



# City of Kansas City, Missouri

## Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Finance

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

### Executive Summary

The ordinance requests the authority to sell, issue and deliver water revenue bonds in an amount not to exceed \$65 million for the purpose of additions, extensions, and improvements to the City's Waterworks System. The ordinance also estimates \$1.3 million of gross premium proceeds and appropriates the funds for anticipated costs of issuance.

### Discussion

The voters of Kansas City authorized the issuance of \$500 million in revenue bonds for extensions and improvements to the City's waterworks system. The City has previously issued \$202.6 million of water revenue bonds and there is approximately \$297.3 million of authorization outstanding. The ordinance estimates and appropriates \$57.6 million in advance of the sale of water revenue bonds in the Spring of 2023 that will drawdown the remaining voted authority.

### Fiscal Impact

1. Is this legislation included in the adopted budget?  Yes  No

2. What is the funding source?

Net revenues of the water revenue fund, fund number 8010.

3. How does the legislation affect the current fiscal year?

Ordinance Number 220953, passed by the City Council on November 3, 2022, estimated and appropriated \$57.6 million in bond proceeds for capital projects related to the Sanitary Sewer System. This ordinance will authorize the sale of bonds to fund the appropriations and also pay transaction costs of the sale.

4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

Estimated debt service, based upon a November 2022 analysis by the City's financial advisors, will be about \$4.1 million a year for a twenty-five year term totaling approximately \$103 million.



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5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

The bonds will require the City to annually set rates and charges of the water revenue system in amounts that will provide 1.25X coverage on debt service on all outstanding water revenue bonds including the bonds that will be issued to fund this ordinance.

### **Budget Review**

(Staff will complete this section.)

1. This legislation is supported by the general fund.  Yes  No
2. This fund has a structural imbalance.  Yes  No

### **Additional Discussion (if needed)**

N/A

### **Citywide Business Plan Impact**

Supports the infrastructure & accessibility goal to develop infrastructure critical assets toward the goal of keeping those assets at good or better condition.

### **Prior Legislation**

Ordinance 140036 dated January 23, 2014, and Ordinance No. 220953 passed on November 3, 2022.

### **Service Level Impacts**

Water customer service levels will benefit long-term from projects completed in a timely and efficient manner. Service levels are impacted by a number of factors, but the quality of the assets utilized is critical.

### **Other Impacts**



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1. What will be the potential health impacts to any affected groups?

None

2. How have those groups been engaged and involved in the development of this ordinance?

N/A

3. How does this legislation contribute to a sustainable Kansas City?

The Water system will be maintained and enhanced with the replacement of water mains in the City for quality service in the future.

4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?

N/A

5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?

Yes

CONTRACTOR:	Hilltop Securities, Inc.
Address:	717 N. Harwood St., Suite 3400 Dallas, TX 75201
Contract #	EV2267-18 – Financial Advisory Services for Water Revenue Bonds, Series 2023A & Sewer Revenue Bonds, Series 2023A
Contract Amount:	\$238,000.00*
MBE Goal	20%
WBE Goal:	0%
Total MBE Achieved:	20%
Total WBE Achieved:	0%

MBE SUBCONTRACTORS:	
Name:	Independent Public Advisors, LLC
Address:	5440 N. Mercier Ave. Kansas City, MO 64118
Scope of Work:	Financial Advisory Services
Dollar Amount:	\$44,200
Ownership:	Pooler, Tionna
Structure:	African-American Female <span style="float: right;">Code 19</span>

WBE SUBCONTRACTORS:

None

Comments:

\*Note: The contract includes reimbursable costs for printing and electronic dissemination. The MBE participation is based on the remaining contract amount of \$221,000.