

PROPOSITION A: WATER WELLS

Issuance of \$3 million dollars of bonds for drilling, constructing, and improving water wells.



Why is this project on the ballot?

- The city is seeking to add additional capacity to our current water system for use by the community.
- Rhome has been under water restriction notices from our water provider at various times over the past several years and drilling new wells would provide additional capacity for use.
- The city also gets the majority of its water from a third-party provider, Walnut Creek Special Utility District (WCSUD) and they have a maximum number of gallons they will sell to the city each year.
- Our contract with WCSUD expires in October of 2029 and the city will need to amend our current contract to address the city's water capacity.

What other options does the city have?

- We can continue to use the wells that the city currently operates.
- We will also be looking for another water provider to meet the city's needs now and in the future.

What will the bond money be used for?

- To drill two (2) or three (3) water wells that will be added to our water system.
- The final number of wells will depend on the overall costs for each drill site.
- **Bond money may only be used for the purpose (reason) stated on the ballot. This means the city cannot use the water well funds to repair roads, pay salaries, purchase equipment or other non-related expenditures.**

Did the city apply for grants?

- The city has not applied for grants for this project.
- The grant process can take several years from the application to the award stage.
- The city has applied for grants in the past for other projects and has not been awarded any funds.

How was the amount of the bond (\$3 million) determined?

- Staff had several discussions with staff from the Upper Trinity Groundwater Conservation District, staff members from other cities, and from contractors who drill wells. The estimate we have is \$750,000 per well as we must drill down deeper than a residential well site.
- The bond also has money available in case the city needs to purchase property, right-of-way, or easements for the drill sites.

If the bond passes, does the city have to spend it all?

- NO. The amount on the ballot is for the maximum bond amount the city could issue for the project.
- If we are only able to drill two (2) wells, the project may not require the full \$3 million.

Can the bond money be used for other projects/expenditures in the city?

- NO. The money of Proposition A can only be used for the stated project if approved by the voters.
- For this ballot question, it would ONLY be used for the purpose stated in Proposition A.

Doesn't the city already have water wells?

- Yes. The city operates four (4) well sites that pump from approximately 15 gallons to 80 gallons per minute.

- At one time, the city had two (2) additional well sites that have been capped and are no longer in use.

Doesn't the city already have a water provider?

- Yes, we have a contract with Walnut Creek Special Utility District through October 2029 for water service.

Do we sell our water to anyone else?

- The city has a contract with the Wise County Improvement District #1 and #2 who supplies water to some of the homes on the Rolling V Ranch.
- We sell to Texas Water Utilities through a wholesale contract that serves areas of Aurora Vista.
- We also sell water to Aurora Main for a fire line that helps protect their community.
- The water is sold at a mark-up of our purchase price from WCSUD and helps fund our water operations.

Why doesn't the city save the money and pay cash for this project?

- The Utility Fund does not have enough available money to pay cash for the project.

What would happen to those who are older than 65 or have a disability exemption (veteran, etc.)?

- **NOTHING WILL CHANGE ON THEIR TAX BILL.** Those who have filed appropriate paperwork to take advantage of these exemptions will not see a change and their taxes will remain frozen.

How long will the city have to pay back the bonds?

- If the proposition passes, the city will consult with its advisors to determine the term of the bonds, which cannot exceed 40 years from the date they are issued.

Who watches out for the city when bonds are issued?

- The city has a bond attorney and a financial advisor who helps the Council when debt is issued.
- The Council also approved a bond advisory committee who will provide information to Council on the projects.
- More information will be issued soon about the advisory committee as it is being developed.

What happens to the tax rate if this project is approved?

- The current tax debt rate for Rhome is .1229 per \$100 of home valuation for all outstanding debt.
- The debt tax rate will be reduced by .0455 at the end of this fiscal year (24/25) as the city will pay off one bond.
- The rate will be reduced by .0774 by the end of the fiscal year 25/26 as the city will pay off another bond.
- If this project is approved, it is estimated the rate would be .0726 in FY 2026/2027.
- If **all three (3) projects** are approved, the projected bond debt tax rate would be .4238 in FY 2026/2027.

What will the ballot say when I cast my vote?

PROPOSITION A

"THE ISSUANCE OF \$3,000,000 GENERAL OBLIGATION BONDS FOR DRILLING, CONSTRUCTING, AND IMPROVING WATER WELLS AND THE IMPOSITION OF A TAX SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS"

When is voting day and where will we vote?

- Early Voting is April 22, 2024, through April 30, 2024, from 8:00 a.m. to 5:00 p.m. (excluding weekends)
- Election Day is May 4, 2024, from 7:00 a.m. to 7:00 p.m.
- Residents may vote at the Rhome Community Center, next to the Rhome Fire Station, for both early voting and election day voting.