KCWATER

Ordinance 251027
Water Revenue Bond Authorization Ballot Initiative

January 6, 2026

Benefits of Revenue Bond Authorization

- Lowest cost of financing for meeting capital requirements
- Integral factor in the annual rate increase plan
- Enables Water utility to use the State Revolving Drinking Water Fund (SRF) Program
- 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 April, enables the Water utility 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 Utility to use more costly forms of debt financing to meet current and future capital requirements
    - Utility would have to use Appropriation Debt, resulting in a higher interest cost to ratepayers
- Would miss out utilizing subsidized SRF loans through Missouri DNR
    - Water utility 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 Utility's debt service coverage ratio, a major variable that factors into the 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

	Used	Issued to Date	Authorization
April 2014 Authorization			**$ 500,000,000**
Issuance to Date			
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

	Used	Issued to Date	Authorization
April 2022 Authorization			**$ 750,000,000**
Issuance to Date			
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 (as of 11-04-2025)

- Over $1 billion in Projected Water CIP from FY2027 to FY2031
- Assume 75% of Water CIP is financed with Revenue Bonds
- 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.

Proposed Ballot Language

- 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 April 7, 2026 Ballot in order to establish a campaign and issue a bond in FY2027.

Timeline

- December 2025 – Introduce and Pass Ordinance to put Water Bond Authorization on the ballot
- January 27, 2026 – Deadline to be on the April 7, 2026 Ballot
- February – March 2026 – Meet with community groups (e.g. Chamber of Commerce, Neighborhood Groups, etc) to educate voters
- April 7, 2026 – Election Day

Appendix Slide

Types of Financing, Potential Savings

- Appropriation Debt (Does Not Require Voter Approval)
    - Assumptions: 5.0% Interest Rate, 25 Years, $100M Appropriation Bond
    - Interest Cost on $100 Million in Appropriation Bond Issued: $77.4M
- Traditional Revenue Bonds
    - Assumptions: 4.5% Interest Rate, 25 Years, $100M Revenue Bond
    - Interest Cost on $100 Million in Revenue Bond Issued: $68.6M
    - **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: 1.4% Interest Rate, 20 Years, $100M Loan
    - Interest Cost on $100 Million SRF Loan: $14.8M
    - **Savings of $62.6M** on $100 Million compared to using Appropriation Debt