



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution 231009

Submitted Department/Preparer: Finance

Revised 11/01/23

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 authorizes and directs the sale, issuance, and delivery of water revenue bonds in an amount not to exceed \$105 million for the purpose of additions, extensions, and improvements to the City's Waterworks System. The ordinance also estimates \$5.7 million of gross premium proceeds and appropriates the funds for anticipated costs of issuance.

Discussion

The voters of Kansas City authorized in April 2014 the issuance of \$500 million in water revenue bonds for extensions and improvements to the City's waterworks system. The City has previously issued \$255.8 million of water revenue bonds and there is approximately \$244.2 million in remaining authorization. The prospective sale of bonds will seek to draw from the remaining balance of the authorization. This ordinance authorizes and directs the issuance of the Waterworks Revenue Bonds ("Bonds"), prescribes the form and detail of the Bonds, authorizes execution of documents and actions necessary for the bond sale, approves the legal and financial advisory engagements and estimates and appropriates \$5.7 million of proceeds related to the sale of bonds drawn against the current authorization.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No
2. What is the funding source?
Proceeds from the sale of Water Revenue Bonds.
AL-8081 Water Revenue Bond Fund Series 2024A
3. How does the legislation affect the current fiscal year?
Ordinance Number 230813 passed by the City Council on September 28, 2023, estimated and appropriated \$93.0 million in bond proceeds for capital projects related

to the Waterworks System. This ordinance will authorize the sale of water revenue bonds to fund the appropriations and pay transaction costs of the sale.

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

Estimated debt service, based upon a November 2023 analysis by the City's financial advisors, will be about \$6.8 million a year for a twenty-five-year term totaling approximately \$169 million and will be payable from the net revenues of the waterworks system.

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.

Office of Management and Budget Review

(OMB 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
3. Account string has been verified/confirmed. Yes No

Additional Discussion (if needed)

N/A

Citywide Business Plan (CWBP) Impact

1. View the [FY23 Citywide Business Plan](#)
2. Which CWBP goal is most impacted by this legislation? Infrastructure and Accessibility (Press tab after selecting.)
3. Which objectives are impacted by this legislation (select all that apply):
- Engage in thoughtful planning and redesign of existing road networks to ensure safety, access, and mobility of users of all ages and abilities.

- Enhance the City's connectivity, resiliency, and equity through a better connected multi-modal transportation system for all users.
- Build on existing strengths while developing a comprehensive transportation plan for the future.
- Develop environmentally sustainable infrastructure strategies that improve quality of life and foster economic growth.
- Ensure adequate resources are provided for continued maintenance of existing infrastructure.
- Focus on delivery of safe connections to schools.

Prior Legislation

Ordinance No. 140036, passed January 23, 2014, approved ballot language for submission to qualified voters for approval of authority to issue \$500,000,000 of waterworks revenue bonds for the purpose of extending and improving the waterworks system. Ordinance No. 230813 passed on September 28, 2023, approved the estimation and advance appropriation of waterworks revenue bond proceeds in the amount of \$93 million for waterworks system capital projects.

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 several factors, but the quality of the assets utilized is critical.

Other Impacts

1. What will be the potential health impacts to any affected groups?
Clean drinking water is a positive health benefit for everyone to enjoy.
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 this legislation create or preserve new housing units?
No
5. Department staff certifies the submission of any application Affirmative Action Plans or Certificates of Compliance, Contractor Utilization Plans (CUPs), and Letters of Intent to Subcontract (LOIs) to CREO prior to, or simultaneously with, the legislation entry request in Legistar.

Yes – CREO has approved the Contractor Utilization Plan (CUP).

Inter-Departmental Communication

Date: November 20, 2023

To: Councilmember Kevin O’Neill; Chair: Transportation, Infrastructure & Operations Committee

From: Jaime Guillen; Director; Civil Rights & Equal Opportunity Department

Subject: CUP Summary #:

CONTRACTOR: Hilltop Securities, Inc.

Address: 717 N. Harwood St., Suite 3400

Dallas, TX 75201

Contract # EV2267-21 – Financial Advisory Services for

Series 2024A Water & Sewer Revenue Bonds

Contract Amount: \$305,500.00

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

Subcontract Percentage: 20%

Ownership: Pooler, Tionna

Structure: African-American Female Code 19

Comments:

*Note: Contract amount includes reimbursable costs. The participation will be calculated based on the remaining contract dollars after reimbursable costs have been subtracted.

6. Does this legislation seek to approve a contract resulting from an Invitation for Bid?

No

7. Does this legislation seek to approve a contract resulting from a Request for Proposal/Qualification (RFP/Q)?

Yes. Approval of financial advisory services contract resulting from procurement EV2267.