

KC WATER SEWER BOND AUTHORIZATION

Frequently Asked Questions

What is this Sewer Bond Authorization election about?

Kansas City issues bonds –that is, borrows money in the municipal bond market – to finance major infrastructure projects like maintaining equipment in treatment plants and replacing pumps, fire hydrants and pipes. Voter approval is required to continue to finance debt at the lowest possible interest rates.

Why issue bonds at all?

Spreading costs over time ensures both current customers and future customers help pay for the system. Voter approval also opens the door to state and federal programs available to help pay for infrastructure improvements. Finally, revenue bond financing is the lowest cost way to finance infrastructure projects.

Will KC Water borrow all this money at once?

No. This vote simply allows KC Water to ask the City Council for authority to borrow up to \$750 million. Each bond issuance and each individual project will be submitted to the City Council over the next several years as specific wastewater improvements and projects are planned, scheduled and built.

What projects? What will the money be used for?

KC Water's Wastewater Capital Plan calls for \$1.9 billion in capital projects between now and 2035. About \$1 billion of that amount is needed to comply with a federal consent decree. The rest is needed to rehabilitate, improve and expand the City's existing wastewater infrastructure.

Why is there a federal consent decree?

About 58 square miles of Kansas City is served by an antiquated, combined sewer system that allows raw wastewater to mix with stormwater during heavy rain events. The City and the EPA agreed in 2010 in a federal consent decree to minimize the effects of the combined sewer system.

How much does it cost to comply with the consent decree?

The original decree called for spending about \$4.5 billion from 2010 to 2035, but a modification in 2021 reduced the projected cost to \$2.3 billion and allows five more years until 2040 to meet targets. Voter approval of revenue bonds helps finance that cost at the lowest rates possible.

How will this bond authorization affect my monthly water bill?

The Wastewater utility includes about 61 percent of the average monthly residential water services bill, which inevitably will go up to cover consent decree obligations. Revenue bonds best enable KC Water to keep annual wastewater rate increases to manageable levels.