



Why Do You Treat Your Employees Like Water?

The number one issue that should be at the top of your annual rural water district or city budget discussion – please tell me that your board or council has an annual workshop to discuss your upcoming budget – should be what you can do to increase salaries and benefits for your employees. Unfortunately, many smaller water districts and cities don’t really value their employees and so they don’t focus on them as an essential resource.

The Diamond-Water Paradox

The Diamond-Water Paradox is an interesting way to explain why we don’t value our everyday employees, even though it completely fails when you apply it to the folks

who make sure that we have clean drinking water. It goes like this: water is essential for all life, while diamonds are not. Yet diamonds are much more valuable than water, in the same way that a rockstar gets paid much more than a water/sewer worker.

This gets applied by economists to explain why ordinary workers get paid so much less than workers who are perceived as higher-skilled, i.e., CPAs, economics professors (ha!), and hedge fund managers. This is because, under the paradox theory, the value of water depends on how much of it you have. The value of a single gallon of water is almost priceless – you literally need it to survive. But if you’ve got a whole reservoir of water, it has little value to you – you simply can’t use it all up. More importantly, (although again we all know better) water is perceived as relatively easy to acquire because water is plentiful in most places.

In comparison, diamonds are scarce and hard to find. Economists say that there is a similar dynamic at work in the labor force. Low-level workers exist in abundance, like water, and so are worth less than the value of higher-skilled workers like CPAs, economics professors (seriously?) and hedge fund managers. So because low-level workers are plentiful and higher-skilled, and highly educated, highly-experienced workers are scarce in comparison, a high-skilled worker’s time is worth more than a low-skilled worker’s time.

The problem with the Diamond-Water Paradox is that it does not apply to YOUR employees, because your employees are not a dime a dozen and clean drinking water isn’t just “water” that you can find anywhere. In fact, the opposite is true! Your employees are as valuable as diamonds because potable

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water has to be carefully produced and your workers are just as essential as that water that they produce.

While I was glad to see public confirmation that water and wastewater operators were essential during the pandemic, this was still kind of mind-boggling to me. Drinking water and wastewater services are critical every day, not just during a public health crisis. So why don't we pay our employees as if they were diamonds? The ones who were providing an essential service 24/7 even before the pandemic hit?

Sadly, Kansas doesn't have a record to be proud of. According to the U.S. Department of Labor, in 2020 Kansas ranked 50 out of 54 with an entry-level salary for water and sewer employees of \$28,701 and a top end of \$37,570. (These statistics included DC, Guam, Virgin Islands, and Puerto Rico) The entry-level salary in Kansas was only slightly higher than in Puerto Rico, which hasn't even had running water in many parts of the island nation since two hurricanes in 2017. The damage to the utility infrastructure there has caused major stress on the water and sewer workers and their salaries have been increased in some cases to reflect the impossible working conditions. Yet Kansas is barely ahead of them in how our water and sewer professionals are paid.

Where do public utility employees rank?

Let's look at it another way. Check any occupational salary website and it will show that public utility workers rank lower than teachers in salaries. The average salary range for public school teachers of all types at all levels in Kansas as of January 2020 was \$47,743 to \$63,135 per year. The common perception is that teachers are underpaid and overworked. Where does that leave your employees? Isn't clean drinking water for our children as important as their education? As of April 2020, per the Department of Labor, the average salary for a trained wastewater operator in Kansas was

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Water and Wastewater Employees Are Essential Workers

The bigger question is why water systems aren't treating their workers like the essential employees that they are? In March 2020, the EPA Administrator Andrew Wheeler sent a letter to Governors in all 50 states, territories and Washington, D.C. urging them to ensure that drinking water and wastewater employees were considered essential workers by state authorities when enacting mobility and travel restrictions to reduce the spread of COVID-19. This was a shock to me. Drinking water and wastewater services are critical every day, not just during a public health crisis. Why was there ever any question about the essential status of water and sewer employees?

"Ensuring that all Americans have clean and safe water is a high priority for the agency and I want to thank the water sector for their courageous efforts at a time when workforces are being challenged and stretched," said Administrator Andrew Wheeler. "Having fully operational drinking water and wastewater services is critical to containing COVID-19 and protecting Americans from other public health risks. Our nation's water and wastewater employees are everyday heroes who are on the frontline of protecting human health and the environment every single day."

And in case there is still any doubt that your employees are essential, the Cybersecurity and Infrastructure Security Agency, an agency that operates under the Department of Homeland Security, released a memo on Identification of Essential Critical Infrastructure Workers During COVID-19 Response. The memo provided a list of "Essential Critical Infrastructure Workers" to help state and local officials ensure continuity of functions critical to public health and safety during the COVID-19 response. The following functions were listed as essential employees needed to operate and maintain drinking water and wastewater/drainage infrastructure:

- Operational staff at water authorities
- Operational staff at community water systems
- Operational staff at wastewater treatment facilities
- Workers repairing water and wastewater conveyances and performing required sampling or monitoring
- Operational staff for water distribution and testing
- Operational staff at wastewater collection facilities
- Operational staff and technical support for SCADA Control systems
- Chemical suppliers for wastewater and personnel protection
- Workers that maintain digital systems infrastructure supporting water and wastewater operations

\$21.67 per hour. That's about \$45,220 a year. That's less than a new teacher makes. And starting salaries for entry-level water and sewer workers are in the \$17-18 an hour range.

And there is a final comparison we can examine. Between 2018 and 2019, according to an AWWA annual study, salaries for small utilities (fewer than 10,000 users) increased on average by 1.9 percent. (Did you give your employees a raise between 2018 and 2019?) But then the pandemic began sweeping across the globe, and all bets were off for salary increases. AWWA's COVID-19 impact survey in 2020 reported that 70 percent of utilities had or were considering implementing spending adjustments.

This is not a huge surprise, considering that water utilities have struggled with pandemic-induced financial impacts including customer delinquencies, revenue shortfalls due to water consumption declines, slower growth, increased expenses and deferred water rate increases. Approximately 16 states had some sort of moratorium on water shut-offs during the worst of the pandemic, while many more had unofficial leniency programs or took part in a patchwork of state and federal COVID-19 municipal utility relief programs. However, what did not happen was a bump in pay for the essential workers who kept the taps flowing and the

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toilets flushing. We are clearly not prioritizing our employees, our most valuable resource. In 2021, the PEW Research Center documented an increase of 111.3 percent in salaries for local delivery workers (Amazon, food and grocery delivery, etc). This was compared with a +.5 percent increase in local government and public administration (where water and sewer employees are categorized). I don't think anyone is shocked by the news that the private sector from McDonalds to Amazon has been forced to pay their employees more as a result of the

pandemic. The folks doing those high-risk jobs during the middle of the pandemic certainly deserved to be compensated. We have seen the stories of Amazon offering \$18 an hour as starting wages. The question is why aren't we, as an industry doing more to take care of OUR essential workers?

Time to think outside-the-box

It is true that smaller water utilities are more severely impacted by decreases in revenue. The problem is that even before the pandemic, we have not been paying our employees enough. I have sat through countless board and council meetings and failed to hear a discussion of salary increases. Sadly, I have heard more discussions devoted to

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figuring out how the governing body can offer less to a new employee than brainstorming ways to pay employees more. Most often the topic of pay increases only comes up if an employee has announced that they have been offered a different job for more money. RWD boards and city councils need to think more about how they can compensate employees for the incredibly critical work that they do. If regular pay raises aren't an option, then what else can you do? Improve benefits? Pay more of the employee's health insurance? Pay more for overtime or increase compensation time for after-hours calls? Maybe this topic requires some outside-the-box thinking on ways to cut costs so that those savings can be passed on to employees.

The pandemic has also spurred lots of workarounds in the private sector and those are worth studying too. Small business has consolidated their bricks and mortar offices during the pandemic because their businesses slowed down and many are not going back. What if you shared office space with a local municipality and hot-desked? Do you have office employees who could keep teleworking? Could you invest in shared billing systems or even in shared

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employees with another water utility? Do you still need an actual office? Could you set up your website or invest in software that allows customers to begin/end/pay for services online? That investment could allow you to stop paying rent or sell an office building and, again pass those savings on to your employees. Have you thought about asking your employees what their cost-cutting ideas can be and then passing the savings on to them in the form of bonuses? That is exactly what some commands in the Army and Air Force have done. They have set up innovation teams and given the federal employees bonuses equal to a percentage of the savings that were documented. If the military

can be innovative and value its employees then surely water and sewer utilities can do the same.

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