

Ice, Ice ... Infrastructure Revenue?

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At Spartanburg Water, ice sales from treated water have supplied \$1.5 million in revenue for infrastructure improvements.

Spartanburg, South Carolina, residents love frozen. No, not the Disney movie. They're big fans of Spartanburg Water's ice houses — the automated vendors that provide bagged ice created from treated water.

Spartanburg Water operates 12 ice houses at strategic locations; three in the city of Spartanburg and nine in nearby communities. Each automated ice house produces, stores, bags and dispenses ice, which is available 24/7. The houses operate much like ATMs, with customers inserting cash into the machines. Best, the ice is fresher and costs less than ice from gas stations or grocery stores.

"Our core product is a high-quality water source," says Sue Schneider, Spartanburg Water CEO. "We just thought we'd deliver it at a different temperature, and we're making ice. It's still our core function but coming colder to our customers."

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Schneider says the ice houses represent innovation that stemmed from a basic need. Several years ago, Spartanburg Water needed to increase revenue to replace aging infrastructure. However, the utility didn't want to depend on rate increases.

"Someone would say, 'Why don't you bottle your water?'" she says. "The bottled water business isn't the water business; it's the beverage business. You're competing with Pepsi and Coke and stocking grocery store shelves. It's really not the core business that a water company is in."

The utility realized its core business was high-quality treated water drawn from area reservoirs and a river. So, utility officials looked into ice-making technology and met with Ice House America, the manufacturer of Twice the Ice kiosks. The utility negotiated a Twice the Ice franchise for Spartanburg County and opened its first ice house in May 2008, becoming the first utility in the frozen-water business.

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The utility then added ice houses at other locations at roughly six-month intervals. The 12 current houses feature Twice the Ice franchise signage and the Spartanburg Water logo.

The ice is made on site at each kiosk, which eliminates shipping costs and keeps retail cost down. At other retail outlets, ice sells for \$2 or \$3 for an 8- or 10-pound bag. The utility offers a 16-pound bag or 20-pound bulk ice (at some locations) for \$1.50. Some other locations offer 10-pound bags for just \$1. As a bonus, 11 of the 12 ice houses dispense filtered water in 1- or 5-gallon servings.

Licensed operators maintain the facilities. Each ice house has its own filtration system, which requires a licensed operator and is monitored by the South Carolina Department of Health and Environmental Control. Utility staffers maintain the sites (restocking bags, cleaning the area) twice per week and clean the dispensing equipment weekly.

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"We know our customers are very comfortable and like the water we put out," Schneider says. "They know they can rely on us."

Apparently, that translated immediately to the ice business. Consumers flocked to the automated machines as soon as they opened, and business has been brisk ever since.



Spartanburg Water operates 12 ice houses at strategic locations throughout its service area. To date, the ice houses have generated about \$1.5 million, which has been used for infrastructure projects.





"During the course of the ice business, we've made over 17 million pounds of ice, and we've delivered that water to our customers in bags instead of through pipes," Schneider says. "If you go back to the beginning, [the houses] have probably raised about \$1.5 million. And when you use that number of 17 million pounds, that equates to about 2 million gallons of water."

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In fact, many area residents rely in the automated kiosks, which are especially popular with restaurants, catering services, construction services and people who want ice for fishing, boating or other recreational activities.

"It's really been embraced by the various communities where we work," says Bobby Walden, director of collection and distribution for Spartanburg Water. "To my knowledge, we've not had the first negative comment from our customers. They love it."

The ice houses have taken on an important role in the community. Walden says they're equipped with generator hookups, which keep them operational during power outages. Further, utility employees are stationed throughout the county to respond to the kiosks during emergencies, whether it's a line break or adverse weather.

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Spartanburg Water also uses the ice houses for community outreach and event sponsorship. Recently, it worked with the Young Professional group at the local chamber of commerce, providing ice for the ALS ice-bucket challenge.

The kiosks have also helped the utility deal with staffing issues. Like many utilities, Spartanburg Water has added more automatic meters, eliminating manual readings. The utility transitioned some staffers who worked with meters to ice-house maintenance.

Schneider says that although other utilities have inquired about starting an ice operation, Spartanburg is still the only utility in the ice business. Will the utility's ice business continue to grow? Schneider says it's reviewing potential locations and advancing technology and will build the business to fit the market.

"Residents really equate the ice with the water," she says. "And they're really pleased with the water service, so it's been a great match for us."