

# The Value of Our Water

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When I became president of the American Water Works Association in 2004, I spoke about the need to *Market the Value of Water* as one of my three priorities for my Presidency. Because of the importance of this issue, I have continued to focus my efforts on this initiative.

I really appreciate the opportunity to share some of my thoughts with you today, one water professional to another. Many of these ideas came directly from utility managers and leaders who spoke to me as I traveled on behalf of AWWA.

This topic is at once both easy and difficult to address. Easy because everyone drinks water and should therefore understand the value of safe drinking water and hard because in the U.S., safe water is such an everyday expectation that no one can imagine what life would be like without it.

What do we mean when we talk about the “value of water?” Objectively, the value of a product or service is derived from the benefits that a consumer receives from it. But value can also be subjective — what consumers perceive they obtain when purchasing the product or service.

The value of water comes from four perspectives: public health, fire protection, economic development and quality of life. If we can better communicate what water brings in these areas, we’ll have a better foundation for discussing why it’s worth paying for.

Let's begin with public health, because the first obligation of any water supplier is to provide water that is safe for consumption. In North America, most of us do not consider the possibility of becoming ill simply by drinking from a community water supply.

After the tragic tsunami in Asia, the World Health Organization listed "ensuring uninterrupted provision of safe drinking water" as the most important measure to be implemented following the massive flooding.

A year and a half ago, one of the greatest impacts of Hurricane Katrina was the loss of safe drinking water. People simply cannot live without safe drinking water.

In 1993, the City of Milwaukee, Wisconsin, suffered an outbreak of cryptosporidiosis from a parasite in the water supply. The gastrointestinal illness from this parasite cost more than 100 people their lives and caused 400,000 people to be sick.

It was a tragic reminder that the work water suppliers do every day has life and death consequences.

For Milwaukee, the total cost of outbreak-associated illness was \$96.2 million: \$31.7 million in medical costs and \$64.6 million in productivity losses.

While you can't put a price tag on human life or human suffering, it's clear that the costs of waterborne disease can be staggering.

But we also need to remind people that we only consume a small percentage of the water that runs through our pipes. One of the great values of our water infrastructure is the fire protection it provides.

Without a well-designed water system that operates at sufficient pressure, cities are at risk of disastrous infernos. Virtually every

major U.S. city has suffered such a fire – many of these fires led to the development of better public water systems.

AWWA had its Annual Conference in San Francisco in June, 2005. In San Francisco, we saw fire hydrants with two different colors. That's because there are two entirely separate water systems in San Francisco – one for potable water, and a second designated *entirely for fire protection*.

This second system has 100 miles of pipes that resist earthquakes and can draw water from San Francisco Bay if necessary. Why such an investment in fire protection?

Because in 1906, about 80 percent of the city was destroyed by a massive fire resulting from an earthquake.

So, I believe better public consciousness of water's relationship to public health and fire protection would motivate people to place more value in their water service.

But let's not forget the less dramatic reasons, like economic development. Safe, reliable water supports the businesses that make economic development sustainable.

For many businesses, water is either an ingredient in the product produced or it is part of the process of producing the product. Without water, these businesses would not flourish or maybe even exist. Safe, reliable water service is the lifeblood of any healthy, economically successful community.

What about what safe water brings in terms of "quality of life?" Any measure of a successful society — low mortality rates, economic diversity, productivity, public safety — is in some way related to access to safe water.

We could talk a long time about how inadequate water and sanitation diminish the quality of life and hope for people around the world.

Across the globe, millions of women walk long distances every day to retrieve unsafe water for drinking and washing.

Health experts estimate that at any one moment, as many as half of the world's hospitalized people are there due to some form of waterborne illness.

But in developed countries, it's tough to discuss the value of water in these terms. The people have no frame of reference. Instead, we have to talk about what water service brings in matters of convenience.

A year or so ago, heavy rains raised the turbidity of drinking water in Phoenix, Arizona, and the city issued a boil water notice as a precaution. For the first time – and for just one day -- 1.4 million people were without a service they took for granted.

Restaurants shut down. Hospitals postponed surgeries. Citizens went without Starbucks coffee (for many people in the United States, this constitutes a crisis in itself).

A news story in the next day's Arizona Republic read, "Economic costs to Phoenix's businesses not immediately known." Many people in the community were outraged because the seriousness of the situation was almost immediately measured in terms of dollars -- instead of public health.

So, as you can see, the value of water is perceived very differently by people with different expectations. What we can all agree on though, is that the value of water in measurable terms is much greater than the cost of producing and delivering it.

The pipes running below our streets that deliver the water are almost as critical to a city's health and vitality as veins and arteries are to the human body. That means we have to value them, and we have to take care of them.

The infrastructure that delivers that precious commodity, safe water, costs money to build and maintain. Safe water, without any way to deliver it to customers, has less value.

While we need to educate our customers about the value of water, we also need to educate them about the value of the pipes, pumps and treatment facilities that are necessary to create and deliver this product.

And maybe that's how we need to start talking about water, as a product that has value and is worth what it costs to produce and deliver.

Consumers understand paying for a product that they value and want. Why don't they think that way about water and the infrastructure needed to deliver it?

It's because drinking water infrastructure is out of sight, out of mind, and highly unromantic. But, while there are more glamorous projects than replacing water mains, you'd be hard pressed to find more important projects.

It will take partnerships between stakeholders, public and private, to assure the appropriate investments in drinking water infrastructure. There are important roles at all levels of government: federal, state, and local.

People, consumers all, need to support efforts by utility officials and the government officials to allocate funds to improve water infrastructure.

However, the answer to the infrastructure challenge lies largely with us, the consumers, who will have to share the cost of protecting and delivering our most precious natural resource.

Unfortunately, consumers have grown accustomed to low rates that barely cover operating costs and do not even pay for necessary repairs, much less the dramatic replacement costs in our future.

An overarching principle for AWWA is our belief that the public is best served by utilities that are self-sustaining through their rates and other local charges.

Why are people willing to pay whatever price is asked for a bottle of water? And, at the same time, they resist any attempt to increase the rates for the water that is delivered to their homes.

It is because they are willing to pay for the safety, taste, and/or convenience of the bottle of water. They understand that that product has value.

Our product actually has greater value, and it is up to us to help our customers see that.

The Value of Water – or more specifically, the public's *undervaluing* of water – figures prominently in any discussion of sustainable water utility planning.

The value of water is hard to quantify but it is definitely important to start trying to do just that. I hope that my words have started you thinking about it and that you will find your own ways to work with your citizens and associates to protect and improve this most precious commodity – safe water.