Water Research Foundation®
advancing the science of water

Rate Communication Toolkit

Web Report #4455b

Subject Area: Management and Customer Relations

Rate Communication Toolkit

About the Water Research Foundation

The Water Research Foundation (WRF) is a member-supported, international, 501(c)3 nonprofit organization that sponsors research that enables water utilities, public health agencies, and other professionals to provide safe and affordable drinking water to consumers.

WRF's mission is to advance the science of water to improve the quality of life. To achieve this mission, WRF sponsors studies on all aspects of drinking water, including resources, treatment, and distribution. Nearly 1,000 water utilities, consulting firms, and manufacturers in North America and abroad contribute subscription payments to support WRF's work. Additional funding comes from collaborative partnerships with other national and international organizations and the U.S. federal government, allowing for resources to be leveraged, expertise to be shared, and broad-based knowledge to be developed and disseminated.

From its headquarters in Denver, Colorado, WRF's staff directs and supports the efforts of more than 800 volunteers who serve on the board of trustees and various committees. These volunteers represent many facets of the water industry, and contribute their expertise to select and monitor research studies that benefit the entire drinking water community.

Research results are disseminated through a number of channels, including reports, the Website, Webcasts, workshops, and periodicals.

WRF serves as a cooperative program providing subscribers the opportunity to pool their resources and build upon each other's expertise. By applying WRF research findings, subscribers can save substantial costs and stay on the leading edge of drinking water science and technology. Since its inception, WRF has supplied the water community with more than $460 million in applied research value.

More information about WRF and how to become a subscriber is available at www.WaterRF.org.

Rate Communication Toolkit

Prepared by:
John Mastracchio and Amy Santos
ARCADIS, U.S., Inc.

Richard Giardina
Raftelis Financial Consultants, Inc.

Robert Raucher and Karen Raucher
Stratus Consulting

Mary Wyatt Tiger and Jeff Hughes
Environmental Finance Center at the University of North Carolina

and

Rich Atwater
Southern California Water Committee

Sponsored by:
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6666 West Quincy Avenue, Denver, CO 80235

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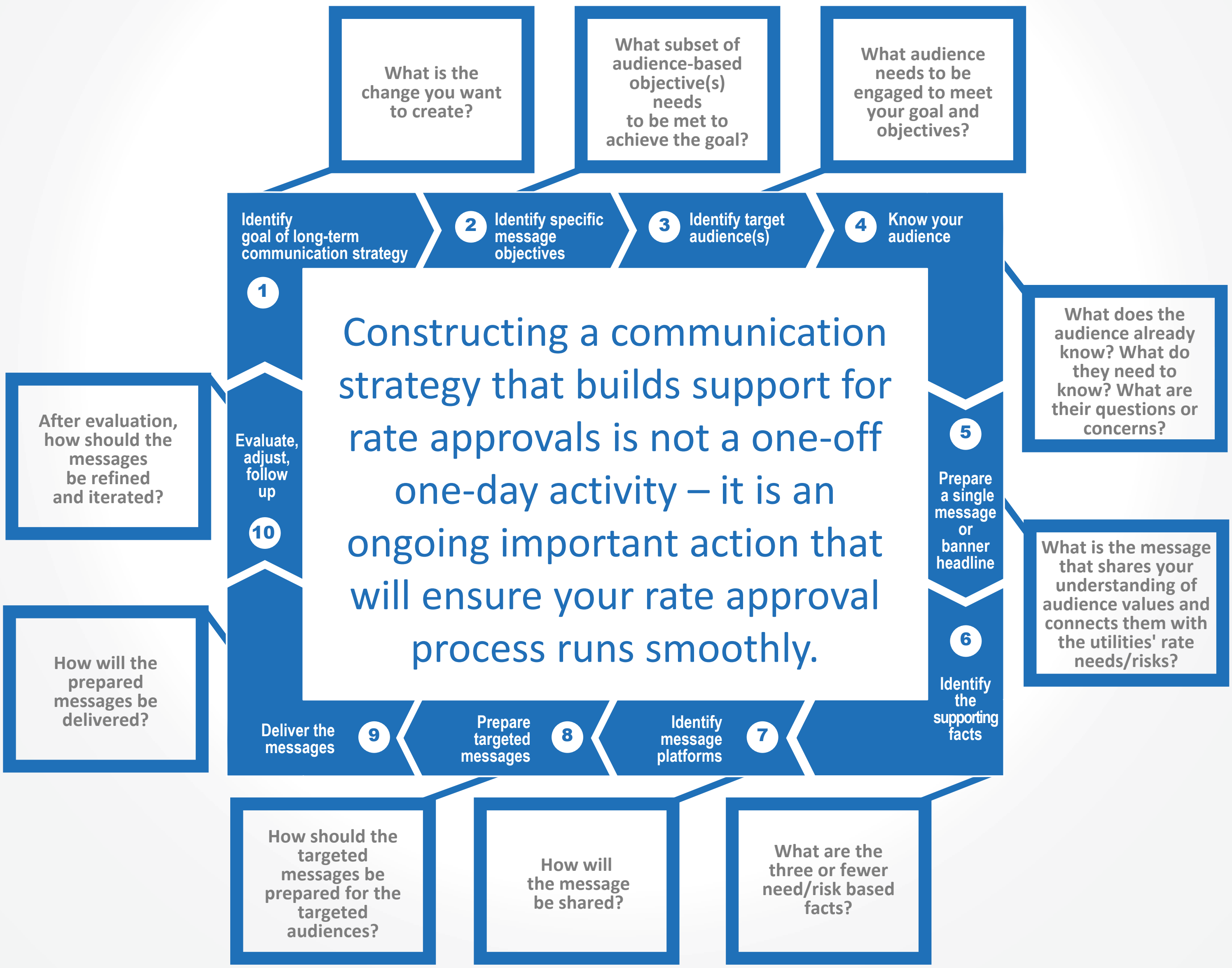
TOOL

#1 Rate Communication Process Roadmap

There are 10 primary process steps that utilities need to engage in to prepare a long-term communication strategy that builds support for rate approvals. The value of the tool depends upon the robustness of the inputs. Working together with a range of internal departments, and spending the time to write, review (by the group), and then update each block will make the rounds of communication more effective. Each block depends upon inputs from the other blocks, making this an iterative rather than step-wise process.



Worksheets for Development of a Communication Strategy

1

Identify the goal of your long-term communication strategy

Identifying the overall goal of engaging in communication is the first step in constructing either a short-term or long-term communication plan. The overarching goal of communication is typically larger than simply wanting to increase support for a single rate request.

In articulating your agencies overall communication goal it may be useful to ask, ***what is the change our utility hopes will occur when this message is received?***

2

Identify Specific Message Objectives

In most cases the broad overarching communication goal can only be achieved by meeting a series of smaller objectives. When identifying the set of specific objectives that are needed to meet the overarching goal it is useful to apply the SMART frame. The SMART frame ensures that objectives are articulated in a manner that ensures they are achievable.

In addition, it is important to recognize that specific communication objectives need to be audience based. The objective for one audience may be different than the objective for other audiences, and you may need to meet both audience objectives to achieve your overall goal.

To define a set of specific objectives it may be useful to break the broader goal into smaller, but still broad objectives, and then to further refine the process by identifying the set of smaller objectives that need to be meet to meet the broader objective's. This is a nested process.

1. **The first step is to ask, *what broad objectives need to be accomplished in order for the overarching goal to be reached?***

Make Your Objectives Smart

Specific – target a specific area for improvement.

Measurable – quantify or at least suggest an indicator of progress.

Assignable – specify who will do it.

Realistic – state what results can realistically be achieved, given available resources.

Time-related – specify when the result(s) can be achieved

Broad objectives:

1.

2.

3.

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2. The second step is to identify the subset of objectives that have to be meet in order for the utility to meet each broader objective. When asking, ***what set of smaller objectives do I need to consider to reach each broad objective? It is important to identify the audiences that need to be targeted to meet each specific objective.***

Broad objectives for Audience A (descriptor): ______

1. ______
2. ______
3. ______

Specific objectives to meet broad objective #1 for Audience A:

Specific: ______

Measurable: ______

Assignable: ______

Realistic? ☐ Yes ☐ No

Time frame: ______

Broad objectives for Audience B (descriptor): ______

1. ______
2. ______
3. ______

Specific objectives to meet broad objective #1 for Audience B:

Specific: ______

Measurable: ______

Assignable: ______

Realistic? ☐ Yes ☐ No

Time frame: ______

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Example

Broad objectives for Audience A: Customers who don't know much about rate challenges:

- Educate audiences about the need for rate increases.
- Convince them that our utility has decreased waste and increased efficiency in an effort to minimize the impact of rate hikes on our customers.

Specific objectives to meet broad objective #1 for audience A: Customers who don't know much about rate challenges:

Objective #1:

Specific: Educate this audience group about the unintended impact of conservation on our utilities financial health.

Measurable: We will ask 3 questions as part of our annual survey that capture our customer's basic understanding of the impact of conservation on our utilities financial health. The surveys will show improvement in understanding over time.

Assignable: The rate team and the Public Outreach office will work together to identify and share information that can be communicated with this audience to build understanding. In addition, the rate team will design three survey questions that can be used to gauge customer understanding of the need for rate increases. The public outreach office will include these questions as part of the bi-annual customer survey. I will keep track of the survey findings and report changes over time to the PR and rate team so that the communication can be updated and modified as needed.

Realistic? Yes!

Time frame: 5 years

Worksheets for Development of a Communication Strategy

3 *Identify Target Audience(s)*

To develop audience-based objectives, identify the audiences that are important to specific messaging. To do this, ask yourself, ***who do I need to communicate with to achieve the message objective(s) developed above? Steps 2 and 3 need to be developed concurrently.***

1. Begin by naming the audience(s): Primary audience:
Secondary audiences:
Examples - Internal staff (who specifically?) - Customers - Environmental groups - The general public - Regulators - Decision-makers (identify) - Media
2. Next, think about, Why this audience?, What exactly do I want/need them to do? ***Primary audience (_______________________) needs to:***
Secondary audience (_______________________) needs to:
Other audiences (____________________________, __________________________) need to:
Examples Primary audience (environmentally concerned members of the public) needs to: 1. Support us in public meetings 2. Vote for funding in the upcoming referendum 3. Know they can trust us to protect fragile ecosystems

Worksheets for Development of a Communication Strategy

4 *Identify What Audiences Already Know, Questions of Concerns, and What Audiences Need to Know*

It is vital when thinking about audiences to try and identify their question(s) of critical concern. Question of critical concern represents where in the conversation an audience group is right now. Few conversations start from scratch; if you want to keep a conversation moving in a manner that creates change, engage your audience where they are right now. Knowing where an audience segment is already in the conversation, what they already know and their attitudes, actions and beliefs about a subject provides information that informs how they will respond to specific messages. For example, knowing your audience is untrained and insecure in their financial training, allows you to create training materials that build confidence. Knowing they are politically appointed informs you the materials need to be presented at a high level.

Questions of concern are value based and represent the window of opportunity for engagement with a specific audience group. If you want to engage an audience in a rate conversation, identify the value that drives their question of critical concern. For example, for Audience A – described in an earlier example as environmentally concerned members of the public - their value driver is "environmental concerns." When talking about rates with this group, it is important to begin the conversation by making a value-based connection (e.g., we are here today because we care about the environmental impacts of providing our community with safe, reliable water supplies.) This simple statement allows your audience to feel heard and respected and therefore safe to move beyond what they know and learn (they don't need to keep harping on their values because you told them you hear them and understand).

Identify, "What are the questions of concern for the targeted audiences?" This can be more difficult than it sound; it is difficult for humans to understand that our questions are not everyone else's. The best way to identify value drivers is to ask and listen. You may also develop insights into value drivers when thinking about your objective for speaking with this group.

Audience A (value driver):

Audience B (value driver):

Audience C (value driver):

Examples

Audience A (**environmentally** concerned members of the public):

- How will the new treatment facility affect the environment? i.e., I don't want to support a rate increase to pay for this if it has negative environmental consequences.

Audience B (members of the public concerned that members of their community may not be able **to afford** the rate increase)

- How will the rate increase affect our community's ability to pay for water? i.e., I don't want to vote for a rate increase if it means community members may not be able to afford water?

Worksheets for Development of a Communication Strategy

2. It is also crucial to identify: "What does this audience already know about the topic, and what do they need to learn to be able to engage in a reasoned discourse about the topic (i.e., what information is lacking or incorrect)?"

Audience A (value driver):

Audience B (value driver):

Audience C (value driver):

Examples

Primary audience (environmentally concerned members of the public):

- They know EPA sanctioned us due to spills in vulnerable ecosystems.
- They do NOT know that it is very expensive to provide the redundancy necessary to prevent future spills.

It is very clear that Steps 2–4 need to occur iteratively. Steps 5–7 also need to be developed iteratively, and will only be as successful as the robustness of Steps 2–4.

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5 *Prepare a Single Message or Banner Headline*

When preparing communications, it is important to develop a headline that everyone in the utility uses consistently when talking about the subject. Communication research informs us that people need to hear things three times before it becomes a part of their understanding for the issue; so it is important that you develop and use the same statement over and over again. When people hear a message repeated often enough, they begin to see the statement as fact and have less of a reactionary response. It is also a great deal easier for everyone in the utility to respond to a rate question if they have a well-designed message already developed for them in their hip pocket.

TIP *It is important to develop an overarching message that has 27 words or fewer. MRI mapping of the human brain shows that people can only process 27 words that can be spoken in 9 seconds or less and contain 3 or fewer points. Look at any headline in the newspaper or internet and you will see that the headline has 27 words or fewer, can be spoken in less than 9 seconds, and contains no more than 3 points. (Covello, 2011) Don't sweat the numbers –a 30 word banner can be equally effective – concentrate on the concept.*

TIP *Work with your Public Relations department and/or best writers to develop your banner headline.*

TIP *Once the headline is developed it will be the primary speaking point used by everyone in the utility when asked about the rate request.*

What 27 words do I want this audience to remember?

This is an iterative process; identifying the 27-word banner headline is easier once you have articulated the three most important facts you want to convey.

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TIP *Remember to refer back to what you have identified about your audience to ensure that each targeted audience receives the facts that will answer their questions of concerns, address their information needs, etc.*

Example: Below is an example of a message map that identifies key messages and supporting facts.
A usable form of this message map is provided on the next page.

Example Messages for Rate Adjustment Scenario

GOAL:	OBJECTIVE OF THIS COMMUNICATION:	AUDIENCE:	VALUE CONNECTIONS:	27/9/3 BANNER HEADLINE:
Build ongoing trust and understanding	Build community-wide understanding of the risk of not funding infrastructure repairs	Community members, customers, board members	Least expensive approach, environmental impacts, community pride, legacy	Renewing and replacing our aging infrastructure is less expensive and creates fewer customer and environmental issues than reacting to pipe breaks as they occur

Key Message 1	Key Message 2	Key Message 3
Our infrastructure, our system of underground delivery pipes is old.	***Old pipes create issues.***	***It costs more to fix broken pipes than to renew or replace them.***
Supporting Info 1-1 Our pipes were largely put in place in the early 1920s.	**Supporting Info 2-1** Broken pipes have water delivery, construction, traffic and environmental consequences.	**Supporting Info 3-1** Emergency repairs are expensive.
Supporting Info 1-2 Steel pipes have a 50 year design life-time.	**Supporting Info 2-2** Corroded pipes reduce delivery capacity.	**Supporting Info 3-2** It is cheaper to renew corroded pipes than to add new piping to meet our delivery needs.
Supporting Info 1-3 Replacement pipes will last until the 2065 – providing your grandchildren with reliable water delivery.	**Supporting Info 2-3** Replacing sections of pipes that are failing reduces problems.	**Supporting Info 3-3** It is cheaper to replace sections of failing pipes than to repair them as they break.

Message Map for Rate Adjustment Scenario

GOAL:	OBJECTIVE OF THIS COMMUNICATION:	AUDIENCE:	VALUE CONNECTIONS:	27/9/3 BANNER HEADLINE:

Key Message 1	Key Message 2	Key Message 3
Supporting Info 1-1	**Supporting Info 2-1**	**Supporting Info 3-1**
Supporting Info 1-2	**Supporting Info 2-2**	**Supporting Info 3-2**
Supporting Info 1-3	**Supporting Info 2-3**	**Supporting Info 3-3**

Worksheets for Development of a Communication Strategy

6 Identify the Supporting Facts

Identify the three or fewer facts you want to include in your banner headline. To do this, it is necessary to once again think about reasons as need/risk combinations. This is a group process and requires input from a wide range of utility departments; including a wide range of professionals as part of identifying the need/risk combinations for the banner headline ensures that a wide range of needs/risks are identified and that any individual biases about what is important do not overshadow the process. In addition to identifying the facts to share in the banner headline, also identify the subset of needs/risks that further support your banner statement.

What are the three most important supporting messages/facts?

1. ____________________

2. ____________________

3. ____________________

What are the three most important supporting facts/statements for each of the three primary support messages?

1. ____________________

2. ____________________

3. ____________________

Worksheets for Development of a Communication Strategy

7 *Identify Message Platforms*

Step 7 involves identifying the message delivery platforms that will maximize the number of people who will actually engage in the communication. When identifying effective message delivery platforms consider:

- How your audiences already receive information?
- How many different ways should deliver this message?

It is crucially important to identify the communication platforms that are already being accessed by the targeted audience members. If your targeted audience is internal staff then an editorial in the newspaper may not be the best platform; a memorandum in the utility newsletter is a better choice. Reach out (if you are conducting a survey, ask!) to discover the platform(s) most often used by the targeted audience. If your audience includes young adults, the platforms they are already using should include a form of social media.

The primary communication platforms used by each audience are:

Audience A (value driver):

Audience B (value driver):

Audience C (value driver):

Audience A (**environmentally** concerned customers):

- Local Chapter Sierra Club newsletter
- Local environmental blogger

Don't forget to identify what you need to ensure adequate delivery (e.g., Do you need to ensure that the internet server delivers the memorandum or that a reporter works with you to develop an article?)

Additional ideas on delivery platforms are provided in Tool #13.

Worksheets for Development of a Communication Strategy

8 *Prepare Targeted Messages for Targeted Audiences*

Steps 1–7 have provided information needed to develop a targeted message for each targeted audience. Now is the time to develop the actual message that will be developed for each audience/platform For example, a web-based communication may have a different format than a PowerPoint presentation – but they will both use the same 27-word headline and set of supporting messages.

Audience:

Message objective:

Platform(s):

TIP *Use dollar amount changes to water bills to show rate impacts rather than percentage changes.*

TIP *The following key themes were identified as ones that resonate with elected and appointed officials. Within each theme, specific potential messages are highlighted. Remember that it is best to customize messages to meet a utility's unique objectives based on what is known about the audiences and community context.*

Efficiency

- We have demonstrated our committed to efficiency
- We are doing our part to cut costs

Financial Health and Economic Benefits

- Failing infrastructure is bad news for the economy
- Inaction costs money, too
- Protect the utility's bond rating. Achieving financial metrics that will help maintain AAA bond rating

Sustainability and Stewardship

- Conservation has many meanings
- Careful water management has many meanings
- We are responsible stewards of water resources
- We can achieve a sustainable water future by working together
- We do not want your children to have this problem
- We need to leave a good legacy
- The rate increase is a vote for the community's future

Reliability

- The value provided in reliable water service justifies costs
- We have demonstrated our aging infrastructure is a threat to reliability
- Our utility will not run out of water because we proactively fund our long-term infrastructure needs

The True Value of Water

- Water utilities are critical to quality of life
- Cheapest is not always best
- The value for cost of water compares favorably to other commodities, such as gas and electric power
- Learn exactly what you are paying for: clean water and pipes that do not leak.

Worksheets for Development of a Communication Strategy

9 Deliver the Messages

In delivering the messages to audiences, It is important to consider the following:

When is the best time to deliver the message?

How often does it need to be delivered?

Should something accompany the message, perhaps an in-person communication?

Does the message need follow-up?

Who will deliver the message (e.g., put the developed information on the website)?

Worksheets for Development of a Communication Strategy

10 *Evaluate, Adjust, Follow-up*

Step 10 is often neglected. But an evaluation is a critical component of developing a communication strategy that builds support over time. Communication evaluations are also a great way to identify questions of concern, which may change over time.

The best way to develop evaluation techniques is to build them into the overall goals and objectives, i.e., try and write goals and objectives that are measurable. For example, if your overall goal is to get your governing board to approve funding for a specific project, then the evaluation is simple, e.g., Did they vote for the project? Why/Why not?

When developing evaluation techniques consider:

Can the communication be evaluated directly based on goals articulated in Step 1? Yes/No?

If yes, how?

____

____

Can the communication be evaluated directly based on objectives articulated in Step 2? Yes/No?

If yes, how?

____

____

In most cases you will need to indirectly measure success by developing a short questionnaire and identifying how it can be administered.

My evaluation questions need to include:

1. ____________________
2. ____________________
3. ____________________

I will use the following platform(s) as an evaluation tool:

1. ____________________
2. ____________________

Examples

- Survey monkey (i.e., an online survey tool that is inexpensive and easy to develop, implement, and analyze) type questionnaire/survey
- Directly ask audience members

Don't forget to identify:

Who will review and respond to comments (if necessary):

____

How long will people have to respond?

____

Key Actions to Follow to Develop a Successful Communication Strategy

Key Action Area	Tool(s)	Articulation/ Check Off
A. Identify the need for the rate request and the consequences if the board does not approve the rate change	▪ Effective Rate Communication Builds Support: A Video Presentation ▪ Tool #1: Rate Communication Process Roadmap ▪ Tool #2: Rate Communication Process Worksheets ▪ Tool #3: Identifying the Need-Benefit Communication Focus	Communication construction is complete. Long-term communication strategy is clearly articulated and implemented? The primary internal needs-benefits/consequences relation for the rate change are: Clearly articulated? ☐ Yes ☐ No
B. Understand and prepare for the special communication needs of board members	▪ Tool #4: Metrics That Matter: Types of Information Desired by Board Members ▪ Tool #5: Metrics that Matter Presentation: A Rate Case Visualization Tool ▪ Tool #6: Effective Communication Using Spreadsheets, Graphics, and Charts ▪ Tool #7: Special Board Situations: Engaging In Critical Conversations ▪ Tool #8: Special Board Situations: Using Scenarios For Long-Range Planning ▪ Tool #9: Special Board Situations: Financial Training Tools	Based on an evaluation from our GB members, we have knowledge and confidence that our rate messaging works for them. Evaluation criteria established? ☐ Yes ☐ No Evaluation complete? ☐ Yes ☐ No
C. Connect the need for a rate request with community values	▪ Tool #10: Rate Setting Guiding Principles ▪ Tool #11: Connecting with Community Values: Using Surveys and Focus Groups	The rate request is framed in the context of community values? Clearly articulated? ☐ Yes ☐ No
D. Build trust and understanding by being visible, transparent, and involved in the community	▪ Tool #12: The 10 Principles of Effective Communication in Rate Setting ▪ Tool #13: Message Delivery Pathways ▪ Tool#14: Example Messages that Resonate	The primary community values we need to connect with are: Clearly articulated? ☐ Yes ☐ No

TOOL #3
Identifying the Need-Benefit Communication Focus

Tips To Identify Needs, Benefits, & Consequences of Rate Decisions

1 Develop & Justify the Budget

- Ask *why* as part of asking *how much*?
- Ask for pictures and quotes.

2 Compile Budget Requests

- Compile a list of need based drivers as well as amounts.

3 Establish Rate Request Needs & Consequences

- Connect amount with benefit/ consequence drivers.
- Share list of drivers, photos, and quotes with communication planners.

TIP

Work with your rates team to identify the need/risk frame as part of the initial rate review process. Don't wait until you have an agreed upon amount to ask for information regarding the rate need/risk. As part of asking each utility department how much additional funding is needed, expand the question so that it includes gathering information regarding the need or benefit or risk/vulnerably to the utility associated with not having these additional resources. Ask for pictures, drawings, letters, cites, etc. that illustrate the risk succinctly.

TIP

Because the people you are asking are busy, and this additional request for communication related materials is new, it is important to frame your request carefully, and to repeat the request until you have gathered what you need. Research concludes that the human mind can only effectively process three or fewer concepts at one time (Covello, 2011). This is important to remember when identifying the need-benefit combination(s) to share in messaging; if you start listing more than three needs-benefits, you actually reduce the effectiveness of the communication. Once you have a laundry list of needs-benefits, use the communication construction tool to help identify the overall headline and the three supporting need/benefit combinations that are most likely to resonate with your governing board and your community.

TOOL #4 Metrics that Matter: Information Desired by Board Members for Rate Adjustment Decisions

Be Prepared to Provide this Information:

About this Adjustment

- ❑ Amount that an average bill would change
- ❑ Way that changing circumstances affects finances
- ❑ Anticipated capital expenses and associated drivers for the increases
- ❑ How proposed rates affect customer affordability
- ❑ Comparisons of rates with other utilities and why our rates are needed for your utility (tie the comparison with special circumstances at your utility)

About the Water Utility

- ❑ Financial condition of the water utility
- ❑ Bond covenants and the utility's ability to meet them
- ❑ Physical condition of the water utility
- ❑ Initiatives that improve efficiency at the water utility
- ❑ Customer satisfaction surveys and results

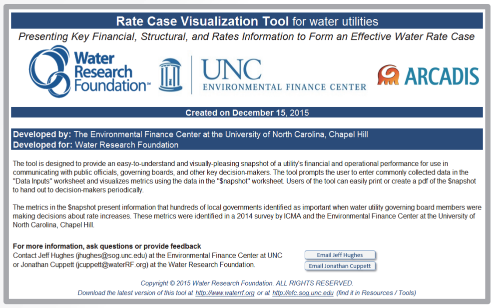
About Past Trends and Future Needs

- ❑ Previous history of water rate adjustments
- ❑ Rate adjustments needed in the next few years
- ❑ Rate and cost of service study reports

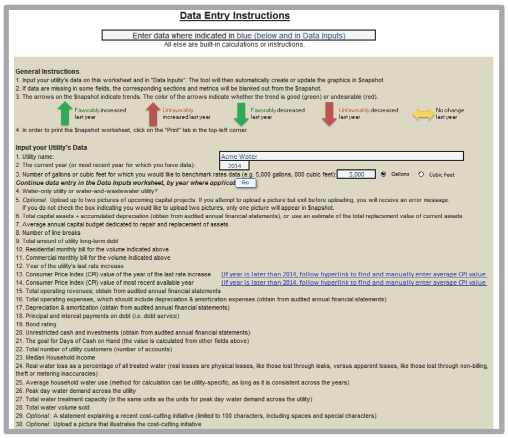
TOOL #5 Metrics that Matter Presentation: A Rate Case Visualization Tool

This interactive visualization tool provides a frame for communicating a utility's metrics. Four tabs are included: Introduction, Basic Data & Instructions, Data Input, and $napshot (see images below). Using this tool provides an easy-to-understand and visually-pleasing $napshot of a utility's financial and operational performance, which can be used in communicating with officials, governing boards, and other key decision-makers. The tool also provides users with an opportunity to examine the data behind a proposed rate change.

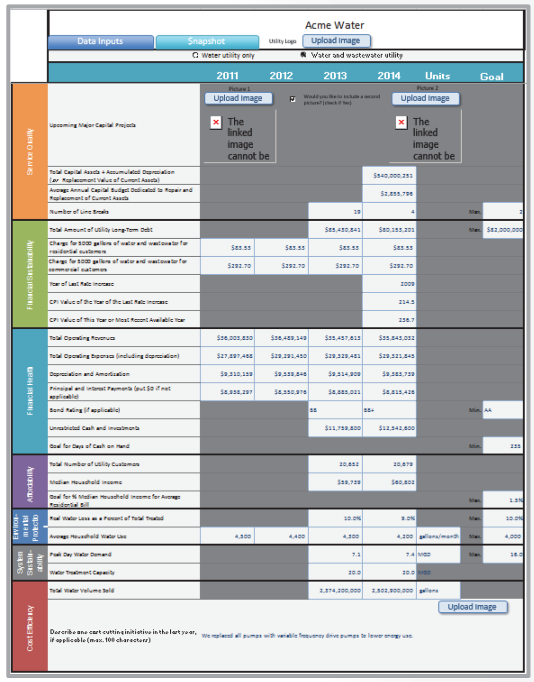
1 Introduction



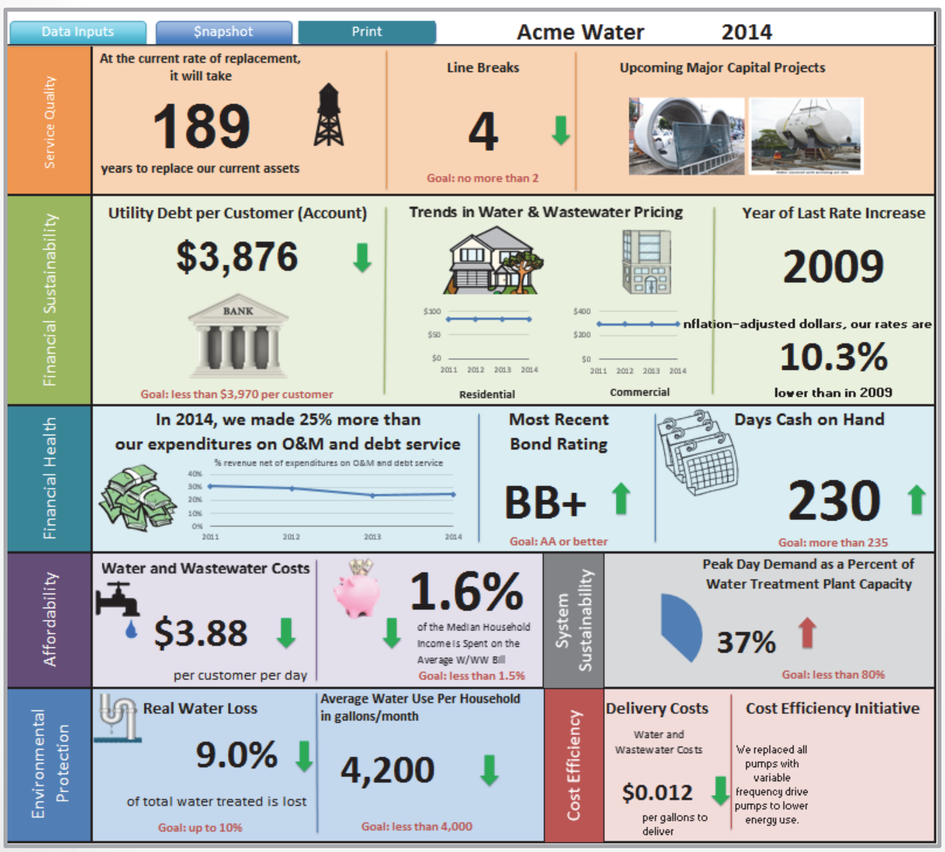
2 Basic Data & Instructions



3 Data Input



4 $napshot Tab



This rate case visualization tool provides an effective means for sharing a top level summary of the metrics identified as most salient to the majority of board members. Creating and sharing rate-request information through an interactive dashboard capitalizes on the fact that many people are visual or kinetic, hands-on, learners.

The tool is posted on the #4455 project page on the WRF website under Project Resources.

Effective Communication Using Spreadsheets, Graphics, and Charts

Tips for Presenting Financial/Rate Data

Follow the Masters

Learn your audience's interests, needs, and motivations; tailor your presentation.

Tell a story (who, what, why, where, when) instead of just presenting data.

Use examples to bolster charts and especially tables.

- Follow Guy Kawasaki's 10 slides, 20 minutes, 30 point font rule when using PowerPoint.
- Warren Buffet, Steve Jobs, and others have been known to be excellent at presenting financial information by weaving it into a bigger picture and adding gusto or a sense of humor.
- Start your presentation by letting your audience know how long it will be. This can also help emphasize what the main points are by numbering them (e.g., "I'd like to cover four main points today about…")
- End your presentation by summarizing the main points so it is the last thing the audience remembers.

Data, Charts, Tables, and Graphics

Do not use financial jargon. Make it clear and spell it out.

Use images instead of numbers where possible.

Make sure the presentation flows within a slide and overall.

- Data and charts should tie together neatly. One of the biggest pitfalls of financial presentations is when the numbers don't seem to add up. Clearly explain discrepancies, and make sure to double-check all of your calculations!
- At the same time, don't show off. Explaining too much of the background math can intimidate or bore folks who aren't particularly good at math and may cause more confusion. Do the math for them instead. This is a big difference in explaining financial information to finance and non-finance folks.
- If you are comparing across countries (and therefore currencies in most cases), ALWAYS show in terms of base currency so that an upward trend corresponds to an increasing strength of the currency.
- Keep data tables/charts concise and simple – use only a few key points. Only include data that is essential to conveying your point. Charts should be able to stand alone, i.e., understandable when removed from the accompanying text.
- Vary your graphics to have visual diversity in the presentation. There are, however, limits to this. Varying colors and fonts within a single table can be distracting, as can bright slide background colors.

Tips for Presenting Financial/Rate Data

Data, Charts, Tables, and Graphics (continued)

- Label data and charts clearly, with titles and legends in graphs and data labels such as currency units for data points.
- Be consistent between presentations. Limiting the number of key points applies to the series of presentations as well as the individual presentations.
- Use the appropriate chart for each circumstance. Line charts/graphs are best for displaying trends. Bar charts also show trends, but with more focus on individual values. Pie charts are not as effective.
- If you are showing large amounts of data (say Excel sheets instead of snippets in PowerPoint), use summary tables and make sure that the data tables and contents are laid out in sequential order. Skipping around several tabs in a spreadsheet can be very confusing and distracting.

Learn More about Successful Presentations

http://www.dummies.com/how-to/content/presenting-financial-reports-turning-numbers-into-.html

http://turbinehq.com/2014/make-a-financial-presentation-interesting/

https://www.turnaround.org/Publications/Articles.aspx?objectID=8797

http://www.thinkoutsidetheslide.com/presenting-financial-information-visually-in-powerpoint/

https://www.asaecenter.org/Resources/ANowDetail.cfm?ItemNumber=39138

http://www.ksmcpa.com/tips-for-communicating-financial-information-to-the-board

Critical Conversations

Sometimes a rate request requires a special kind of conversation, referred to by communication specialists as a critical conversation. A critical conversation occurs when emotion enters a conversation and threatens to derail a necessary action from occurring (Patterson et al. 2002). A critical conversation occurs when you need to talk with someone of standing, i.e., someone with authority, who you believe is likely to disagree with you about an important value based element of the conversation. However, if you don't engage in the conversation, an action that needs to happen will not occur.

For example, your agency needs a rate increase to finance upgrades to the treatment facility in order to meet new regulations. Your community is undergoing an economic decline and your board has stated publicly it will not raise water rates. But if you don't get a rate increase, your agency will have a cascade of consequences, including an inability to meet the new regulations with associated fines, a lowering of the bond rating, etc. This type of conversation requires the application of special risk communication techniques.

Critical conversations occur regularly in business situations as well as personal ones. In critical conversation situations, strong leaders seize the opportunity to move hard issues forward, while most people choose silence; we simply don't know how to move the conversation forward without creating drama. Studies have identified that when a critical conversation occurs (i.e., an individual feels emotionally threatened), it creates stress, emotion, and mental noise in both the speaker's brain and the audience's—this is why it is so very difficult to respond in a critical conversation situation (Groves et al. 2014). In order to overcome the stress, emotion, and mental noise that occurs in a critical conversation, Dr. Vincent Covello (2004) has developed a series of templates that can be used to move the conversation back to the place in the brain where we can have a reasoned discourse (see p. 2).

Risk Communication Templates*

Use these templates to create effective messages in high-concern situations

CCO TEMPLATE

Use when asked a question with high-emotion

Steps:

- Compassion
- Conviction
- Optimism

Example: *(1) "I am very sorry to hear about…; (2) I believe that…;(3) In the future, I believe that…*

"WHAT IF" TEMPLATE

Use when asked a low-probability "what if, what might happen" question

Steps:

- Repeat the question (without negatives)
- Bridge to "what is"
- State what you know factually

Example: *(1) "You've asked me what might happen if…; (2) I believe there is value to talk about what is, what we know now; (3) And what we know is…"*

___

*Source: Dr. Vincent T. Covello , Center for Risk Communication, Copyright 2004

BRIDGING TEMPLATES

Use when you want to return to your key points or redirect the communication

1. "And what's most important to know is …"
2. "However, what is more important to look at is …"
3. "However, the real issue here is …"
4. "And what this all means is …"
5. "And what's most important to remember is …"
6. "With this in mind, if we look at the bigger picture …"
7. "With this in mind, if we take a look back…"
8. "If we take a broader perspective, …"
9. "If we look at the big picture …"
10. "Let me put all this in perspective by saying …"
11. "What all this information tells me is …"
12. "Before we continue, let me take a step back and repeat that …"
13. "Before we continue, let me emphasize that …"
14. "This is an important point because …"
15. "What this all boils down to is …"
16. "The heart of the matter is …"

BRIDGING TEMPLATES (cont.)

17. "What matters the most in this situation is …"
18. "And as I said before,…"
19. "And if we take a closer look, we would see…
20. "Let me just add to this that…"
21. "I think it would be more correct to say…"
22. "Let me point out again that…"
23. "Let me emphasize again…"
24. "In this context, it is essential that I note…"
25. "Another thing to remember is…"
26. "Before we leave the subject, let me add that…"
27. "And that reminds me…"
28. "And the one thing that is important to remember is…"
29. "What I've said comes down to this…"
30. "Here's the real issue…"
31. "While…is important, it is also important to remember…"
32. It's true that…but it is also true that…"
33. "What is key here is…"

GUARANTEE TEMPLATE

Use when asked to guarantee an event or outcome

Steps

- Indicate that the question is about the future
- Indicate that the Past/Present predict the future
- Bridge to known facts, processes or actions

Example: *(1) "You've asked me for a guarantee, to promise something about the future; (2) The best way I know to talk about the future is to talk about what we know from the past and the present; (3) And what we know is…"* **OR** *"What I can guarantee (assure; promise; tell you) is…"*

3X PROBING TEMPLATE

Use when confronted with a criticism, objective, or allegation, or challenge

Steps

- Ask at least three non-judgmental questions before replying
- Bridge to three positive, constructive, or solution-oriented messages

Example: *"Can you tell me more? Can you help me to better understand what you said?"*

IDK (I DON'T KNOW) TEMPLATE

Use when you don't know, can't answer, or aren't best source

Steps

- Repeat the question (without negatives)
- Say "I wish I could answer that"; or "My ability to answer is limited by …;" or "I don't know" (often least preferred)
- Say why you can't answer
- Provide a follow up with a deadline
- Bridge to what you can say

Example: *(1) "You've asked me…; (2) I wish I could answer your question…; (3) This is not my field of expertise…; (4) I will do my best to get an answer…; (5) I expect to be able to tell you more by …; (6) What I can tell you is…"*

FALSE ALLEGATION TEMPLATE

Use when responding to a hostile question, false allegation, or criticism

Steps

- Repeat/paraphrase the question without repeating the negative; repeat instead the opposite; the underlying value or concern, or use more neutral language
- Indicate the issue is important
- Indicate what you have done, are doing, or will do to address the issue

Example: *(1) "You've raised a serious question about "x"; (2) "x" is important to me; (3) We have done the following to address "x"*

RULE OF 3 TEMPLATE

Use when responding to any high stress or emotionally charged question

Recommendation: Provide no more than three messages, ideas, or points at a time

Example: (1) "You can do" "x" (2) or "y" but I recommend (3) "z"

27/9/3 TEMPLATE

Use when responding to any high stress or emotionally charged question

Recommendation: Be brief and concise in your responses: no more than 27 words, 9 seconds, and 3 messages

PRIMACY/RECENCY TEMPLATE

Use when responding to any high stress or emotionally charged question

Recommendation: Provide the most important items or points first and last

1N=3P (1 NEGATIVE EQUALS 3 POSITIVES) TEMPLATE

Use when breaking bad news or stating a negative

Recommendation: Balance the negative message with a least three positive, constructive, or solution-oriented messages

The Key to Risk Communication

and applying any of these templates is to **Anticipate, Prepare, and Practice** – it is never OK to "wing it" when the conversation is critical. Choose the template you think is most likely to fit your needs and your audiences and then:

Anticipate what are the issues foremost in the audience's mind.

Prepare ahead by writing down what you need to say and keep modifying until you are confident.

Practice out loud, preferably with someone who can provide feedback. Practice until you don't have to think about what you will say – so that when the stress and mental noise occur you can still engage in the conversation.

The conversation below, taken from the Water Research Foundation report "Effective Climate Change Communication For Water Utility Stakeholders," uses the Caring-Sharing-Sharing Template as a frame for engaging in a rate-based critical conversation with a board member.

Using the Caring-Sharing-Sharing Template to Engage in a Critical Conversation

1. Caring – The first step is to make an emotional connection that illustrates that you both have something you ***care*** about in common.

2. Sharing – The next step is to ***share*** your facts and to acknowledge that you want the other person to also share their facts.

3. Sharing – State your facts with conviction and provide three sources that will resonate with this audience (***anticipate***) AND then ask them to share the facts that have lead them to reach their conclusion.

4. ***Listen***, with a desire to learn, to their answer. Having good listening skills means that you are not preparing your response while they speak; in fact, you may not respond in any way other than thanking the person for their answer. Use the information you gather from the answer to help you anticipate and prepare for your next critical conversation.

Example of a Critical Conversation using the Caring-Sharing-Sharing Approach:

I am not convinced we need a rate increase.

1. Care

We are both here today because we want to ensure our customers have safe water at the lowest cost possible.

2. Share

I would like to share with you how I have reached my conclusion that we need a rate increase and then I hope you can share the information you have.

3. Anticipate

I reached my conclusions based on: 1) the cost of installing treatment to meet EPA's new requirements, 2) the significant fines from EPA for non-compliance, and 3) the benefit to our utility of having treatment that meets the needs of future generations as well as today's customers. Thank you for listening. Now I would like to hear the facts you have regarding the need for a rate increase.

4. Listen

This is the most important step — *really listen*.

TOOL #8 Special Board Situations: Using Scenarios for Long-Range Planning

Long-Range Planning

A scenario-based approach to rate development is a useful communication tool when board members either have strong conflicting values or are thinking about long-term financial needs. Pull out this tool if the rate discussion is or is likely to be: focused on long-term needs, driven by a range of values (e.g., the environment versus the economy), or contentious. Scenario planning is a what-if exercise (e.g., What if the future is hotter and drier? What if the economy is depressed in the future? What are our environmental based financial needs?) By allowing everyone to approach the rate case based on their own value, it clarifies the important value drivers and allows the discussion to remain focused on one need at a time.

A Scenario Analysis

Many agencies conduct scenario analysis as part of their long-term water supply planning process.

For example, the Metropolitan Water District of Southern California (Metropolitan) coordinates its long-range financial plan with its Integrated Water Resources Plan. The Integrated Water Resource Plan uses scenario planning as a means to ensure future water reliability for the region whether, for example, the future is hotter and drier or is driven by economic depression. By examining each plausible future in detail, and identifying the future investment needs of each scenario, the agency and board understand a broad range of future financial needs. Metropolitan has found that by connecting the revenue and rates needed to meet the needs of each scenario, they have increased their board's confidence in future investment needs, e.g., capital, asset management and new supplies, recycled water, Colorado River transfers, and State Water Project "Delta BDCP investments." Visit Metropolitan's web page (www.mwdh2o.com) for the Integrated Water Resource Plan and updates.

Research Materials

If you are interested in using scenario-based exercises as a communication approach to rate changes, you can develop a better understanding of the process. The Water Research Foundation provides guidance on scenario planning in:

- Project #4263: Changes in Water Use Under Regional Climate Change Scenarios
- Project #4262: Developing Robust Strategies For Climate Change and Other Risks: A Water Utility Framework

Other materials include:

- Water Utility Climate Alliance 2015 Publication: Embracing Uncertainty: A Case Study Examination of How Climate Change is Shifting Water Utility Planning
- Center for Sustainable Cities at the University of Southern California: Scenario Planning, Available: http://sustainablecities.usc.edu/research-publications/publications/
- Science Direct: Scenario Development for Water Resource Planning and Management: A Review. Available: http://www.sciencedirect.com/science/article/pii/S0040162512002417

TOOL #9 Special Board Situations: Financial Planning Tools

Financial Planning & Management

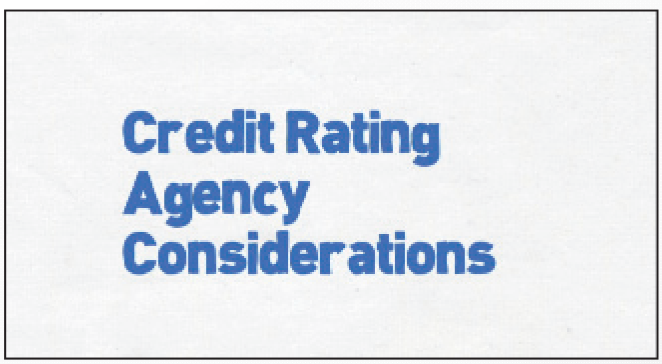
These educational videos offer engaging information about financial management topics designed specifically for water utility governing boards.

You can view these videos by visiting the WRF website.

Financial Benchmarking for Water Utilities

New Business Models for the Water Industry

Credit Rating Agency Considerations



Guidance on Developing Utility-Specific Guiding Principles

Rate setting guiding principles are the high-level set of working values that are developed and shared with governing board members and the community to demonstrate the utility's commitment to setting fair and equitable rates that meet the community's needs and value base. Establishing your own set of rate setting guiding principles can be an informal process between internal utility managers or it can be a more formal engagement process that includes internal management, board members, and the public. Here are steps that other utilities have used in developing their principles.

1 *Develop **internal** understanding of the need for developing and sharing a set of rate setting guiding principles.*

TIP Describe the benefits of developing and sharing rate setting guiding principles with upper management, the rates team, and other internal decision makers.

TIP Use the video "Effective Rate Communication Builds Support For Rate Approvals: A Video Presentation" to build understanding.

2 *Receive **permission** to develop guiding principles, identify the **process** you will use, and identify the **people** who should be involved.*

TIP Developing a set of guiding principles can be an excellent engagement opportunity that builds community understanding, trust, and support. A true engagement process requires: working with internal staff from a range of divisions (e.g., finance, customer service, planning); identifying customer values (e.g., surveys, focus groups); and working with the board. However, if this is not possible or appropriate at your utility, a simplified internal process can also be used successfully.

TIP Remember that the more people involved, the harder the process – but the more robust the final product.

3 *Invite the identified participants to **work together** to develop a set of principles that illustrate your recognition of the values and needs regarding water rates.*

TIP Write an introductory letter (see sample invitation letter on next page) that shares the reasons for developing guiding principles. Share experiences and examples of guiding principles used by other agencies.

TIP Because we are all so busy, engagement is often the most difficult part of the communication process. One of the keys to engagement is interaction. Research indicates that people are more likely to review a paper if they are asked to actually do something after they read it. The same principle applies here. Ask them, as part of your invitation letter, to complete a simple 5-question survey that provides insights into the most important things they think should be included in a set of rate principles. Survey Monkey provides an easy, free survey platform. A set of sample survey questions is provided below.

Guidance on Developing Utility-Specific Guiding Principles

4 *Hold the first working **meeting**.*

TIP During the meeting, provide a short background on the need for guiding principles. The video titled "Effective Rate Communication Builds Support For Rate Approvals: A Video Presentation" provides background on the benefits of developing and sharing guiding principles. Consider sharing the video if the opportunity is right.

TIP Share the survey results indicating the initial principles that resonate with your utility management. Then ask for discussion.

TIP Take notes that allow you to easily sum up the discussion by articulating specific principles that you hear are important to this group to include. About 5 minutes before your allocated time is up, provide the group with a summary of the discussion using an "I heard" frame. For example, "I hear that the following five elements are really important for us to include," "I heard that we should not include," and others.

5 *Send a **follow-up** memo that outlines the identified principles and any issues that were raised.*

TIP Include a new draft of the guiding principles. Iterate as needed. If issues were raised, work one-on-one to clear them. Check in with the general manager when working with governing board members to identify who needs to work with individual members to resolve issues.

Sample Invitation Letter

Dear (Name):

Our utility has identified the need to establish and share a set of principles that will guide our rate structure changes. One of the primary findings of rate communications research (located at weblink) is the need for water utilities to connect rate changes with the rate expectations of their customers. Many of the utilities interviewed as part of the research found that developing and sharing a set of guiding principles significantly increases external support for rate changes. Examples from two utilities, Denver Water and Albuquerque, are provided below to stimulate development of guiding principles at (insert the name of your utility).

We will work on a set of principles for (agency name) during (meeting time and date). To facilitate this discussion, we have developed a list of potential guiding principle elements. Please take a moment and go to (survey link) and identify the list of elements you think are most important to our community. This is a one question survey. We will share a summary of the survey findings at the meeting.

If you have any questions prior to the meeting, please feel free to reach out to me. Thank you in advance. We look forward to seeing you at the meeting.

Guidance on Developing Utility-Specific Guiding Principles

Examples of Guiding Principle Elements

Please identify up to 10 elements that you think should be included in rate-setting guiding principles for our utility.

- ❑ Create a pricing structure that is fair, equitable, and easy to understand
- ❑ Create a pricing structure that is as low as good service will permit
- ❑ Make the price as low as possible and still provide good service AND use pricing that is based on the cost to provide service for the water used (cost of service)
- ❑ Support a financially strong and stable organization that can ensure its customers have reliable, high-quality water now and in the future
- ❑ Promote opportunities for customers to benefit in the wise use of water through continued conservation and efficiencies
- ❑ Balance the needs of the utility and those of the customer
- ❑ Allocate costs accurately and proportionally
- ❑ Recover costs in a stable manner
- ❑ Meet the water needs of the customer
- ❑ Be "flexible" to adapt to changes in:
  - ✓ Costs
  - ✓ Economy
  - ✓ Weather
  - ✓ Legislation
- ❑ Be an equitable "drought response tool" for the utility
- ❑ Be perceived as "fair" by the customers
- ❑ Use customer buy-in to implement a rate structure based on fairness and equity
- ❑ Intuitive and interactive—give customers an opportunity to make adjustments based on personal information
- ❑ Increase awareness of water use, which results in conservation and revenue neutrality
- ❑ Create two-way dialogue with customers
- ❑ Use a rate structure that can be easily implemented:
  - ✓ Data collection and management should be limited in complexity
  - ✓ Customer service requirements should be reasonable
  - ✓ The rate structure should be legally defensible
  - ✓ Customers should be able to understand the rate structure and understand how their bills are calculated
  - ✓ Public officials should be willing to support the rate structure
- ❑ Follow cost-of-service principles:
  - ✓ Customers should pay in proportion to their impact on the system
  - ✓ The rate structure should recognize differences among different customer classes
- ❑ Analyze economic impact of a rate structure on customers:
  - ✓ A minimum level of service should be available to low-income users at an affordable price
  - ✓ Large increases in customer bills should be avoided
  - ✓ Impacts on the community should not inhibit economic growth
- ❑ Use a rate structure that helps achieve the community's water conservation goals:
  - ✓ In conjunction with other measures, the rate structure should help meet the community's goal of reducing overall water consumption by 40%.
- ❑ Maintain financial integrity of the systems:
  - ✓ Fluctuations in revenues over the year should be minimized
  - ✓ Rate structure must collect sufficient revenues to meet the systems' user charge requirements
  - ✓ Rate shock, rate fluctuations over time, and predictability of future rate changes should be controlled

TOOL #11 Connecting with Community Values: Using Focus Groups and Surveys

Identifying Community Values through Focus Groups and Surveys

Focus groups and surveys are two tools that can help decision makers uncover community values and identify opportunities for engagement and behavior change. This tool provides tips for leading focus groups and designing community surveys, and provides examples of questions that can reveal community values, with links to resources for more detailed information.

TIP

Be aware that communication is an emotion-value-based activity. To connect with an audience and change its behavior, it is necessary to identify a value connector. Humans also use value judgments as a way to set priorities. Identifying values that are high priorities for an audience is the key to effective engagement and communication. Understanding what is important to stakeholders can help utilities identify areas of common ground and frame their rate increase requests in ways that connect with community values and support each group's goals.

Focus Groups

A focus group brings together a group of people to talk about their perceptions and thoughts on an issue or concept. Focus groups allow participants to interact, share ideas, and even help each other form and evaluate their opinions on a topic. Focus group conversations can provide rich detail and can reveal deeper insight than other research tools. Because of the time demands of focus groups and the richness of the data collected, focus groups are most effective for gathering detailed information from a small number of people.

Sample Focus Group Questions

Questions that reveal community values

1. What do you like most about living in our community?
2. Which public services in our community are most effective and why?
3. Which public services in our community need improvement? How could these public services improve?
4. What are the most important functions of a community's water utility?
5. What are the strengths of our community's water utility?
6. How can our water utility best contribute to quality of life in our community?
7. What can our water utility do to serve the community better?
8. How would you describe the value of our community's water utility services based on your water rates?
9. How much more would you be willing to pay each month to receive [ask about each improvement discussed in question 7]?

Identifying Community Values through Focus Groups and Surveys

Surveys

Surveys are useful for gathering a large quantity of information from a large number of participants. Surveys can cover a lot of material with a relatively small time investment by participants. They can be designed in a way that makes data analysis very fast and efficient, especially through the use of online survey tools. While surveys allow researchers to reach a large number of people, they generally elicit much less detailed data than focus groups because of the challenges of analyzing open-answer questions from a large number of respondents. However, analysis of large-scale survey data can allow researchers to draw strong insights about the community as a whole.

Sample Survey Questions

Questions that reveal community values

1. Rank the following water utility priorities in order of importance from 1-6. A rank of 1 means that the priority is most important, and a rank of 6 means that the priority is the least important:

   __ Water quality
   __ Water conservation
   __ Modern infrastructure
   __ Low water rates
   __ Aid for low-income customers
   __ Emergency response

2. Rank your level of agreement with the following statement: The water utility needs to improve the water infrastructure that serves our community.

   1 – Strongly agree
   2 – Agree
   3 – Neither agree nor disagree
   4 – Disagree
   5 – Strongly disagree

3. How should a water utility pay for infrastructure improvements? (You may select more than one response.)

   a. Reduce the number of water utility employees
   b. Cut back conservation program spending
   c. Reduce financial aid programs for low-income customers
   d. Increase water rates
   e. Reduce spending on community outreach and education programs
   f. Other: ________________________________

4. How would you describe the value of our community's water utility services based on your water rates? (Choose only one answer.)

   a. Excellent
   b. Good
   c. Fair
   d. Poor
   e. Very poor

5. What is the most important improvement our community's water utility could make to its services?

   ____

TOOL #12 The 10 Principles of Effective Communication in Rate Setting

Principle	Description	How It Relates to Rate Setting
Timely	Information is provided and communication begins before the action or decision that affects people.	▪ Release information with enough time for public outreach and educational activities. ▪ In terms of rate-setting, allow sufficient time to meet state or local regulators regarding notice of changes to water rates.
Relevant	Information is pertinent to the people involved.	▪ Anticipate impacts to different stakeholder groups and address them in the outreach strategy. Materials should address local, regional, or customer-specific concerns, where possible.
Truthful	Information is factually accurate.	▪ Make sure multiple staff members review all outreach materials to ensure accuracy and consistency in messaging.
Fundamental	Core issues are addressed.	▪ Discuss real constraints. For example: ✓ If the water supplier is facing a down-graded credit rating because of insufficient debt coverage, clearly communicate this information to Boards and customers. ✓ If a water supplier is not collecting enough revenue to cover its fixed costs, communicate this information as well.
Comprehensive	Whole story on the relevant issues is covered.	▪ Explain the need for rate changes in a comprehensive way. For instance: ✓ If a rate increase results from new capital improvement projects, release materials addressing the state of local infrastructure and the importance of increased spending.
Clear	Unambiguous language is used, language is appropriate for the audience, technical terms are defined, and information is organized logically.	▪ Present information in a clear and logical format using visual aids where appropriate. Avoid or clearly explain all technical jargon. ▪ Review supporting materials and public presentations with the audience in mind.
Accessible	Information and sources are provided, easy to locate, and interact with; public meetings are well-publicized and held in convenient locations.	▪ Make sure that all relevant information is publicly available in a variety of formats, if possible. ▪ Have information available in multiple languages, if necessary, depending on a community's demographics.
Responsive	Communication is two-way, others' views are listened to and seriously considered, and there is openness to accommodation.	▪ Devote significant staff time to customer communications. Have a clear process to respond to customer concerns.
Caring	Communication is polite, courteous, and respectful.	▪ Train all staff in customer relations so that they can clearly explain the water supplier's rate structure.
Consistent	Words and actions match. There is follow-through on agreement and commitments.	▪ Ensure that all rules and regulations are followed. If you have a code of conduct or finance policy for your organization, periodically review it to ensure that you are meeting both your own as well as customers' expectations.

Report source: Pacific Institute 2013, p. 4.
Original source: Bishop 2003.

TOOL
#13 Message Delivery Pathways

Ways to Deliver Your Message

Printed Materials

- [ ] Bill inserts
- [ ] Newsletters
- [ ] Brochures
- [ ] Press releases to local media

Multi-Media Approaches

- [ ] Utility website postings
- [ ] Social media (Facebook, Twitter, LinkedIn, YouTube, etc.)
- [ ] Email blasts
- [ ] Call center training

Meetings and Presentations

- [ ] Live streaming of governing board meetings
- [ ] Public "town hall" meetings
- [ ] Meetings with citizen / stakeholder advisory groups
- [ ] Presentations on the local access channel
- [ ] Presentations to civic clubs
- [ ] Presentations to Chamber of Commerce

Community and Youth Activities

- [ ] Holding plant tours for local community members and groups
- [ ] Hosting youth and school educational programs
- [ ] Participating in local community events (fairs, charity events, etc.)

TOOL
#14 Example Messages that Resonate

Intergenerational Messages

- We do not want our children to have this problem.
- All customers want to know is, “what is in it for me?” We tell them it is for their kids and their grandkids.
- The rate increase is a vote for the community’s future, not a vote for a rate increase.

Sustainability & Reliability of the Water Supply

- Working Together = Water Forever (El Paso).
- Clean water, healthy neighborhoods, sustainable city, protecting our valuable infrastructure.

Repair & Upkeep of Utility Infrastructure

- The average homeowner spends around 2% of their home’s value on upkeep annually. We do too, but we have a bigger house (LA DWP).

Value and Cost of Water

- Tap Water: The Best Deal Around (Association of California Water Agencies).
- Raw water may be an inexpensive input, but potable or finished water is a value-added commodity that is provided on demand for a variety of daily uses, and the capacity to provide water is maintained regardless of whether a drop is used on any given day.
- See other messages in the 2005 WRF Communicating the Value of Water report.

Commitment to Efficiency

- Through our energy efficiency program, we have reduced our energy cost by over 28% over the last 5 years.

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