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Water and Sewer Revenue Bond Authorization Education and Outreach

June 2026

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Ballot Items

- Q1 – GO Bond for Affordable Housing
- Q2 – GO Bond for City Convention Facilities
- Q3 – Central City Economic Improvement Sales Tax Renewal
- **Q4 - Water Revenue Bond Authorization**
- **Q5 - Sewer Revenue Bond Authorization**

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The Big Picture

- Three Utilities – Water, Wastewater, and Stormwater
- How Utilities Pay for Capital Improvements
  - Cash – Pay as you go
  - Bonds – Borrow and pay back over time, like a mortgage.
    - Municipal bonds, not voter approved. → "Appropriation debt," higher interest rates.
    - Municipal bonds, voter approved. → "Revenue bonds," best possible rates, plus state and federal subsidized borrowing opportunities at 70% below market rates.
- Previous Bond Authorization Votes
  - Voters authorized $750M in Wastewater revenue bonds in 2022.
  - Voters authorized $500M in Water revenue bonds in 2014.

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Benefits of Revenue Bond Authorization

- Lowest cost of financing
- Long-term financial viability
- Cost effective in meeting federal and state regulations
- State revolving fund programs
- Tells bondholders that KC Water can meet financial obligations

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Savings from Revenue Bonds

- Appropriation Debt (Does Not Require Voter Approval)
  - Assume 5.25% Interest Rate, 25 Years, $100M Appropriation Bond
  - **Interest Cost of $82M**
- Traditional Revenue Bonds
  - Assume 4.75% Interest Rate, 25 Years, $100M Revenue Bond
  - Interest Cost of $73M
  - **Savings of $9M**
- SRF Loans used to buy Revenue Bonds
  - Assume 1.42% Interest Rate (based on 4.75% market rate), 20 Years, $100M Loan
  - Interest Cost of $15M
  - **Savings of $58M**

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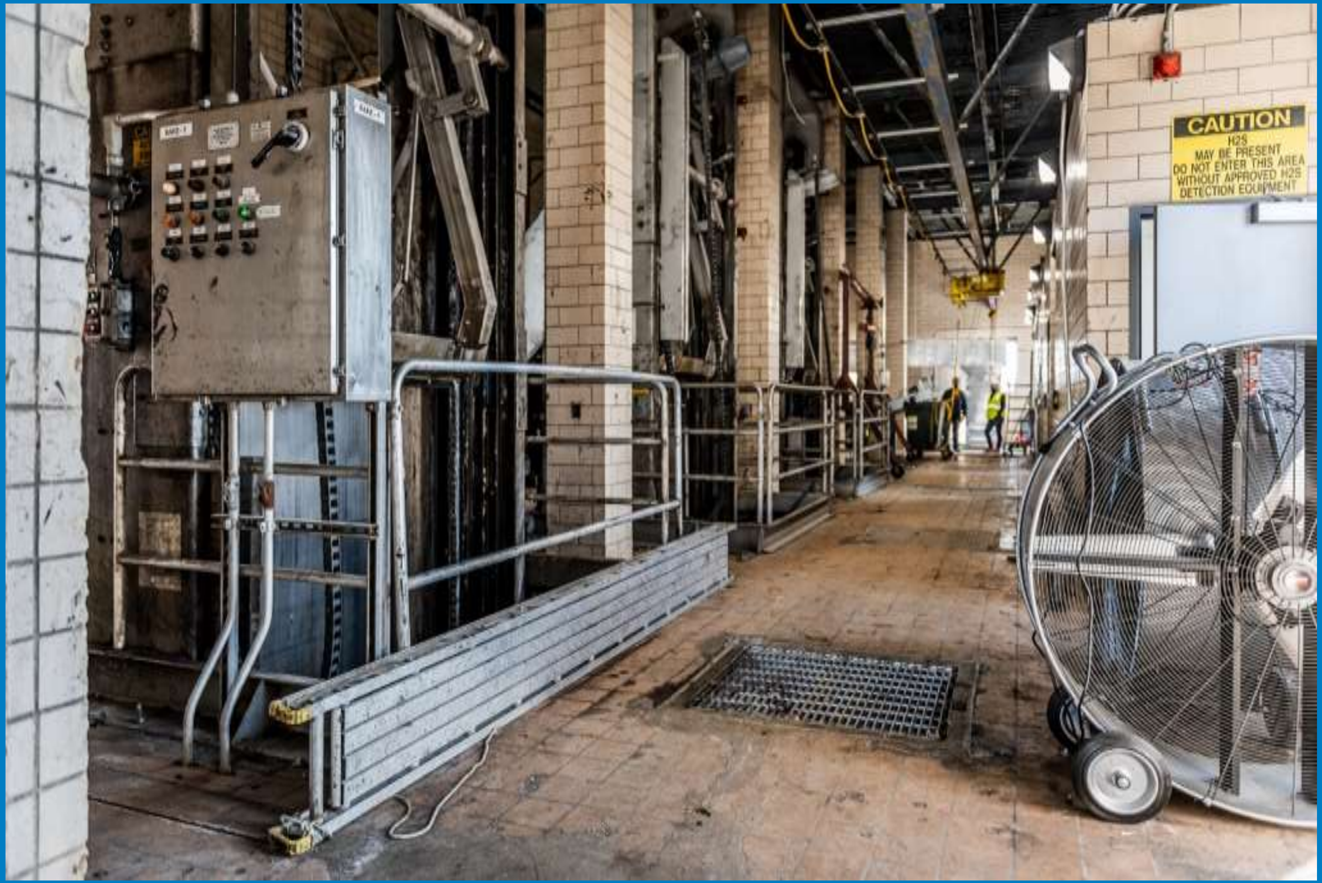
The Funding Need

- Meet Obligations of Federal Consent Decree
- Repair/Replace Aging Water and Wastewater Infrastructure
- Meet Ever-Increasing Environmental Regulations



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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

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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

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Consequences of No Revenue Bond Authorization

- Forces use of more costly forms of debt financing
- Can’t access state subsidized SRF loans through Missouri DNR
- Higher debt service costs
- Risk of credit downgrade
- Sends the wrong message to the municipal debt market

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Questions

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