



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

<u>Project Type</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>	<u>FY2027 to FY2031</u>
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			
April 2022 Authorization (\$750,000,000)			
Bond <u>Authorization</u>	<u>Issue</u>	Amount <u>Issued</u>	Balance of <u>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

Description	Appropriation	Description	Appropriation
Sewer Separation-40th & Monroe	\$ 20,354,897	SCADA System Separation & Expansion	\$ 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 Basin 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 - Multiple Bldgs	\$ 1,200,000
Westside WWTP Facility Upgrade	\$ 12,007,999	Storm Collection & GI - 37th & Norton	\$ 1,074,307
City-Wide Sewer Main Rehab	\$ 12,000,000	Rocky Branch WWTP Facility Plan	\$ 442,427
Backup Generators - WW Facilities	\$ 11,250,000	Todd Creek WWTP Facility Plan	\$ 423,669
SCADA System Separation & Exp	\$ 9,449,812	ADA Compliance - Multiple Bldgs	\$ 315,686
In Line 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 PS Rehab - Force Main	\$ 235,568
GI 1-1: Mill Creek Park	\$ 3,945,500	GI 2-1: 63rd and DMB Park	\$ 226,731
Sewer Separation & Green Infrastru	\$ 3,300,000	BR Odor Control Ph III	\$ 135,228
Large Diameter Sewer Rehab	\$ 3,000,000	Annual Sewer Rehab - Lrg Diameter	\$ 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: BR WW	\$ 2,000,000	I/I Reduc Northern Basin Proj 1	\$ 39,467
SSP Sewer Separation: Brooksid	\$ 2,000,000	Platte Woods WWPS Rehab	\$ 36,859
Westside TP Headworks	\$ 1,500,000	Burlington Creek & 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
WMR12th/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