

Bond Update as of 10/22/18

The City of Rhome currently has two outstanding bonds and recently published notice of intent to consider a third bond on 8/15/18 which is being considered by the voters in a bond election on 11/6/18.

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 10/18/18 versus the budget breakdown. The funds are in a separate bank account and used only for the specified projects.

Project	Actual Spent through 10/18/18	Bond Budgeted	Budget Remaining	Project Status
Outdoor Warning Sirens	\$ 50,043	\$ 50,000	\$ (43)	Installed & Waiting for Part for Final Programming/Testing
Automatic Meter Readers	\$ 136,882	\$ 165,000	\$ 28,118	Meter Boxes Installed - Meters On Hand
Eastside WWTP Expansion - Permit Amendment Only	\$ -	\$ 20,000	\$ 20,000	Waiting on Approval of Proposed Bond
Eastside WWTP Expansion - Design Only	\$ 53,570	\$ 75,000	\$ 21,430	Land Use Map, Master Plan & Initial Conceptual Design Completed - Waiting on Approval of Proposed Bond to Begin Engineered Design Phase
Relocation of City Hall	\$ 54,820	\$ 54,820	\$ (0)	Completed 12/2017
Council/Court Upgrade	\$ 5,453	\$ 10,800	\$ 5,347	In Process - Floors/Ceiling Tiles Installed
Municipal Complex	\$ -	\$ 184,380	\$ 184,380	In Process
Old School Building	\$ 49,231	\$ 100,000	\$ 50,769	Roof Replacement Completed/Asbestos Removed - Waiting on Final Roof Replacement Invoice
	\$ 349,999	\$ 660,000	\$ 259,232	

The first payment was 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 7 years repayment plan. This strategy allowed the City to maintain the existing tax rate of \$.05234 for fiscal year 2017-2018 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 bond election is 11/6/18.

The two major factors of why there is a need for the expansion are:

1. **Compliance** – the City exceeded state requirements for discharge at this plant
2. **Growth** – limited capacity at this plant need to be expanded to accommodate growth both residential and business

Kimley-Horn was the engineering firm selected to complete the Master Plan and Design for the Eastside Wastewater Treatment Plant and provided the Master Plan to the City in July 2018.

Page 5 of the Kimley-Horn report states, “Based on historic data and projected flows on land use, **the current permitted capacity of the Eastside WWTP is not sufficient.**”

Page 6 states, “Future flow projections...are typically based on a combination of historical trends and projected growth estimates.” Growth estimates are based on the US Census data and the Texas Water Development Board projections for population. The flow rates calculated for the current service area note that a new meter was installed in early 2018 which will require additional evaluation in early 2019 regarding flows. However, this new meter does not change the following facts. The report lists the Annual Average Flow and the state requirements regarding flow:

- **Planning required at 0.075 MDG average flow** – “Whenever flow measurements for any sewage treatment plant facility in the state reaches 75 percent of the permitted average daily or annual average flow for three consecutive months, the permittee must initiate engineering and financial planning for expansion and/or upgrading of the wastewater treatment and/or collection facilities.”
- **Begin construction at 0.090 MGD average flow** – “Whenever the average daily or annual average flow reaches 90 percent of the permitted average daily flow for three consecutive months, the permittee shall obtain necessary authorization from the commission to commence construction of the necessary additional treatment and/or collection facilities.”

Page 7 states, “Based on the official monthly discharge monitoring report (DMR) data, the 75 percent rule was exceeded five times in 2016, four times in 2017, and has not been exceeded in 2018 thus far. The exceedances occur on three consecutive months, so the WWTP must begin engineering and financial planning for expansion. The 90 percent rule was exceeded four times in 2016 and was not exceeded in 2017 or 2018 thus far. Because the historic average annual flows exceed the Texas Administrative Code criteria of 0.075 MGD, the permit requires the WWTP to begin design for expansion.”

While it is noted that historically, daily flow has been significantly influenced by precipitation which is an indicator of systems that experience infiltration and inflow (I/I) into the system, the final recommendation of the professional engineering firm is to “immediately commence financial planning for the expansion of the Eastside WWTP.” The proposed bond will cover the expansion recommended by Kimley-Horn based on state regulatory requirements.

The proposed bond will be paid for out of Water/Sewer revenue funds, not out of property tax revenue funds. A property tax decrease was approved for fiscal year 2018-2019.