

Bond Update as of 7/17/18

The City of Rhome currently has two outstanding bonds and recently published notice of intent to consider a third bond on 8/15/18.

2016 GO Refunding Bond

The City issued a 2016 GO Refunding Bond to basically refinance an existing bond at a lower interest rate which would result in less overall interest paid. The 2016 GO Refunding Bond will be repaid in 2025. This strategy helped to save money over the remaining life of the bond.

2017 Tax Note Series

The City issued a 2017 Tax Note Series for \$700,000 (\$40,000 in issuance costs and \$660,000 net proceeds) for 7 years to address several items. Here is a current breakdown of what has been spent to date as of 7/5/18 versus the budget breakdown. The funds are in a separate bank account and used only for the specified projects.

Project	Actual spent through 7/5/18	Bond Budgeted	Budget Remaining	Project Status
Outdoor Warning Sirens	\$ -	\$ 50,000.00	\$ 50,000.00	To be delivered 8/22/18 & Installed
Automatic Meter Readers	14,066	165,000	150,934	Meter Boxes Installed - Meters Ordered
Eastside WWTP Expansion - Permit Amendment & Design Only	19,390	95,000	75,610	In Process - Design Phase-Kimley Horn
Relocation of City Hall	54,820	54,820	-	Completed 12/2017
Council/Court Upgrade	2,273	10,800	8,527	In Process - Floors/Ceiling Tiles Installed
Municipal Complex	-	184,380	184,380	In Process - Roof Replacement
Old School Building	49,231	100,000	50,769	In Process - Roof Replacement
Total	\$ 139,780	\$ 660,000	\$ 520,220	

The first payment is due in August 2018 for about \$109,000. The City was able to issue this bond due to paying off another previous bond which will cover the 2017 Tax Note payment for the next 7 years. This strategy allowed the City to maintain the existing tax rate of \$.05234 and address the above items.

2018 Proposed Bond

The newest proposed bond to be considered is for funding for the Eastside Wastewater Treatment Plant Expansion Project. The initial costs of TCEQ permit amendment and engineering design for this expansion project of \$95,000 were included in the above mentioned 2017 Tax Note.

Kimley-Horn was selected as the engineering firm to research and formulate a strategy and recommendation regarding the Expansion Project. Kimley-Horn has provided that recommendation and plan for addressing this.

The City has two Wastewater Treatment Plants (WWTP), one servicing the Westside of the City and one servicing the Eastside of the City. The Westside WWTP is permitted at 150,000 gallons per day while the Eastside WWTP is permitted at 100,000 gallons per day. Permitting is issued through TCEQ and is monitored regularly by that agency. When a WWTP reaches 75% of its permitted capacity, TCEQ requires the WWTP to be

in the design phase for expansion. The Westside WWTP is well under this 75% capacity. However, the Eastside WWTP is at the 75% capacity and is required to be in the design phase for expansion. The funds from the 2017 Tax Note have allowed the City to begin on this as required.

One of the components of the research that Kimley-Horn performed was to analyze the city's projected and current land use and consider the impact of future developments on the Eastside WWTP. The result was the issuance of a Master Plan for the Eastside WWTP. Kimley-Horn recommends expanding the existing facility from 100,000 gallons per day to 250,000 gallons per day. The total cost of this expansion is \$3.5 million.

After analyzing the flow and data regarding the City's usage and the proposed Prairie Point Development, Kimley-Horn attributes 74% of the cost of the expansion to the City's needs or \$2.6 million and 26% of the cost of the expansion to the Prairie Point Development or \$910,000. The City has asked the Prairie Point Development to fund their portion of \$910,000 with the City considering a bond to finance its portion of the \$2.6 million costs.

It should be noted that if Prairie Point Development decided not to pursue development that the City would still be required to expand the Eastside WWTP due to TCEQ's 75% capacity rule.

Asking the Prairie Point Development to pay its fair share of expansion without passing the burden of that development onto existing residents has been a top priority of the City's overall strategy to address development and growth in our area.

The proposed \$2.6 million bond to cover the City's portion will have an annual bond payment of approximately \$165,000. This payment will be covered by the Public Works budget independently from the rest of the City's overall budget.

How will this be accomplished? In the current fiscal year 2017-2018, approximately \$108,000 of expenses were included that will not be required to be repeated in the next fiscal year budget 2018-2019 which will offset a large portion of the proposed annual bond payment. The projected increase in revenue for fiscal year 2018-2019 is \$60,000 in additional revenue. When the \$108,000 cost savings is added to the additional increase of \$60,000 in revenue, the total is \$168,000 which is roughly the amount of the proposed bond payment. Therefore, the new bond will not impact the City's property tax rate or what residents pay for water and sewer service.

A proposed balanced budget overall and for Public Works was presented to Council on 7/12/18 which proposed keeping the tax rate the same as the current fiscal year or \$.05234.

In addition to the above steps, the City's next strategy to address development and growth is through implementing Impact Fees. The City is in negotiations with Kimley-Horn regarding an Impact Fee Study which will allow the City to pass the impact fees on to future building and development through a systematic cost structure.

The City's goal is and continues to be to minimize the effects of future developments on current residents and maintain a quality of life that residents expect.