

Decreasing Water Project Costs

Dear Customer:



This insert is the fifth in a series that is provided to inform you about our water and sewer services, major projects, and the cost to deliver these services.

Maintaining an adequate water supply for Lubbock is both important and expensive. With this in mind, the City is aggressively seeking for ways to lower the cost of critical water supply projects.

In order to reduce project costs, the City initially focused on lower cost water supply projects first. As a result, the City has spent about \$3 million to maintain the water supply at the Bailey County Well Field by installing new water wells and refurbishing old wells. In addition, the City has spent another \$3 million in converting city parks to using groundwater for irrigation so that City parks do not utilize City drinking water.

The City of Lubbock is also actively working to obtain financial assistance from the State of Texas. The Texas Water Development Board (TWDB) offers a number of programs that can be helpful to cities with water projects.

The first successful effort in securing financial assistance was in March 2008. The TWDB awarded to the City of Lubbock an opportunity to participate in a low interest loan. The TWDB program lowered the City of Lubbock's interest rate by 2% on a \$23 million loan for the Lake Alan Henry project leading to a savings of almost \$6 million over a 20-year period while the City pays the debt service for the project.

In May 2009, the City was again successful in securing financial assistance with the TWDB for an additional \$19.9 million for the Lake Alan Henry project. This award will save an additional \$5 million over the next 20 years while the City pays back the debt service for the project. This award brings the total in financial assistance to about \$42 million and the savings to about \$11 million.

The City continues to pursue financial assistance through the TWDB and other agencies. The City has four more applications being prepared or submitted requesting additional assistance in financing the Lake Alan Henry project.

As a result of the downturn in the national economy, the City has awarded some water construction projects that are about half of the engineer's estimated cost. The City may see similar savings in the Lake Alan Henry project as the first of three pipeline segments is bid out for construction in the Fall of 2009. If the first Lake Alan Henry pipeline bid comes in low enough, then the City may expedite the bidding process for the other two segments of the pipeline to take advantage of the low construction costs.

The City Council and the Lubbock Water Advisory Commission support the efforts to continue seeking financial assistance and ways to reduce the overall cost of water for Lubbock's water customers. While the cost of water is high, the City remains committed to doing all it can to keep the cost of water as reasonable as possible while ensuring that our water supply is secure for the future.

Sincerely,
City of Lubbock