

City Business
Infrastructure Front and Center
by Michael Leamons

Last week another water main broke, resulting, once again, in the loss of water to the downtown business district. This time, it was an 8" line next to Hico Building Center. This is the fourth break in the last two months. For residents, loss of water represents an inconvenience; for businesses, it means lost revenue; for the employees of those businesses, it can mean lost wages.

Deficiencies in the City's infrastructure need to be addressed. In addition to the above business related problems, the condition of the City's streets can be traced back to the aging water and wastewater infrastructure. Major street repairs have been delayed until the water and wastewater lines under those streets are upgraded. (Why pay to improve the streets only to tear them up again to access the pipes below?) It makes sense to delay major street repairs until the underground lines are replaced, but how long must we wait?

As previously mentioned in this column, the City is pursuing another Texas Community Development Block Grant (TxCDBG) for funds to replace water mains in some of the area south of Highway 6 and east of Highway 281. Should the City qualify, these funds would become available this time next year.

Additionally, last week the City invited Terri Chenoweth of the United States Department of Agriculture's Rural Development Program to meet with staff and the City engineer to explain what resources are available through that agency to assist with infrastructure improvements. USDA Rural Development provides funding through packaged grant/loans. The grant to loan percentage varies. Under the standard program the grant portion is limited to 45%. For projects deemed critical to public health and sanitation the limit increases to 75%. Chenoweth indicated 20% is the typical grant percentage and only rarely does that percentage exceed 50%.

It is thought the projects being considered by the City could be targeted to qualify for the "critical to public health and sanitation" designation.

Interest rates also vary, but currently the standard rate for a 40 year fixed-rate-loan is 3.25%, while the rate for projects deemed critical to public health and sanitation is 2.375%. Funding from the USDA Rural Development grant/loan program could be used to improve both water and wastewater infrastructure. Street repairs could also be rolled into the package for those streets in which both water and wastewater line replacements occur.

Should the City decide to pursue a USDA Rural Development grant/loan, the application process would take about 18 months. The program's fiscal year begins in January and applications processed early in the fiscal year are more apt to be funded; consequently, if the City wants to get funded by 2012, the application process needs to begin in short order.

Decisions have to be made about how to best address the City's infrastructure needs. The TxCDBG Program provides a higher percentage of grant funding. The City is about to be awarded a \$250,000 TxCDBG for a wastewater project. The program requires a local match of 5% to 20%. The maximum amount available through TxCDBG has been raised to \$275,000. The most attractive aspect of the TxCDBG program is that

it doesn't increase the City's debt burden. Currently, the City owes \$2,860,000 to the Texas Water Development Board for the recently installed elevated storage tank, the attendant water lines and valves and the new Wastewater Treatment Plant.

The USDA Rural Development Program delivers a lower percentage of grant funds, but can provide funding for substantially larger projects. Additionally, the City can't be certain of landing a TxCDBG grant in each funding cycle. Would it be better to slowly whittle away at the City's infrastructure challenges through TxCDBGs, or take most of it on in one swoop with a substantial USDA Rural Development grant/loan? Or, perhaps a dual approach could be crafted where portions of the infrastructure upgrades could be set aside for future TxCDBGs, while other portions are targeted for immediate (understanding the funding process will take about 18 months) attention through USDA Rural Development.

As you can see, these aren't easy decisions. The decisions that are made will impact local business operations, the quality of the services being delivered as well as the property tax, water and wastewater rates for some time to come. What course do you think should be charted? Perhaps you've got yet another option in mind. These matters are scheduled to be discussed at the Regular August 9th City Council Meeting. You are encouraged to attend. Between now and then, please let your elected representatives know your thoughts on the various considerations involved in addressing the City's infrastructure challenges. And, should you wish to discuss these matters with me, my door is always open.

May God bless the City of Hico.