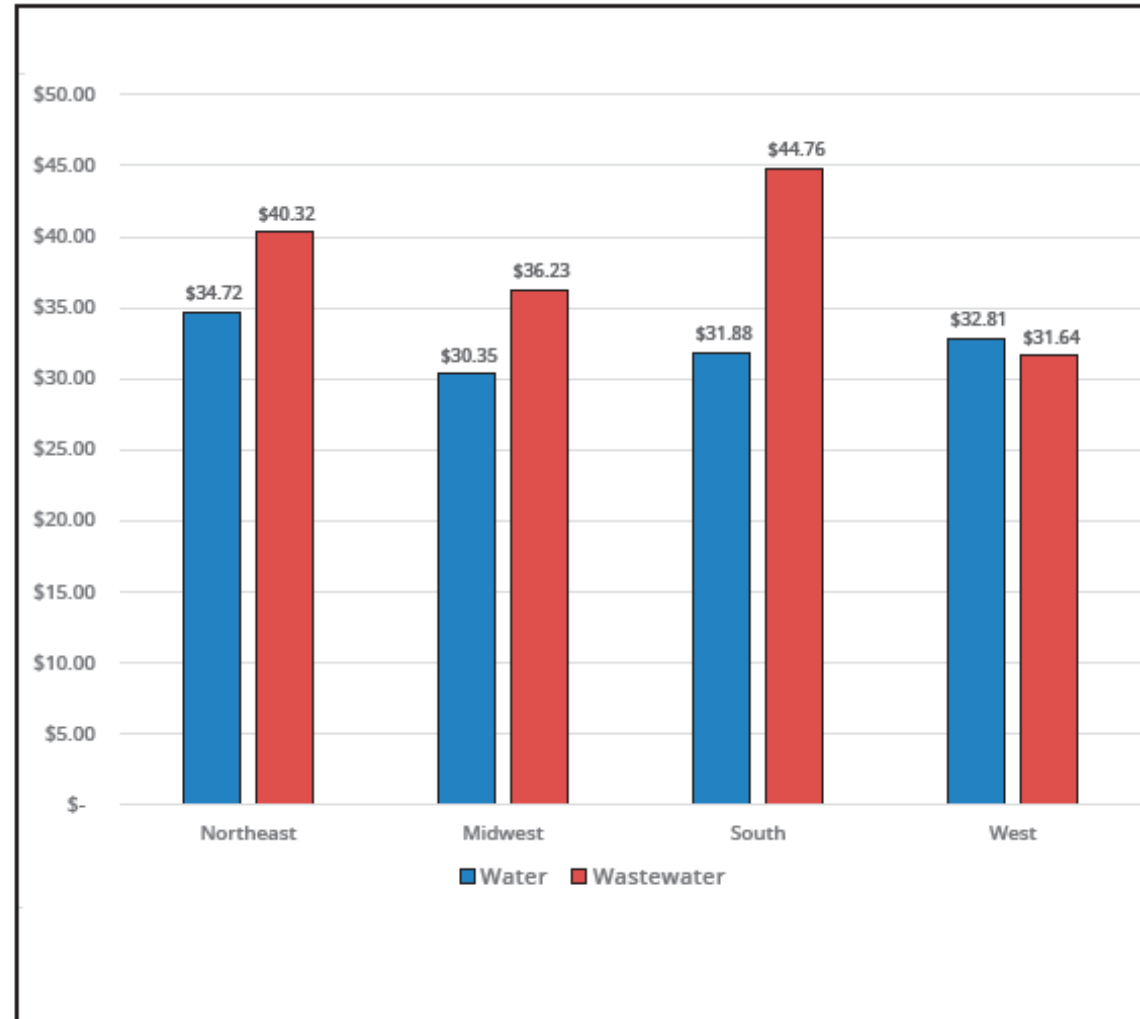
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CONTEXT OF RATES

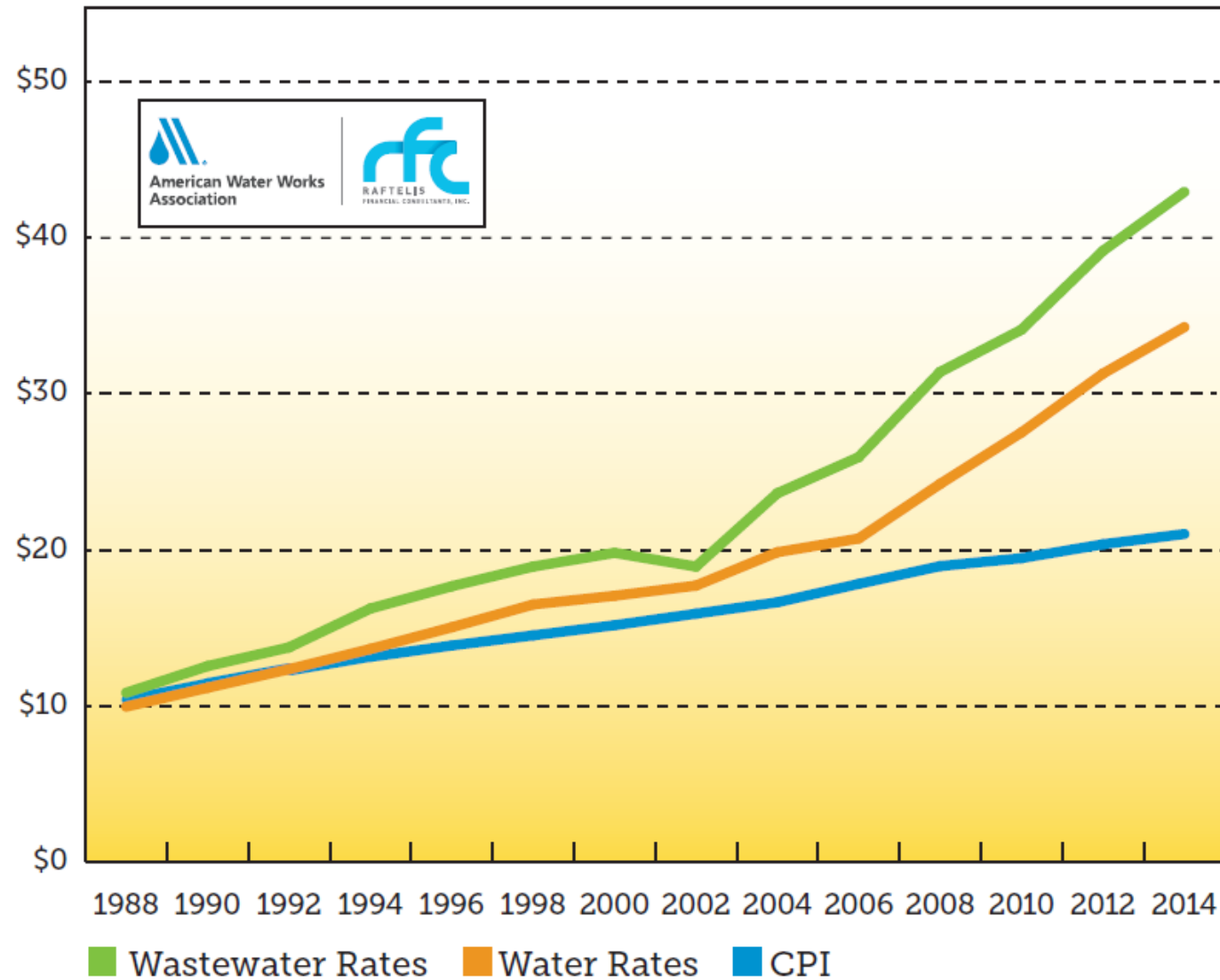
National Charges for Water & Wastewater

Median Monthly Charges (7,480 gal [10Ccf]) by Region



*From 2014 Water
and Wastewater
Rate Survey.
AWWA, 2015*

Typical Water & Wastewater Bills



*Residential monthly water or wastewater bills at a usage level of 7,480 gallons/month CPI: starting with the average of the water and wastewater bills in 1988, this level increases based on changes in the Consumer Price Index (CPI) provided by the Bureau of Labor Statistics

From 2014 Water and Wastewater Rate Survey. AWWA, 2015



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INCREASING RATES

REALITY OF WATER FINANCE

- ▶ Most systems will:
 - ▶ Have customers pay for improvements & replacements
- ▶ Many systems have unmet treatment needs
- ▶ Most systems have:
 - ▶ Not saved for system replacement
 - ▶ Are not replacing on sustainable rate
 - ▶ Do not have plans to do so
 - ▶ Have a replacement backlog



THEREFORE....

- ▶ Rate increases are needed
- ▶ Long-term debt likely necessary
 - ▶ Create project of cost-effective size
 - ▶ Create operational savings now
 - ▶ Spread cost of long-lived assets



APPROPRIATE UTILITY RATES

- ▶ Easy to understand & administer
- ▶ Recovers debt & most fixed cost through monthly minimums
- ▶ Are affordable
- ▶ Set over multiple years
- ▶ Promotes conservation if needed
- ▶ Funds reserves & future projects



WHAT DOES THIS MEAN FOR MY SYSTEM?

- ▶ Rates will likely, at a minimum, reach current national average (\$75ish for water/sewer)
- ▶ Rates will likely increase faster than general inflation
- ▶ Non-payment & affordability will need more consideration in the future





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COMMUNICATING RATES

Fill in the blank.

THE LAST WATER/SEWER INCREASE
WAS MET WITH...

THE LAST WATER/SEWER
INCREASE WAS MET WITH:



Applause!

THE LAST WATER/SEWER
INCREASE WAS MET WITH:



A few grumbles

THE LAST WATER/SEWER
INCREASE WAS MET WITH:



Rebellion



HAPPENING TONIGHT

**STORIES
THAT
MATTER**

**RAISING WATER RATES AGAIN
CARLSBAD**



PHONE BANK

PHONE BANK

REALS CAMPAIGN BY DONATING TO HELP HUNGRY FAMILIES IN SAN DIEGO.

5:31

64°



GOAL ANSWER



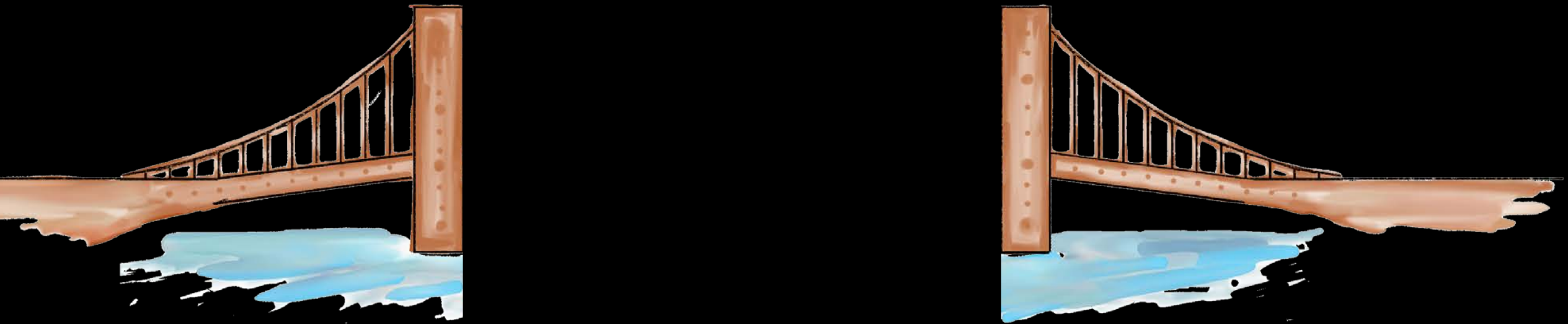


► Communication Can Change the Way Our Customers Think About Water



Why is it difficult to communicate with customers?

- There is a disconnect between the way we view things
- Our job is to bridge the communication gap



3 Keys to Successful Communication



- ▶ Education, transparency and honesty
- ▶ Begin engaging with customers well in advance
- ▶ Don't just send the message – Tell the Story

KEYS TO SUCCESSFUL COMMUNICATION

▶ **Education, Transparency and Honesty**

- ▶ **DO:** educate your customers as well as your governing body
- ▶ **DO:** conduct public meetings or fairs for customers
- ▶ **DO:** focus on the benefits to the customers
- ▶ **DO:** be factual
- ▶ **DON'T:** use jargon and statistics



KEYS TO SUCCESSFUL COMMUNICATION

▶ Engage with Customers ~~Well in Advance~~ **Constantly**

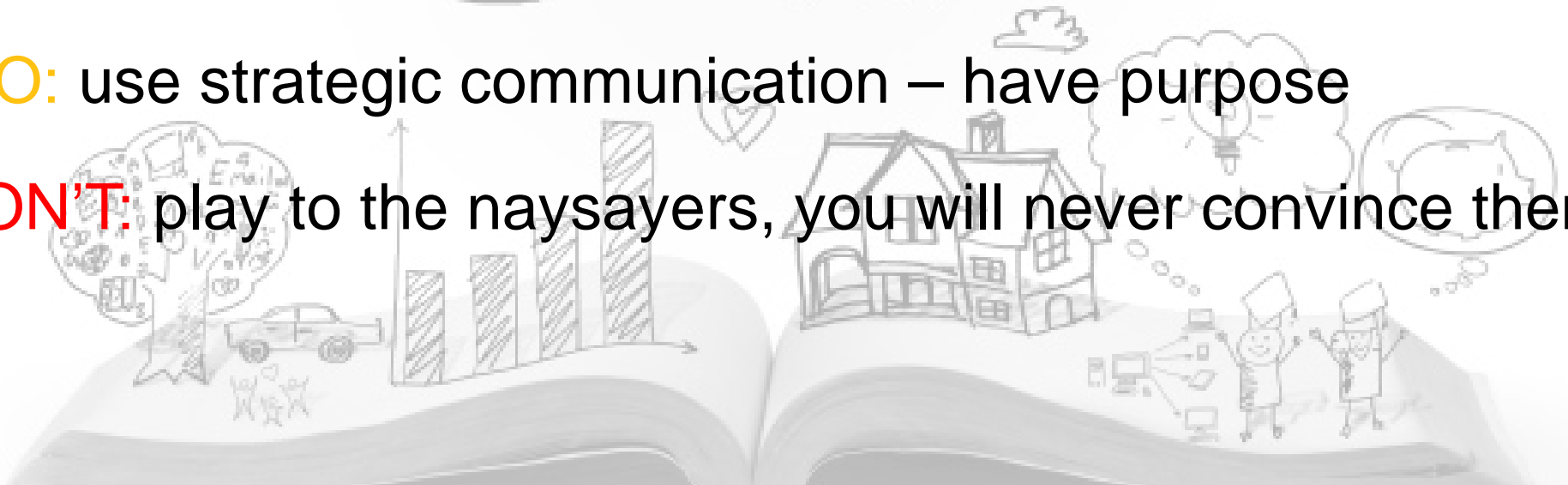
- ▶ **DO:** use billing statements and consumer confidence reports
- ▶ **DO:** use social media to create a personal brand
- ▶ **DO:** listen to your customers to find opportunities to engage
- ▶ **DO:** tell your customers about your successes
- ▶ **DON'T:** only communicate when you have to (rate increases)



KEYS TO SUCCESSFUL COMMUNICATION

▶ Tell the Story

- ▶ **DO:** show the audience the entire scenario vs. one scene
- ▶ **DO:** know what is important to your audience
- ▶ **DO:** use strong visuals, photos & videos
- ▶ **DO:** use strategic communication – have purpose
- ▶ **DON'T:** play to the naysayers, you will never convince them







FILE PHOTO/COURTESY, IMAGOE



\$3.95



\$8.00



\$0.00003





**THERE'S NO SUBSTITUTE
FOR WATER.**



THERE'S NO SUBSTITUTE FOR WATER.

YOUR WATER SYSTEM IS OUR PRIORITY.

Our aging water system requires major improvements to keep it running smoothly. The City of Regina will need to invest \$2 billion in our water, wastewater and drainage system so we can maintain our city's quality of life.

Key to Successful Communication



- ▶ Education, transparency and honesty
- ▶ Begin engaging with customers well in advance
- ▶ Don't just send the message – Tell the Story



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Thank you.



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