**What is a bond?**

It refers to public debt and so in this case with the water bond. The city would incur debt to pay for the water infrastructure but only by voter approval of this bond. A municipal bond is different from a taxing bond. The debt is **not** paid back from taxes but it is paid back by individuals paying their water rates of those who hook up to the system. If you don't hook up to the city water, then you are not paying any of those rates.

**Is there a cost to voters upon approving the bond?**

No. The bond is simply there to show the city is ready to pursue grant funding with agencies through support of the voters within the city limits. The city needs approval to incur debt. The city will also set parameters of how much debt they can take in. Debt decisions will be based on how well the grant funding goes.

**Is it cost effective for customers to hook up?**

In the long run, hooking up to the city water system is going to end up being more cost effective than having your individual wells because those wells have a limited life span, pumps eventually need replaced, or the well will eventually need to be replaced. If you look at it from a long-term standpoint, it is more cost effective for the community as a whole. Most likely it will also help when selling property because for long term costs of a public water system is less expensive than long term maintenance of the well and pumps.

**Benefit to customers to hook up to a city water system:**

The benefit would be that you would have a reliable water supply, there would better drinking water from a public water system that is tested and be known to be free of contaminates. That is always a big question mark for a lot of individual wells. Not many wells are tested regularly unless they are voluntarily tested. A guaranteed safe supply of drinking water is provided with city water and not have to worry about whether your well goes out or you need a new well pump.

**Goal of the Bond:**

The goal is to get bonding authority so the city can seek indebtedness. Right now, the city cannot go into debt without voter approval. The city is asking for a certain amount of money to be able to seek indebtedness. Now what that does that allows the city to seek grant funding which is to offset a significant portion of the construction costs.

**What does a bond mean for city residents?**

Having the bond is a great opportunity to come in and say the City of Crouch is seeking a grant, can show public support of the community. The bond shows readiness go to the next level and to be positioned to take advantage of potential federal and state grants that many be out there. This can be of huge benefit to the city and the whole area.

**What happens if bond passes?**

Once the bond passes, there are opportunities for seeking several grants to buy debt down. At a 1.2 million bond, the city cannot afford a debt like that. So, the city needs secure grants to make the water infrastructure affordable. Grants will pay towards to bond to bring the total city debt down. The grants render what the city would borrow much, much less and making it affordable to the city. But, again, to be competitive for grant funding, a bond must be in place. This is necessary for the funding agencies and the grant selection committees to be able to look at that bond and verify that this community is ready for their project to receive grant money. The bond must pass to be competitive to apply for grants. The bond is the prerequisite to apply and be competitive for any grant funding.

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**What happens if bond does not pass?**

If the bond fails, the city is really left with no options to increase infrastructure. There would be no opportunity to seek grants. The city would not be in any position to seek and take any of those grant monies if they become available. If bond does not pass the city cannot borrow anything or go into debt....no matter what.

**Is the bond a type of collateral?**

No. Nobody's property will be set up for collateral. The collateral is the infrastructure that the city pays for. So, in other words, if 3,000 feet of water main is put in, then that becomes the collateral for the bond.

**How does the bond assure the grants?**

The bond allows the city to go into debt. By law, the city by law cannot take in debt without voter approval. For example, if the USDA was able to supply a grant, the

Agencies will expect a voter assured bond in their granting process. If you pass the bond it is saying that we still have options on the table to pursue grant money. The city is positioning itself in case there is a federal stimulus package that comes out, or to take advantage of any state and federal programs. If a big developer comes into town or there is development in the community, then the city is in the position to borrow money to add to the infrastructure without burdening the community.

**What would be on a water bill that pays for the debt?**

There would be some component that is the ongoing operations and paying for the operator, paying for the testing, paying for the power, paying for the chemicals. Then there is the component that pays for the principal and interest on the debt which is the bond.

**The bond is set at 1.2 million. How long to pay it off?**

The city would take a loan for the leftover amount and then pays that off over a period of 30 to 40 years using the rates of the customers that are on the system. That is the money generated from hook ups to the city water system. It is a long-term loan that is paid off over time. Just because the bond passes, does not mean the city gets the money and immediately go into debt. The city just has voter approval to pursue funding options.

**What happens if the city gets a couple of major grants to covered most of the costs?**

If there was grant money to cover for example, 70% of the costs, then the city would cover the rest of the 30% of the loan. A grant package to cover 70% is not out of the question but that is the high end. The city would be in a position to hopefully rank well with some of these grant funds. The real key is to rank high with the grant selection committees and show the city is ready for the project. One of the big things they look for in a municipality is if they have a bond that is passed. The Bond shows the public is wanting the city to carry on with the project with the city.

**What if grant funding is not approved by selection committees?**

If there is not enough grant funding available, even with voters passing the bond, it does not mean the city has to do anything. At 1.2 million dollars, the city can't afford that debt, and neither can the rate payer customers. The goal would be to acquire funding at 50-60% and keep the loan costs low. It is never recommended to do a project without grant funding. The goal is to get as much grant funding as possible.

**Why is the Bond 1.2 million?**

This is the highest level for dollars to pursue but it does not mean the city will even need all of it. It has that dollar amount on the ballot. But that is the ceiling on what the city can borrow. It cannot borrow a dollar more than that amount. But it can borrow substantially less. The city doesn’t have to borrow the full amount or borrow any money at all. Just because a bond could pass doesn't mean the City of Crouch has to act on it. It just means the city is legally able to. The bond ordinance has been drafted and it will be voted in May Primary Elections.

**How does this affect subdivisons that have their own wells?**

As an example, Mountain View subdivision is in the city limits, but they have their own water system and would not be affected by this. They will pay whatever they pay for their own system despite if the bond passes. They can still vote. Their vote should be looking into the future “big picture” if they feel the need to change at some point in time. Having a robust City of Crouch water system is a potential benefit to Mountain View subdivison. They are not on the system, but they would have the ability to merge with the city if they eventually need major upgrades to their system. They would not have to do their own testing or repairs if they become part of the city water system. This, in turn could help with the city having a redundant well and storage needs. Costs would stay down for everyone if there are more people on the system.

**Can Mountain View change their mind and become a part of the project?**

The project right now is not proposed to run infrastructure to Mountain View at this time. If they changed their mind, then the project can be reconfigured. That is why the city is asking for more indebtedness than the city can currently afford.

**How is this project made affordable?**

There is no intention of borrowing 1.2 million dollars. But, if Mountain View wants to join or Mountain Shadows wants to at some point then there is room for the city to borrow more without the rates becoming sky high. This would mean that instead of 200 people on the system, there would be a larger group of people. The City of Crouch could pay off the debt without the rates being sky high. More customers mean that the City of Crouch could be able to borrow more money and still pay it back at fair and reasonable rates, there is a larger group of people under that umbrella. The more people the more affordable!!

**How soon can this project start if the bond passes?**

Grants application to the Dept. of Commerce block grant are due around Thanksgiving. Those funding announcements come out spring next year. DEQ grants come out in the spring. The City of Crouch could know what grants are ready to use within about 11 months from now. If there is substantial grant money to use for the project, then design and construction could proceed in 2019. Construction could most likely be done in one year. Everything would be ready for hook-up.

**Looking at Long-term benefits:**

Long term water and sewer is always better for everybody but there is always resistance to change. Property value is better when you have a viable water system than dealing with older or deteriorating wells and no city services. People are afraid of change and like it the way it is, but at some point, **investing in some infrastructure is needed just to be able to keep things the way they are**. This is not talking about growing, but this is about having enough infrastructure to be able to keep businesses thriving the way they are. A local restaurant is always fighting with DEQ and the system does not meet DEQ rules. These systems can easily be shut down. So, if every business and restaurant in town that does not meet DEQ rules is shut down, that is going to be a sad day for Crouch. Some level of investment is needed just to keep things the same.

**Voting:**

Whoever lives in the city limits can vote on this whether they are renters or property owners. Business owners do not vote simply because they might own a business in town. Every voter must reside in the City of Crouch. Simple majority??? (find out for sure)