December 2010

Dear ACWA Member,

With the cost of treating and delivering water on the rise, many California water agencies are finding it necessary to raise water rates. ACWA members in many parts of the state have reported customer confusion and concern in response to proposed rate increases. Concerns have been especially notable in areas where customers have been asked to conserve due to water shortages and may now face higher bills for using less.

To assist members in communicating the complicated issues at hand, ACWA has compiled a toolkit with facts and talking points about the value of water, factors contributing to rate increases and how the cost of tap water compares to that of other everyday products. The facts, templates and images in this kit are easily customized for your own agency to reflect the services you provide.

We hope you find this a helpful resource in communicating the value of water and building trust and transparency with your customers. If you have any questions or comments, please contact Lisa Lien-Mager, ACWA Communications Supervisor, at lisalm@acwa.com or 916-441-4545.

Sincerely,

Timothy Quinn
Fast Facts on Rising Water Costs

Water is essential to our daily lives, but few people stop to consider its importance and value. In most communities in California, water costs less than a penny per gallon at the tap.

Safe and reliable water is a true bargain considering the energy, extensive delivery system and expertise required to capture, treat and deliver water to homes and businesses in the state, day in and day out.

Depending on where you live in California, your water may come from a nearby well or river. Or it may travel hundreds of miles through canals or pipelines to reach your tap. Regardless of where it originates, your tap water is filtered, cleaned, tested and distributed in an exhaustive process that produces some of the highest quality drinking water in the nation and the world.

The cost of delivering that water to your tap has increased in recent years for several reasons. Even with these ongoing increases, California tap water remains an incredible value, especially when compared to bottled water and other everyday products.

It’s also more reliable than most other products and services. Can you even remember a time when you turned on the tap and water didn’t flow? Simply put, tap water is the best deal around.

WHAT DETERMINES THE COST OF TAP WATER?

Tap water is a great value. But the cost of treating and delivering it to your tap is going up. Here are some of the factors contributing to increased costs:

Rising Water Treatment Costs

California tap water meets some of the most stringent water quality standards in the nation. Producing that high-quality water requires significant investments in treatment technologies.

In addition, new drinking water regulations continue to be established as technology allows for detection of contaminants at extremely small concentrations. Stringent new regulations add to the cost of providing water.
Aging Water Infrastructure

From treatment plants to pumping stations to local storage tanks to pipelines, much of the system that delivers water to Californians was built decades ago. Aging parts of that system must be upgraded, repaired and/or replaced to ensure reliable water deliveries for future residents and businesses. Capital expenses and debt service to fund those repairs and upgrades can account for a significant portion of monthly water bills.

Increasing Energy Costs

It takes a tremendous amount of electricity to pump, treat and deliver water in California. Electricity costs can account for a substantial portion of a local water agency’s operating expenses. As energy costs rise, the increases directly affect the cost of delivering water to consumers.

Environmental Regulations

Environmental regulations — including endangered species requirements, wastewater discharge permits, air quality standards and many more — also add significant costs to the job of delivering water. Those costs are reflected in monthly water bills.

Costs of Developing New Water Supplies

California’s population continues to grow, but our statewide water supply system has not been significantly expanded in more than three decades. Local water agencies have invested billions of dollars in local resource strategies such as water recycling, groundwater storage, conservation and other projects to stretch supplies and increase reliability. State legislation enacted in November 2009 requires water agencies to make additional investments in these programs. Monthly water bills may reflect a share of those costs.

Reduced Revenues as a Result of Conservation

Recent years have seen significant reductions in water deliveries for many parts of the state because of multiple dry years and endangered species requirements. In response, many local water agencies imposed mandatory water conservation. Though water agencies appreciate their customers’ conservation efforts, they must continue to pay the fixed costs of operating their systems—regardless of the amount of water sold. For many agencies, it may be necessary to raise rates to offset revenues lost due to reduced water sales.

Tap Water Remains the Best Deal Around

California’s public water agencies are committed to delivering safe, reliable and affordable water to homes, businesses and farms in every corner of the state. They have been doing the job for almost 100 years.

Even though the cost of providing that water may increase in the near future, California tap water is still the best deal around.
Key Messages about the Rising Cost of Water

California tap water is an incredible value, especially when compared to bottled water and other everyday products.

In most communities, tap water costs less than a penny per gallon – a true bargain considering the energy and expertise it takes to treat and deliver safe and reliable water to your home.

The cost of treating and delivering water to your tap is going up for several reasons, including:

- **Rising treatment costs.** Increasingly stringent drinking water regulations have made it necessary for many water suppliers to invest in costly new treatment technologies. That adds to the cost of providing water.

- **Aging water infrastructure.** Many local and regional water systems were built decades ago. Repairing and upgrading aging systems to ensure reliable water supplies can account for a significant portion of monthly water bills.

- **Increasing energy costs.** It takes lots of electricity to pump, treat and deliver water. Rising costs for energy directly affect the cost of delivering water to consumers.

- **Environmental regulations.** Requirements to protect endangered species have added to the cost of delivering water in many parts of the state.

- **Investing in new supplies.** Local water agencies are investing billions of dollars in local strategies such as water recycling and conservation to stretch supplies and increase reliability. Additional investments are required under state legislation enacted in 2009. Monthly water bills may reflect a portion of these costs.

- **Reduced revenues due to conservation.** Californians have responded to recent water shortages by using less water. Water agencies appreciate their customers’ efforts to conserve, but the drop in water sales translates to reduced revenues for water agencies, even as the fixed costs of delivering water remain the same. Some water agencies may need to raise water rates to keep safe and reliable water flowing to their customers.
The Best Deal Around

On average, a gallon of California tap water costs two-tenths of a cent. When compared with the cost of other products we use every day, tap water is clearly one of the best deals around.

A Gallon of TAP WATER

$0.002

(*Prices based on California averages.)
Spread the Word
A Checklist for Communicating the Value of Water

DEVELOP YOUR AGENCY’S STORY

1. Using the facts and templates provided in this toolkit, describe the elements that go into your rate structure. Explain sources of supply, treatment and delivery for your agency.

2. Use the sample graphics provided to develop a fact sheet specific to your agency that compares the cost of tap water with other products.

3. Identify examples of the value your agency provides to the community:
   - Reliable water supply for homes and businesses
   - Public infrastructure funding
   - Public-private partnerships
   - Sound financial ratings

4. Build on and customize the sample talking points provided in this kit.

GET YOUR STORY OUT

Focus on your community’s key leaders. When they are informed, they can and will be your best ambassadors.

Outreach to Elected Officials and Community Leaders

1. Make sure your state and local elected representatives and key business and community leaders are aware of your district’s role in meeting the water needs of the community. Studies show active leaders are an important source of information and opinions for local residents.

2. Keep them apprised of the rising cost of delivering water and remind them of the value of reliable water service. Provide simple information and go to your key audiences—do not wait for them to come to you—and provide periodic briefings. These steps can go a long way when the time comes for a rate increase.

3. Conduct tours of your facilities and use the opportunity to deliver your messages. Make your water system and future plans real to elected officials, your local chamber of commerce and service organizations.

4. Gather e-mail addresses whenever possible at public meetings or other interactions and use that list for periodic “value” e-mail updates.

Outreach to Media and Public

1. Develop information on the cost and value of your water service and post it on your website. Simplify the information as much as possible. Include graphics that can help tell the story.

2. Keep the media apprised of efforts to improve your water system.

3. Hold an open house for the public and the media and provide facility tours.

4. Include regular updates in any and all customer communications.

5. Consider developing a “virtual” tour of your process to treat and deliver water and post on your website.

6. Offer tours to local schools and include a “value” brochure for them to take home. Children can help educate their parents about your agency and its role in the community.