

PROPOSITION C: SANITARY SEWER SYSTEM

Issuance of \$3.5 million dollars of bonds for constructing, improving, and extending the sanitary sewer system (lines).



Why is this project needed?

- The city currently has several hundred feet of sanitary sewer lines that are past due for replacement/repair according to the water/sewer studies the city has commissioned. The city also has areas where there are old clay tile pipes that are crumbling and beyond their useful lifespan.
- Sanitary sewer lines carry raw sewage and water from homes to both the wastewater treatment plants in Rhome.
- In addition to the pipes, there are several manholes in the city that require replacement/rehab to help eliminate the 'rain events' that overwhelm the treatment plants and cause sewage to spill over.

What other options does the city have?

- The city can continue to operate with the current manhole and sewer lines and address each project as it comes up. Various areas of the city may experience sewer issues due to compromised pipes that will not drain.

What will this bond money be used for?

- To replace the old clay pipes and repair/replace manholes in the city.
- Bond money may only be used for the purpose stated in the proposition. This means the city cannot use the sanitary sewer system funds to repair roads, pay salaries, purchase equipment or other non-related expenditures.

Did the city apply for grants?

- The city has not pursued grants for this project.

How was the amount of the bond (\$3.5 million) determined?

- Staff consulted with the city's engineering firm who provided us with a cost estimate for the project.
- The engineering firm gathers their numbers from the dozens of cities they work with in the region and arrives at an estimated price.

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

- The city has the option to issue debt for *less* than the amount approved by voters, it just cannot exceed the amount approved through the election.

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

- NO. The bond money of Proposition C can only be used for the stated project if approved by the voters.

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 approximately .0455 at the end of this fiscal year (24/25) as the city will pay off one bond.
- The rate will be reduced by approximately .0774 by the end of the fiscal year 25/26 as the city will pay off another bond.
- If this project is approved, the projected debt tax rate is .0848 in FY 2026/2027.
- If **all three (3) projects** are approved, the projected debt tax rate would be .4238 in FY 2026/2027.

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

- There are legal requirements that we have to follow for these types of projects.
- If the residents approve the plant replacement, the city then:
 - publishes a request for bids, and
 - accepts bids from contractor(s), and
 - awards the bid at an open meeting, and
 - then begins the project.
- This project has the added requirement of smoke testing and camera scoping of the lines to pinpoint the problem and repair what needs to be fixed. We cannot move forward until the smoke/camera tests are completed.

What will the ballot say when I vote?

PROPOSITION C

"THE ISSUANCE OF \$3,500,000 GENERAL OBLIGATION BONDS FOR REPLACING, IMPROVING, AND EXTENDING SANITARY SEWER LINES AND THE IMPOSITION OF A TAX SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS"

When will we vote on this issue?

- ✓ 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.