# City of Kansas City, Missouri

## Docket Memo

Ordinance/Resolution #: 251027
Submitted Department/Preparer: Water
Revised 6/10/24

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

After the March 27th, 2025 water revenue bond sale, the Water Utility has only $15 million in remaining authorization from the April 8th, 2014 Revenue Bond Authorization. In order to continue to finance debt at low interest rates for Water Utility capital projects, the utility needs to obtain a new $750 million revenue bond authority from the voters of Kansas City, Missouri. This ordinance would put that initiative on the ballot on April 7, 2026.

## Discussion

For a capital intensive utility, revenue bond financing is the lowest cost method of financing capital projects that BOTH current and future ratepayers will realize the benefits from. It also enables a utility to plan for and stabilze rate increases by spreading costs out over longer periods of time.

The Water Utility's Plan of Finance (long term financial model) projects the use of revenue bond financing as a low cost method to pay for future capital projects that rehabilitate, improve and extend the drinking water system. In addition, water revenue bond authorization enables the Water Utility to use the State of Missouri's State Revolving Fund program and borrow at reduced market interest rates.

KC Water's Water Capital Plan calls for over $1 billion in capital projects (not including the South Water Supply Resiliency Project) between now and FY2031. Approximately 75% ($750 million) of those projects will need to be financed with water revenue bonds.

However, in order to utilize water revenue bond financing, the voters of Kansas City, Missouri must approve it. In the last water revenue bond authority election (April 8, 2014), 79% of the voters (20,330 out of 25,605 cast) approved the request.

## Fiscal Impact

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

2. What is the funding source?
   There is no funding source as this ordinance calls for an initiative to be put on the April 7, 2025 ballot.

3. How does the legislation affect the current fiscal year?
   The legislation does not affect the current year.

4. Does the legislation have a fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.
   No because it puts an initiative on the ballot to the voters of Kansas City. However, each time the Water Utility needs to issue water revenue bonds in the future, it will have to submit an ordinance to the Council requesting a specific amount for a bond sale against the outstanding authorization. In addition, the Water Utility will need to include in each water revenue bond sale ordinance, the projects in the capital plan that will be financed with revenue bond proceeds each time a sale needs to be approved by the Council. The fiscal impact of each bond sale will be different because it will be based on the interest rate and the size of the bond at the time of sale.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?
   This legislation does not generate revenue. Rather it puts an initiative on the ballot to the voters for permission to issue future water revenue bonds against a set authorized amount.

**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 Adopted 2025-2029 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

Water Revenue Bond Authorization Ordinance for April 8, 2014 Ballot Initiative

## Service Level Impacts

This ordinance calling for a Water Revenue Bond Authorization ballot initiative, if passed by the voters of Kansas City, Missouri, will enable the Water Utility to continue to meet customer service levels and rehabilitate, improve and extend the drinking water system at the lowest cost possible to ratepayers.

## Other Impacts

1. What will be the potential health impacts to any affected groups?
   This ordinance for a ballot initiative will allow the citizens of Kansas City, Missouri to have a direct positive impact on the Water Utility's ability to continue to deliver clean drinking water in a low cost manner and make improvements to the drinking water system that continue positive health benefits for all citizens of Kansas City, Missouri.

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

The Water Utility plans to engage the public in a series of community meetings on the benefits of utilizing water revenue bond authorization as a low cost form of financing projects in the Utility's capital plan.

3. How does this legislation contribute to a sustainable Kansas City?
   This ordinance for a ballot initiative for water revenue bond authorization, if approved by the voters, will help the Utility continue to meet its environmental obligations of delivering clean drinking water while utilizing low cost financing.

4. Does this legislation create or preserve new housing units?
   No (Press tab after selecting)

   Click or tap here to enter text.
   Click or tap here to enter text.

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.

   No - CREO's review is not applicable (Press tab after selecting)
   Please provide reasoning why not:
   This ordinance calls for a ballot initiative to be put the voters for approval.

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

   No(Press tab after selecting)

7. Does this legislation seek to approve a contract resulting from a Request for Proposal/Qualification (RFP/Q)?
   No(Press tab after selecting)