

Building Support for Increasing User Fees

EPA Office of Water

Publication 430/09-89-006

Reprinted with permission from the U.S. EPA Office of Water.

Introduction

What's the single most important factor when increasing water and wastewater user fees? **Public education!**

This publication is a manual telling how to identify the problem, shape the message, deliver the information, evaluate your efforts and document the results. Also, there's a success story included so you can see how one community built support through public education.

Acknowledgements

This publication was prepared by Haig Farmer of the EPA's Office of Water and Sharon Rollins of The University of Tennessee's Municipal Technical Advisory Service. The UT team also included Gary Fouts, Anne Hawkins, DeForrest Jackson and Debbie Phillips.

EPA and UT thank the State of Tennessee's Media Production Services and Gary Fouts for providing photographs for this document.

The following sources of information were used in preparation of this publication: EPA, Office of Water studies on user charges, *The Popular Plant Manager/How to Win Public Support*, Water Pollution Control Federation Technical Practice Committee, Alexandria, Virginia, 1986; and *Conducting a Sewer Rate Increase Campaign*, a video presentation from the City of Kokomo, Indiana.

The Problem- Running Out of Money

Clean Water. We all want it... we all need it. But it takes money to keep clean water flowing into our homes and workplaces and it takes money to treat our wastewater.

As an elected official or utility manager, you see operational costs continually rising and the revenues coming in just don't cover the expenses.

In the past, federal and state construction grants kept wastewater treatment costs artificially low. A California study revealed that these grants lowered the average wastewater treatment costs by 39%.

Inflation will continue to increase operational costs. State and federal pressures to maintain and improve water quality will continue and translate into higher costs.

You can increase efficiency and hold costs steady for a while, but eventually more revenues will be needed to keep your utility financially sound.

Your best revenue source for paying water and wastewater treatment costs is **user charges**.

So it's an economic problem. *Right?*

A political problem. *Right?*

Elected officials and customers won't support an increase in user fees. *Right?*

Wrong!

All across the United States, citizens are becoming more aware of waste byproducts of our society. Tied to that awareness is the understanding that it costs more to provide safe drinking water and keep our rivers clean. People care about their community and the quality of life for themselves and their children. Getting support for increasing water or wastewater fees isn't an economic problem or a political problem (unless you let it become one).

It's a problem of **public education**- a process of informing decision-makers and consumers that clean water has a price, letting them know what their money is buying and explaining the consequences of poor water and wastewater management.

User charges can be increased with public support and little opposition. It'll require work, organization and attention.

But **you** can do it.

It has been done! It should be done!

Before we get into public education, let's cover some basics.

The trend across the country is to support public utilities through user fees. This means the people using the services pay the costs.

But even with pressures to make water and wastewater systems financially self-sufficient, local officials are most reluctant to increase user charges. If not done correctly, the political backlash and public resistance can harm a sound operation.

Basically, the public is quite willing to pay a fair price for something it values. Citizens just need to be educated that they're getting their money's worth.

Do Your Homework

The work of implementing a user fee increase should start a year or so before the target date. Do your homework. Examine the system. Factually and honestly appraise what you've been doing and what you need to do in the future. Tell how the job is getting done or not getting done. You might need the objective opinion of an outside expert. For instance:

- Is management top-heavy? Can the operation be run more efficiently?
- Can operating and repair costs be cut?
- Is all water being accurately metered and billed?
- Do you aggressively collect due accounts?
- Does your use of in-house or contract labor maximize the customer's dollar?

You can probably put off a user fee increase for a short time by maximizing resources and shaping a more efficient operation.

When you can't delay an increase any longer, highlight the problems that have been corrected.

- ✓ You have eliminated inefficient methods;
- ✓ You have trimmed the labor force into a leaner, team-oriented group.
- ✓ You have initiated water conservation practices.

Point out the problems that need attention.

- ✓ Worn-out equipment is breaking down too often and increasing maintenance costs.
- ✓ Portions of the system need upgrading;

- ✓ Costs are going up, particularly those you have no control over. Inflation alone will force a rate increase.

Take photos of facilities, equipment and people. These visuals will come in handy for your next step- **communicating with the public.**

Public Education

An effective public education program is the single most important factor in a successful rate increase.

Why?

Knowledge means power, strength and comfort. If people understand a service's value and importance in their lives, they will support and pay for it. It's crucial for citizens to understand that the treatment of water and wastewater are essential services. Show how these services benefit them.

Public education is a necessity, not a luxury.

It's your best means of accomplishing your goal of increasing user fees.

In the process:

- Users will appreciate the importance of having a reliable water supply and effective wastewater treatment. They'll understand that it reduces diseases and provides a better environment.
- Users will see the link to community growth and economic development. Clean water means more jobs and increased property values.
- Users will understand that clean water is relatively inexpensive. Compare one month's water and sewer bill to the cost of cable TV or other services.
- Users, utility staff and city officials will feel that the utility is performing a vital service, at the lowest possible cost, while protecting the environment.
- The public will accept a rate increase without major controversy or elected officials being booted from office.

What's being done is important!

What's the message?

Talk about the city's *underware*- the grimy sewer system, leaky water lines- and its dilapidated condition. Be prepared to answer the key question, "Why is the increase necessary?"

Make use of what you learned during the homework phase. Highlight the problems that have been corrected. Point out the problems that will need attention and what it will cost.

Talk about equipment needs and the importance of retaining top-notch operators. Explain infiltration/inflow in the sewer system, tell how old the water lines are, how they were constructed, the risk old lines pose and the dangers of a poorly run system.

Gather materials to illustrate current conditions, such as:

- A slide or video presentation showing cracked sewer lines, deteriorated water pumps, overflowing manholes;
- Data on groundwater contamination, photos of surface water contamination and graphs of operational costs over time;
- Visual aids such as bottles of treated and untreated water or wastewater.

Highlight corrective measures and their costs, such as:

- An engineering study of the treatment system;
- A plan for repair or replacement of water or sewer lines;
- A city ordinance to eliminate sources of inflow from private property.

Link community growth, economic development, recreation and increased property values to water and wastewater treatment services.

Make the impact personal.

For example, this rate increase will fix the sewer line on Elm Street and reduce odors. Town Creek will be cleaner.

Make the message honest, friendly and helpful, pointing out the good for the community and the individual.

If you've done everything to economize, then the consumers will accept the increase as necessary.

The key idea is to communicate an honest, concise, consistent, positive, believable message in as many different ways and as many times as possible. To convince people, you must first capture their attention, relate the message to them, then demonstrate the value of the message.

Who's to do it?

You need a primary spokesperson who is:

- Organized;
- Very familiar with the subject matter;
- Enthusiastic (Nothing great was ever achieved without enthusiasm- Ralph Waldo Emerson);
- Able to communicate effectively; and
- Able to lead and shape opinions into a consensus.

The messenger and the supporting team must see the value of the rate increase itself and the importance of a public education program to accomplish that goal.

Back up the primary messenger with city personnel (the more the better), communication specialists, technical experts and others. It's critical, though, for an insider-someone from the governing body or utility operation- to take the lead. The public will trust a messenger they know.

Resources can vary. Look to engineers (either in-house or consultants) for technical expertise on operations and expansion needs. An engineer with marketing experience would be a real plus.

Use consultants who specialize in advertising and public relations. These consultants are often available on a free-lance basis.

Look to a nearby college or university for public education assistance. College students majoring in journalism can help. Your campaign could become a class project or community service work.

How do you get the message across?

You do it with people, time and money.

Start public education in the work place. Turn your staff into a public relations team. All utility employees are information officers. What they say in casual comments can create a positive or negative image of the utility operation.

Inform supervisors and encourage them to involve employees through small group discussions. Get the employees into the process early. Educate them in answering questions and complaints. Help employees feel good about their services and how their jobs are connected to other interests outside the workplace- recreational water sports, community service organizations, youth activities.

Meanwhile, target the audiences outside the utility and identify what information they will need.

- Local governments- elected leaders, government staff
- Community leaders, groups- civic groups, business and industry associations, senior citizen groups, garden clubs, churches, recreational groups
- The media- newspapers, radio, TV, business journals, special interest magazines
- Youths- schools, scouts, 4-H clubs, athletic associations, church groups
- The general public

Local Governments

Public officials must buy into the proposed user fee increase and public education program. They are the residents of the community and rate payers, too. In addition, they're responsible for protecting the environment, accomplishing growth objectives and keeping operations fiscally sound.

Give governing officials more detailed information than the general public. Provide them budgets, operational reports and audits. Use graphs to simplify complex information. Take them on tours of trouble spots. Show the officials the success stories. Turn them into a pool of secondary messengers behind the primary spokesperson. They must be able to answer questions accurately and effectively.

At this point, simultaneously target your message to community groups, the media, youth audiences and the general public. The impact will be enhanced because the public education campaign will touch people wherever they go.

Community Groups

Consider calling key business and civic leaders to a special work session for a detailed discussion of problems. Let these leaders ask questions and have input. They'll be interested in how the service or lack of service could affect the community's business and economic health. Demonstrate how lack of adequate water and wastewater services can stifle a community's growth.

Talk to leaders of community groups to understand their views. Try to tie your message of a self-sufficient utility operation to each group's special interests.

Shared goals have a greater chance for success.

Media

Work with the media, not against them.

There is no better vehicle for getting information to the public than the newspaper, radio or TV station. The media are the eyes and ears of the community. The general public looks to the media to report all sides of an issue. Reporters are interested in how issues affect the public- particularly those about quality of life. "Why?" is the most important question you'll answer for them.

Just as with all the target groups, educate the media about water and wastewater treatment. Print and broadcast reporters deal in facts... and plenty of them. Water and wastewater treatment is complicated. Your challenge is to explain complex processes, problems and proposed solutions in easy-to-understand terms.

Don't use jargon or acronyms.

Communicate with the media through news releases, fact sheets, telephone calls and plenty of one-on-one contact. Take extra time and effort to make sure reporters get all their questions answered. A complete news story is invaluable in your effort to increase user charges with minimum resistance. Journalists will be more open to your concerns and priorities if they know you're factual, cooperative, straightforward and not trying to manipulate them.

Convince the media a rate increase is necessary and you could get favorable editorials.

Newspaper articles will get more facts to the public. Radio and television will get your message to the public quicker.

Radio and television have special needs. Everything moves quicker with the electronic media. Reporters want snappy quotes that sum up a point in 30 seconds or less. Long rambling explanations are not going to get on the air. Think in terms of headlines. Be aware of how you will sound or look.

TV combines sight and sound. You can give the viewer a first-hand look at wastewater problems.

For small-town newspapers, the best contact is the editor. For large city dailies, get in touch with the environmental or science reporters. For radio and television, contact the news directors or assignment editors.

Youths

Focusing part of the public education campaign on the youth is like putting money in a savings account. The effort will pay dividends in the future.

Studies of water or wastewater treatment can be included in a school science lesson or a scout field trip.

Open the plant for tours. Initiate poster contests with prizes for the best use of theme. Hold science fair competitions illustrating how clean water affects our lives.

Grade schoolers are eager learners. Teens are naturally inquisitive. And they all have enormous influence on the rate payers (parents).

Young audiences grow up to be rate payers themselves.

General Public

Set aside part of your public education effort for mass appeal to the general public because there will be those who don't belong to a civic group, read a newspaper, or have children.

The most effective way to reach those audience members is at their home... send information to each house, include newsletters with monthly water and wastewater bills, initiate a house-to-house walking campaign to hand out leaflets and hang door flyers.

Use public hearings to communicate directly with customers. Create a phone bank from in-house staff members to call customers, tell them about the proposed rate increase and encourage their participation at the public hearings. It will impress customers that you care enough to solicit their opinion.

Create displays at public libraries. Set up a booth at the county fair. Take a traveling road show to the park or mall.

Don't forget to budget for a public education campaign.

The policy-makers will decide at what level to fund the program. The cost will vary depending on whether you mail photo-copied letters to customers in their bills or hire an outside public relations firm to create television commercials.

The Milwaukee Metropolitan Sewerage District spent \$712,000 over four years to build public trust for the district's water pollution abatement program. That money paid for a 32-foot traveling educational vehicle, a citizen newsletter, newspaper inserts, a citizen information and message line and a one-hour, prime-time television special.

On the other hand, Twin Falls, Idaho spent \$2,000 to improve the credibility and image of the wastewater treatment facility. The one-time effort included a Clean Water Day proclamation, newspaper articles and advertisements, television appearances, a poster contest for school children, a slide show and videotape, plant tours, educational programs and demonstrations.

You will need money for:

- ✓ Staff. This may be existing staff members who take on additional duties or it may be outside consultants. Realize that public education doesn't remain at full intensity continuously. But initially, the program will require significant staff commitment. Maintaining the program will require less staff.
- ✓ Materials and services. This includes the costs for producing brochures, posters, displays, slides, videos, advertisements and other promotional items.
- ✓ Overhead. This includes office space, postage and other office supplies. The costs may be absorbed into an existing operating budget for a small program.

Just remember, money and the snazziest full-color graphics won't buy support or convince an audience. The message must do it. Be honest, straightforward, and convincing.

Evaluate, Document & Continue

You kept an ear to the ground all through the public education campaign and made adjustments. You measured the number and nature of complaint calls. You tracked how the media reported and editorialized on the rate increase.

How did we do?

Now, assess how successful the program has been.

Did your target audiences receive and agree with the message? Did you accomplish your objectives? Did your objectives gain public support?

Survey public opinion on the rate increase, new projects and operations. Mail a simple opinion poll to customers or conduct telephone interviews.

With the benefit of hindsight, reconsider the complaint calls, media coverage and poll results. How could you have done things differently to diffuse opposition?

Assess whether dollars were spent wisely. What improvements should be made before the next public education thrust?

Since the public education program needs to be maintained and geared up and down as circumstances dictate, this type of assessment is a must. Self evaluation leads, quite naturally, to documentation.

Keep a written record.

Why reinvent the wheel? Put information in the files on the public education program. Even if the effort wasn't as successful as you had hoped, the history will help next time you or your successor seek public support.

Progress is based on the discovery and correction of errors and the writing of a history. Don't lose the knowledge gained.

Keep on track.

Hopefully, your public education program was a success. The water and wastewater utility is on sound financial footing. How do you keep it there?

An EPA study provided a few suggestions.

- Make small annual adjustments. Incremental rate increases indicate good management. Costs for power, chemicals, materials and labor will continue to rise due to inflation alone. It makes sense that revenues must be increased proportionally.

Large infrequent increases could lead customers to suspect poor management.

Substantial rate adjustments call for extensive public education programs. Small increases still need to be explained but you can do it with less effort and expense.

- Move the utility operations out of the political realm. Put water and wastewater operations under an authority separate from the political body.
- Start billing monthly. Consider optional fixed payments. This allows customers to budget more effectively. It's easier to make smaller monthly payments than larger quarterly payments.
- Start billing separately. Clearly separate the charges for water, sewer, trash disposal, etc. Charges should be based on costs so the customer knows the actual value of each service. This method of billing doesn't allow one operation to supplement another.
- Continue the public education program. Give periodic progress reports thorough press releases. Send information to customers with their bills. Thank them for their continued support. These are good, low-cost ways to keep information before the public.

Review

- ✓ Identify the problem- you need more money to upgrade and maintain the water and wastewater utility. User charges are the best revenue source.

But the public needs to be educated. Customers need to realize the value of clean water and understand that user charges must pay the system's costs.

- ✓ Do your homework. Identify cost-saving measures and implement any you can. Highlight the problems that have been corrected. Point out problems that need attention.
- ✓ Develop a comprehensive public education campaign by focusing the message and choosing a lead spokesperson. Then, target the various audiences and communicate the need for a rate increase in ways they'll understand. Don't forget to lay out a budget for the campaign.
- ✓ Document your efforts and the results. Assess how successful your campaign has been.
- ✓ Take steps to keep the utility on sound financial footing by establishing an ongoing public education program that can be intensified as needed.

A Success Story

Kokomo, Indiana knows how to do it.

Local officials passed a 45% wastewater rate increase and in two public hearings, fewer than one dozen people spoke against the increase. No local industry voiced opposition to the increase. Best of all, say local officials, a small but persuasive group publicly expressed support for the increase.

Kokomo had the typical challenges... plant odors, sewer line reconstruction and repair needs. Most of the rate increase paid for a bond issue to fund 17 sewer projects.

The city's successful campaign had five basic points:

1. Only raise rates when needed. A system examination uncovered strengths and weaknesses that had gone unnoticed. By the end of three years, the city had lowered the cost of processing a million gallons of sewage from \$203 to \$172.
2. Plan ahead. System operators were the first to know an increase was coming.

Publicity over the cost-saving moves and how they put off a rate increase gained public favor. Also, Kokomo readily admitted its weaknesses.
3. Think about your audience. Kokomo discovered people are willing to pay a fair price for something they value. The city also found out different groups needed different information.

- Customers placed high value on health, safety, clean air and water, convenience and cost-effective service and delivery. The city sent messages to them in terms of what they stood to gain from the rate increase.
- Elected officials shared the same concerns as the direct customers but they also had to be prepared to answer questions. They needed more detailed information- on budget outlays, upgrades, increased capacity- than the general public.
- The media needed complete information with special graphics and charts interpreting complex issues.

4. Decide the best way to convey the message.

In the months leading up to the rate increase, city officials kept the public updated on treatment operations.

As the target date for the rate increase approached, the city identified the message, made it as simple and accurate as possible, then repeated it over and over and over.

Kokomo is a city of 50,000. The mayor and superintendent of the wastewater treatment plant made more than 50 presentations to clubs and service groups in a two-month period. The two were armed with slides of actual sewer problems, simple charts and diagrams to help customers understand complex engineering concepts and samples of wastewater before and after treatment.

Kokomo used the principle that people remember 20% of what they see, 30% of what they hear and 50% of what they see and hear.

5. Identify the messenger.

Because of the complexity of the proposed projects, Kokomo chose two spokespersons- the mayor and the treatment plant superintendent. The mayor was the primary proponent for the rate increase. His responsibility was to present the basic arguments for the rate increase, discuss related community-wide issues and answer general questions. The superintendent was always present to assist when discussions became technical.

In summary, Kokomo's rate increase was successfully implemented because city officials planned and carried out an effective public education campaign. City officials focused their message, geared it to various audiences, selected spokespersons, then repeated the message over and over.

In the end, the public education campaign gave everyone an understanding of the city's wastewater service and provided the revenues for a better quality service than ever before.