

PROPOSITION B: WEST – WASTEWATER PLANT

Issuance of \$11 million dollars of bonds for constructing, improving, and extending the west wastewater treatment plant.



Why is this project needed?

- The West Wastewater Treatment Plant was originally built in 1998 and has not been significantly upgraded or repaired since it was installed.
- The city has had sewer overflow issues with this plant in the past. In 2015, the plant had at least 23 different days of overflow that were reported to the Texas Commission on Environmental Quality (TCEQ). In 2016, the city received a notice of enforcement on the plant with a proposed agreed order to settle the violation for \$54,600.
- The TCEQ has been in contact with staff about the overflow violations and are requiring clean-up steps because the sewer has gotten into the surrounding creek/Trinity River.
- The plant currently uses outdated technology and functions at or beyond capacity each day, which means the current size and sewer flow to the plant cannot be increased or it overflows the tank.

What other options does the city have?

- The city may continue to operate this plant, as it is today, until we receive enforcement notices or additional fines from TCEQ. These fines may be issued for each day a violation happens and the city may be required to replace/repair the plant through an enforcement action.

What will this bond money be used for?

- To replace the West Wastewater Treatment Plant.
- Bond money may only be used for the reasons stated on the ballot. **This means the city cannot use the wastewater funds to repair roads, pay salaries, purchase equipment or other non-related expenditures.**

When was the West Wastewater Treatment Plant built?

- City records show the plant was built in approximately 1998.

What maintenance has been done on the system since it was installed?

- Minor repairs have been made; however, the main investments have been at the East Wastewater Plant.

Did the city apply for grants?

- The city submitted a funding request for this project to the Texas Water Development Board and we were not selected for funding. The city was then planning to obtain a loan but the interest rates were too high.
- The funding the city would have been eligible for through the TWDB was a low interest loan not a grant.

How was the amount of the bond (\$11 million) determined?

- Staff consulted with the city's engineering firm who provided a cost estimate for the project.
- The engineering firm gets the cost numbers after reviewing several current projects they are working on for other cities in the region that are a similar size.
- This allows the firm to get an accurate predicted price for the project.

What happens if the project costs less than the bond amount?

- The city has the option to borrow *less* than the amount approved by voters; however, we cannot exceed the amount approved by the voters.

Why hasn't the city received their own bids for the project?

- There are legal requirements the city must follow for these types of projects.
- If the residents approve the plant replacement, the city then:

1. publishes a request for bids, and
2. accepts bids from contractor(s), and
3. awards the bid at an open meeting, and
4. then begins the project.

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

- NO. The bond documents list the projects the money can be used for if approved by the voters.
- For this ballot question, it would ONLY be used for the waste water treatment plant.

If the bond passes, does the city have to spend all that was approved?

- ✓ NO. The amount on the ballot is for the maximum amount the city would issue for the project.
- ✓ If the project costs less, it may not require the full \$11 million.

Who watches out for the city when bonds are issued?

- The city has a bond attorney and a financial advisor who provide direction to the Council on debt issuance.
- 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.

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

- The Utility Fund does not have enough reserve 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?

- The bond repayment term can be for 30 to 40 years which allows the city time to repay the money as the city grows.

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

- The current bond debt rate for Rhome is .1229 per \$100 of home valuation for all outstanding debt.
- The debt tax rate will be reduced by .0455 by the end of this fiscal year (24/25) as the city will pay off one bond.
- The rate will be reduced by .0774 at the end of next fiscal year (25/26) as the city will pay off another bond note.
- The projected debt tax rate for the wastewater treatment plant would be .2664 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 vote?

PROPOSITION B

"THE ISSUANCE OF \$11,000,000 GENERAL OBLIGATION BONDS FOR CONSTRUCTING, IMPROVING, AND EQUIPPING THE WEST WASTEWATER TREATMENT PLANT AND THE IMPOSITION OF A TAX SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS"

When and where is voting day?

- ✓ 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.