

## Selling Rates to the Public (TIPS)

By Don Van Veldhuizen, Circuit Rider

While traveling the state, it seems that the number one issue discussed is money. Specifically, not having enough, whether it is for wages, upgrades, or just keeping up with expenses.

Budgets may not be getting smaller, but are they keeping up with inflation? Nationally, inflation over the past few years has been averaging about 3-1/2 percent. But, according to discussions with people in Rural Development it appears that inflation over the past two years for water related items appears to be closer to 25%. Much of this is due to Hurricane Katrina and the inflated fuel prices. So, even if you have been steadily increasing the rates along with inflation, you may have taken a step backwards these past few years. There may also be some other things that you need to address financially, such as upgrades due to tightening regulations and being able to acquire and keep qualified personnel.

The statement "Water should be free" does not hold water anymore. How does a system express the need for more money and overcome that old saying? Besides, the public for the most part believes you have too much money anyway. Here are a few **TIPS** that you may find helpful to make your next rate increase go a little more smoothly.

**T**ransparency – Developing trust with the community requires it. It takes time and should be an ongoing process, not just when you need to raise rates. In order to achieve this there should be no hidden agendas. But you say we have no hidden agendas. Anything that is not actively being put out to the public, the public considers hidden and therefore "bad". Most of the time when higher rates are being requested, the justification for the rates is not made aware to the public. Bureaucracy seems to get the blame most of the time.

**I**nformative – Actively put out information concerning the system. If your system is old and is falling apart, let them know. Most of the public is unaware that one water main break may cost the water system upwards of \$15,000 to repair. Equipment repair is another item. Most people realize that older things need more

repair than newer items. Also, let them know about the greater expectations placed on the water system by regulatory and/or funding agencies. Let them know specifically how it affects the system. One example would be the new arsenic rule. How does it affect the system? How do we make the users aware of the implications of the rule? After all, in most cases it is their system; you are just stewards of it.



**P**roactive – In general, people will not seek out information. Their knowledge of the water system consists mainly of two things, the water coming out of the tap and the water bill. Most will say their water bill is too high, but when asked how much a gallon of water costs them from the system, they usually estimate it to be much higher than it actually is. Most communities in Oregon provide two to



five gallons of water for a penny. This is just one area that the public is unaware of. I am sure that you can think of others.

**S**ystem Involvement – With the ever tightening work load, this becomes increasingly difficult, but it lets the people of the community know that you are a public entity (private systems may benefit from this too) and not hidden away someplace. Remember anything that is hidden is not trusted. Get involved with the schools or blood drives. What about adopting a part of the highway? Get involved with worthwhile functions, fundraisers and the like. Do it as a public entity, wearing your uniforms. This is public relations and the more effort put into it will reap more rewards.

There are many ways to implement a rate increase. The key is to have public support while doing it. Water/Wastewater utilities typically have the least cost of the services as compared to other services, but affect everyone if the water is not flowing. Letting people know that fact is not enough these days. To reach everyone in the system takes time, so get started early and stick with it and your next

rate increase may just surprise you. If you care to discuss this more, we invite you to join us for one of our rate setting classes held throughout the state.  
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