

City of Palouse

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Dear City of Palouse Residents,

This letter serves as notice that a proposed rate increase for the Water System Reserve Fund is currently being considered by the Council. Furthermore, it is the hope of the Budget Committee that this letter will also help explain the recent, if rapid, increases in the bills being paid by our Palouse residents for their water and sewer services.

Last year, both the water and sewer rates were increased to cover the costs of maintaining our aging infrastructure—an increase that has been needed for years. This year, rate increases are again being discussed as a result of loan payments coming due on necessary and emergency projects that have occurred since 2021.

In 2018, the Council approved work on a Water System Design plan to start addressing our aging infrastructure at the source. This plan led to the Looping Main Replacement project, which performed targeted replacements of the City’s oldest and most problematic water mains. Then, in 2022, unplanned damage to both the F Street Bridge and the water transmission line attached to it required emergency repairs. Each of these projects necessitated a new loan for the City of Palouse, and each of these payments must be supported by our Water System Reserve Fund.

With just \$3.00 per month being charged on each bill for the Water System Reserve Fund, it is no longer the case that the fund is healthy enough to support the loans accrued on these necessary projects. For 2025, the City’s loan payments out of the Water Fund will total \$71,042.44.

This situation is not uncommon. Across the country, many of the least healthy funds for cities of all sizes are the enterprise funds for water and sewer. An enterprise fund must be self-supporting, as it functions on fees charged for services to residents. Here, we must stress that enterprise funds have to make their own money. Paid for by citizens, water and sewer maintenance cannot be funded by scrimping elsewhere. Money cannot be moved from other budgets to cover these costs without the same amount needing to be repaid.

This, unfortunately, means that we must ask our residents to invest more in infrastructure at this time. The proposed increase from the Budget Committee amounts to an increase of \$10 to the Water System Reserve Fund and an additional \$2 increase to the base Water Fund. Thus raising the total water bill to \$50.10 per month. Please see the cost breakdown below:

	Water	Sewer
Base	\$35.00	\$45.00
Reserve	\$13.00	\$17.00
Tax	\$2.10	\$2.70
Capital Improvements		\$1.00
Total	\$50.10	\$65.70

As we have mentioned, this proposed increase is currently under consideration by your City Council members and will appear on the agenda under new business at the Tuesday, February 27 meeting. A public meeting at Palouse City Hall at 7 PM, it will be open to all and will offer a period for public comment but not question and answer. Should you have concerns or questions, please feel free to reach out to your representatives on the Budget Committee or to either Mayor Sievers or City Administrator La Follett for more details. Their contact information is as follows:

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