



Ordinance 260481 and 260482 Sewer and Water Revenue Bond Authorization Ballot Initiatives

May 19, 2026



Benefits of Revenue Bond Authorization

- Lowest cost of financing for meeting capital requirements
- Integral factor in the annual rate increase plan
- Enables Water and Sewer utilities to use the State Revolving Drinking Water and Clean Water Fund (SRF) Programs
- Authorization signifies to existing and future bondholders that the utility will continue to be able to meet its financial obligations and have access to best possible borrowing rates in the municipal debt markets
- If approved in August, these initiatives will enable the Water and Sewer utilities to use the lowest cost of financing for future capital projects over the next few years.

Consequences of Not Adopting Revenue Bond Authorization Ballot Initiative

- Forces the Water and Sewer Utilities to use more costly forms of debt financing to meet current and future capital requirements
 - Utilities would have to use Appropriation Debt, resulting in a higher interest cost to ratepayers
- Would miss out utilizing subsidized SRF loans through Missouri DNR
 - Utilities would be at a disadvantage when competing against other communities that currently have revenue bond authorization
- Higher debt service costs (due to lack of revenue bond authorization) will negatively impact the Water and Sewer Utilities debt service coverage ratios, a major variable that factors into each utility's bond rating (currently AA)
- Sends a negative message to existing and future bondholders and the municipal debt market that the City is acting in a fiscally irresponsible manner by not pursuing the lowest form of debt financing (revenue bonds)

Public Support for Revenue Bonds

- 79% majority vote in April 2014 to authorize the issuance of \$500 million in water revenue bonds
- 79% majority vote in April 2022 to authorize the issuance of \$750 million in wastewater revenue bonds

| Water Bonds | | | | |
|---------------------------------|----------------|-----------------------|-----------------------|--|
| | <u>Used</u> | <u>Issued to Date</u> | <u>Authorization</u> | |
| April 2014 Authorization | | | \$ 500,000,000 | |
| <u>Issuance to Date</u> | | | | |
| 2015A | \$ 59,790,000 | \$ 59,790,000 | \$ 440,210,000 | |
| 2017A | \$ 78,130,000 | \$ 137,920,000 | \$ 362,080,000 | |
| 2020A | \$ 64,720,000 | \$ 202,640,000 | \$ 297,360,000 | |
| 2023A | \$ 53,165,000 | \$ 255,805,000 | \$ 244,195,000 | |
| 2024A | \$ 83,585,000 | \$ 339,390,000 | \$ 160,610,000 | |
| 2025A | \$ 144,985,000 | \$ 484,375,000 | \$ 15,625,000 | |

| Wastewater Bonds | | | | |
|---------------------------------|---------------|-----------------------|-----------------------|--|
| | <u>Used</u> | <u>Issued to Date</u> | <u>Authorization</u> | |
| April 2022 Authorization | | | \$ 750,000,000 | |
| <u>Issuance to Date</u> | | | | |
| 2023A | \$ 95,910,000 | \$ 95,910,000 | \$ 654,090,000 | |
| 2024A | \$ 99,520,000 | \$ 195,430,000 | \$ 554,570,000 | |

Projected Water CIP: FY2027 – FY2031

- Over \$1.2 billion in Projected Water CIP from FY2027 to FY2031
- Asking for \$750 million in Water Revenue Bond Authorization

| Project Type | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2027 to FY2031 |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| Distribution | \$ 102,531,230 | \$ 154,699,167 | \$ 157,447,142 | \$ 161,277,556 | \$ 161,092,883 | \$ 737,047,978 |
| Facilities | \$ 135,981,625 | \$ 133,321,586 | \$ 16,963,422 | \$ 24,007,222 | \$ 4,053,081 | \$ 314,326,937 |
| Transmission | \$ 23,100,000 | \$ 30,700,000 | \$ 38,000,000 | | | \$ 91,800,000 |
| Operations | \$ 7,144,000 | \$ 6,258,720 | \$ 4,976,882 | \$ 4,978,588 | \$ 4,303,946 | \$ 27,662,135 |
| Pump Station | \$ 22,000,000 | | | | | \$ 22,000,000 |
| Storage | \$ 165,375 | \$ 6,673,644 | \$ 182,326 | \$ 191,442 | \$ 201,014 | \$ 7,413,801 |
| Total | \$ 290,922,230 | \$ 331,653,117 | \$ 217,569,771 | \$ 190,454,809 | \$ 169,650,924 | \$ 1,200,250,851 |

*Projected FY2027 – FY2031 CIP excludes South Water Supply Resiliency project.

Projected Sewer CIP: FY2027 – FY2031

- Over \$1.7 billion in Projected Wastewater CIP from FY2027 to FY2031
- Asking for \$750 million in Wastewater Revenue Bond Authorization

| <u>Project Type</u> | <u>FY2027</u> | <u>FY2028</u> | <u>FY2029</u> | <u>FY2030</u> | <u>FY2031</u> | <u>FY2027 to FY2031</u> |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| OCP | \$ 228,490,340 | \$ 237,579,140 | \$ 237,370,454 | \$ 226,054,025 | \$ 344,395,596 | \$ 1,273,889,555 |
| WWTP | \$ 48,300,000 | \$ 112,150,000 | \$ 21,304,500 | \$ 59,763,635 | \$ 15,527,544 | \$ 257,045,679 |
| Collection | \$ 7,250,000 | \$ 58,500,000 | \$ 3,500,000 | | \$ 1,100,000 | \$ 70,350,000 |
| Pump Station | \$ 10,350,000 | \$ 32,225,000 | \$ 10,200,000 | \$ 2,310,000 | \$ 200,000 | \$ 55,285,000 |
| Facilities | \$ 1,100,000 | \$ 39,000,000 | \$ 500,000 | | | \$ 40,600,000 |
| Operations | \$ 6,000,000 | \$ 4,000,000 | | | | \$ 10,000,000 |
| Total | \$ 301,490,340 | \$ 483,454,140 | \$ 272,874,954 | \$ 288,127,660 | \$ 361,223,140 | \$ 1,707,170,234 |

Proposed Ballot Language – Water Revenue Bonds

- Shall the City of Kansas City, Missouri issue waterworks revenue bonds in the principal amount of \$750,000,000.00 for the purpose of rehabilitating, expanding and improving the City's drinking water system, including acquiring necessary land and rights of way, in order to provide for its continuing operation and to maintain compliance with federal, state and judicial requirements, with the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its drinking water system, including all future rehabilitations, improvements and expansions thereto?

- _____ Yes
- _____ No

- Propose August 4, 2026 Ballot in order to establish a campaign and issue a bond in FY2027.

Proposed Ballot Language – Sewer Revenue Bonds

- Shall the City of Kansas City, Missouri issue sanitary sewer revenue bonds in the principal amount of \$750,000,000.00 for the purpose of rehabilitating, expanding and improving the City's sanitary sewer system, including acquiring necessary land and rights of way, in order to provide for its continuing operation and to maintain compliance with federal, state and judicial requirements, with the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its sanitary sewer system, including all future rehabilitations, improvements and expansions thereto?

- _____ Yes
- _____ No

Timeline

- May 14, 2026 – First Read at Full Council meeting
- May 19, 2026 - Introduce and Advance Ordinance in Committee to put Water Bond Authorization and Sewer Bond Authorization on the ballot with an advance
- May 21, 2026 – Full Council to vote on Water and Sewer Bond Authorization initiatives with accelerated language
- May 26, 2026 – Deadline to be on the August 4, 2026 Ballot
- June – July 2026 – Meet with community groups (e.g. Chamber of Commerce, Neighborhood Groups, etc) to educate voters
- August 4, 2026 – Election Day

Appendix Slide



Projected Use of Existing Sewer Revenue Bond Authorization

- Two issues sold so far: 2023A and 2024A
- Three SRF Applications that will utilize Sewer Bond Authorization
 - \$100M SRF Loan: Todd Creek Wastewater Treatment Plant
 - \$100M SRF Loan: Blue River Wastewater Treatment Plant Grit Removal
 - \$200M SRF Loan: High Rate Treatment Process

| Wastewater Bonds | | | |
|---|--------------|----------------------|---------------------------------|
| <u>April 2022 Authorization (\$750,000,000)</u> | | | |
| <u>Bond Authorization</u> | <u>Issue</u> | <u>Amount Issued</u> | <u>Balance of Authorization</u> |
| \$ 750,000,000 | 2023A | \$ 95,910,000 | \$ 654,090,000 |
| \$ 654,090,000 | 2024A | \$ 99,520,000 | \$ 554,570,000 |
| \$ 554,570,000 | TC SRF | \$ 100,000,000 | \$ 454,570,000 |
| \$ 454,570,000 | Grit SRF | \$ 100,000,000 | \$ 354,570,000 |
| \$ 354,570,000 | HRT SRF | \$ 200,000,000 | \$ 154,570,000 |

Projects in the 2023A (Fund 8193) Sewer Revenue Bond

| <u>Description</u> | <u>Appropriation</u> | <u>Description</u> | <u>Appropriation</u> |
|--------------------------------|----------------------|-------------------------------------|-----------------------|
| Sewer Separation-40th & Monroe | \$ 20,354,897 | SCADA System Separation & Expansn | \$ 744,576 |
| I/I Reduct North of River Ph1 | \$ 13,194,175 | Dry Weather Sewer Line Outfall 055 | \$ 713,497 |
| Blue River WWTP Biosolids Fac | \$ 8,595,689 | Storm Collection & GI-37th & Norton | \$ 708,691 |
| I/I Reduct Birmingham Shoal 2 | \$ 7,780,530 | GI 1-1: Mill Creek Park | \$ 648,551 |
| I/I Reduc Northern Basn Proj 1 | \$ 6,550,241 | GI 2-1: 63rd and DMB Park | \$ 348,551 |
| Buckeye PS Rehab-Force Main | \$ 6,414,078 | Dykes Branch Interceptor | \$ 340,940 |
| Sewer Separation Outfall 054 | \$ 6,234,332 | Horizons Pump Station Upgrade | \$ 316,556 |
| 4800 Admin ADA Comp & Bldg Imp | \$ 5,422,848 | Sewer Separation & Green Infrastru | \$ 300,000 |
| BRWWTP - Screen House Upgrade | \$ 5,162,318 | BH Headworks & Electrical Impr | \$ 180,499 |
| I/I Reduct Birmingham Shoal 3 | \$ 4,492,311 | BR Odor Control Ph III | \$ 49,889 |
| Relief Sewer - Hardesty & 31st | \$ 3,989,880 | Burlington Creek & Riverside PS | \$ 43,440 |
| Inline Storage OK Creek Gates | \$ 3,197,106 | Platte Woods WWPS Rehab | \$ 35,800 |
| Blue River WWTP Facility Plan | \$ 2,975,457 | Birmingham PS Screen Replacement | \$ 30,270 |
| Todd Creek WWTP Facility Plan | \$ 2,283,583 | Annual Sewer Rehab-Lrg Diameter | \$ 28,558 |
| GI - Paseo Gateway | \$ 1,597,795 | Liberty Sewer Evaluation | \$ 16,892 |
| Sewer Rehab within Waterways | \$ 1,186,758 | Somera Road Sewer Separation | \$ 13,140 |
| Total Projects | | | \$ 103,951,849 |
| PAR Value | | | \$ 95,910,000 |
| Premium on Bond | | | \$ 8,739,662 |
| Total Proceeds | | | \$ 104,649,662 |

Projects in the 2024A (Fund 8194) Sewer Revenue Bond

| Description | Appropriation | Description | Appropriation |
|--------------------------------|---------------|--------------------------------|-----------------------|
| Blue River WWTP Facility Plan | \$ 16,290,382 | ADA Compliance - MultipleBldgs | \$ 1,200,000 |
| Westside WWTP Facility Upgrade | \$ 12,007,999 | StormCollection&GI-37th&Norton | \$ 1,074,307 |
| City-Wide Sewer Main Rehab | \$ 12,000,000 | Rocky Branch WWTP FacilityPlan | \$ 442,427 |
| Backup Generators-WWFacilities | \$ 11,250,000 | Todd Creek WWTP Facility Plan | \$ 423,669 |
| SCADA System Separation & Exp | \$ 9,449,812 | ADA Compliance - MultipleBldgs | \$ 315,686 |
| InLine Storage OK Creek Gates | \$ 6,805,000 | GI - Paseo Gateway | \$ 280,605 |
| Dykes Branch Interceptor | \$ 6,411,748 | Sewer Separation-40th & Monroe | \$ 262,704 |
| Blue River WWTP Biosolids Fac | \$ 6,202,992 | Buckeye PSRehab-ForceMain | \$ 235,568 |
| GI 1-1: Mill Creek Park | \$ 3,945,500 | GI 2-1: 63rd and DMB Park | \$ 226,731 |
| SewerSeparation&GreenInfrastru | \$ 3,300,000 | BR Odor Control Ph III | \$ 135,228 |
| Large Diameter Sewer Rehab | \$ 3,000,000 | Annual Sewer Rehab-LrgDiameter | \$ 104,973 |
| Sewer Rehab within Waterways | \$ 2,842,661 | I/I Reduct Birmingham Shoal 2 | \$ 78,202 |
| InLine Storage OK Creek Gates | \$ 2,310,115 | Annual Sewer Rehab -Force Main | \$ 76,272 |
| SSP High Rate Treatment: BRWW | \$ 2,000,000 | I/I Reduc Northern Basn Proj 1 | \$ 39,467 |
| SSP Sewer Separation: Brooksid | \$ 2,000,000 | Platte Woods WWPSRehab | \$ 36,859 |
| Westside TP Headworks | \$ 1,500,000 | BurlingtonCreek & Riverside PS | \$ 33,236 |
| Total Projects | | | \$ 106,282,143 |
| PAR Value | | | \$ 99,520,000 |
| Premium on Bond | | | \$ 8,459,033 |
| Total Proceeds | | | \$ 107,979,033 |

Projects in the 2025A (Fund 8082) Water Revenue Bond

| <u>Description</u> | <u>Appropriation</u> |
|-----------------------------------|-----------------------|
| Lab Renovation | \$ 34,450,000 |
| N Brighton 36" Trans Main Ph 2 | \$ 12,919,200 |
| WMR-Brooklyn Ave-Hardesty Ave | \$ 10,993,400 |
| WTP Vertical Wells 2-5 Repl | \$ 10,000,000 |
| WMRWheeler Airport Lou Holland Dr | \$ 8,028,002 |
| PH III WMR SW Blvd Main W43rd | \$ 6,977,652 |
| WMROak St to Virginia Ave | \$ 5,928,667 |
| WMRCollege Ave to Norton Ave | \$ 5,676,000 |
| WMR 12th/13th Central_Wyandott | \$ 4,393,400 |
| WMRChelsea Ave - Blue Ridge | \$ 4,383,111 |
| WMR46th-50th/Liberty St-Main St | \$ 4,072,373 |
| WMRAskew Ave to Oakley Ave | \$ 3,172,124 |
| WMRin Westport 39-43,SWT-BWAY | \$ 2,764,560 |
| WMRE50th Terr-Swope Pkwy | \$ 1,995,728 |
| WMRTrumanRd Bridg_Oakland_LBR | \$ 1,677,984 |
| WMRWornal Rd-Oak/W66th | \$ 1,030,373 |
| 80BUDGET | \$ 35,499,980 |
| Total Projects | \$ 153,962,554 |
| PAR Value | \$ 144,985,000 |
| Premium on Bond | \$ 9,968,989 |
| Total Proceeds | \$ 154,953,989 |

Types of Financing, Potential Savings

- Appropriation Debt (Does Not Require Voter Approval)
 - Assumptions: 5.25% Interest Rate, 25 Years, \$100M Appropriation Bond
 - Interest Cost on \$100 Million in Appropriation Bond Issued: \$81.8M
- Traditional Revenue Bonds
 - Assumptions: 4.75% Interest Rate, 25 Years, \$100M Revenue Bond
 - Interest Cost on \$100 Million in Revenue Bond Issued: \$73.0M
 - **Savings of \$8.8M** on \$100 Million compared to using Appropriation Debt
 - On \$750 Million in Bonds, Savings of **~\$66M** compared to Appropriation Debt
- SRF Loans used to buy Revenue Bonds
 - Limited funding available from Federal appropriation, application at state level
 - Assumptions: 1.42% Interest Rate, 20 Years, \$100M Loan
 - Interest Cost on \$100 Million SRF Loan: \$14.8M
 - **Savings of \$67.0M** on \$100 Million compared to using Appropriation Debt