

Dear City Manager:

I hear our water and sewer rates are increasing by 15% and yet we do not see any water lines or sewer lines being fixed. Why is this and what are the plans for this money?

We run our utility system as a business, we all know that a business cannot be operated without revenue, and we all know that everything is going up, one trip to the grocery store is the tell-tale. The increase is to help keep our business open and operating, for you, our citizens.

The increase is necessary to ensure that we are able to continue to afford to provide potable water services and reliable sewer services to the city. Water rates are being increased due to the associated costs of operating our system. There are two types of costs for the city to operate the system:

Fixed costs: operations, system maintenance, system expansion, debt service

Variable costs: chemicals and power

We understand its bad timing, we get that no one likes to hear higher bills are coming, but we waited as long as we could.

As for the improvements to the waterlines and sewer lines. Yes, we have an aging infrastructure, yes, we have issues we need to address. And we are definitely addressing them! A water and sewer study were completed in 2022 and we keep it alive and breathing, meaning we are working towards the improvements identified.

We are blessed to have a supportive city council who has approved the application for a Water Infrastructure Finance and Innovation Act (WIFIA) Loan. The WIFIA program provides long-term, low-cost loans for infrastructure improvements. The first steps of the application process are complete, and we are waiting for the assessment. Once approved, we can move forward quickly. We are looking to borrow enough funds to replace all undersized, iron, and asbestos cement waterlines that are in our city with new lines. It also includes the repainting and rehabilitation of our elevated and ground storage tanks, as well as a new water well. This will be a long, tedious, project, but very exciting once we see it start.

Presently, we are working with our engineers to correct pump and motor issues, communication issues, and backup power issues at our water plants. This is being paid for by our current funding sources. We have improved our chlorine system, we are in a continuous process of training and mentoring our staff, and we have a great team of employees who dedicate their days and nights to keeping our system on track.

Again, with the support of city council, we are working with a company named Performance Services who are helping us to use Local Government Code 302.001 which allows and defines energy savings performance contracting and which is an alternative way for cities to fund projects due to future savings. We are using this program to fund our water meter replacement program and we are well underway with the application for this funding as well.

Per our sewer study, completed in 2022, *most* of our lines are in good condition. We do have some lines that need repair and we have been working on those in-house with our crews and contractors and continue to work on them. We also have entered into an agreement with the Economic Development Corporation to fund the Downtown Sewer Line and Lift Station Project. This project is in the design phase and will be ready to bid soon. Our lift stations and wet wells have all been fenced off, we have made some major improvements to our wastewater treatment plant and improvements to our lift stations, including receiving the grant funded generators for emergency backup.

Things are getting done, we know that it's hard to see when there isn't dirt turning or if you still experience discoloration in your water. But, rest assured, your city team is working diligently, and with the support we have from our city council, we are getting things moving along. We insist that the water is safe to consume, and we take daily residuals of chlorine to ensure that promise. All we ask is patience and understanding as we move forward with these very important projects. We do care about our system, our citizens, our money, and where it goes. The majority of your city staff live in our system too, so we are affected by the rates, the needs, and the same disappointments as everyone else. These types of projects take time, a lot of time and a lot of money. We don't have millions of dollars sitting in a bank account offshore, so we must get creative with our funding, and that is exactly what we are doing, thinking outside of the box, so that we can do what needs to be done and be able to afford it. We welcome concerns at city hall, at city council meetings, on email, over the phone, just drop us a line. We will be happy to respond to your questions. We prefer to offer our input and avoid negativity, rumors, or misguided commentary. Look for a City Projects page on our website in the near future.

We are proud to be part of the Palacios Community. We are Growing.Stronger.Together.