

Legislation Text

File #: BILL NO. 24-114, **Version:** 1

An Ordinance authorizing the issuance of a Revenue Anticipation Note (State of Missouri - Lead Service Line Inventory Loan Program) Series 2024 in the aggregate principal amount of not to exceed \$153,000; prescribing the form and details of the note; and authorizing certain other actions and documents in connection therewith. (PWC 6/10/24)

An Ordinance authorizing the issuance of a Revenue Anticipation Note (State of Missouri - Lead Service Line Inventory Loan Program) Series 2024 in the aggregate principal amount of not to exceed \$153,000; prescribing the form and details of the note; and authorizing certain other actions and documents in connection therewith.

Issue/Request:

An ordinance authorizing the issuance of a revenue anticipation note for a State of Missouri Lead Service Line Inventory Loan Program.

Key Issues:

- The City now owns and operates a revenue producing waterworks system, serving the City, its inhabitants and others within its service area, including connected and related appurtenances and facilities and extensions, improvements, additions and enlargements made or acquired by the City after the date of this Ordinance (the "System")
- The City desires to finance lead service line inventory services in connection with the System (the "Project").
- To provide for the most cost-effective method of financing the Project, the City desires to participate in the State of Missouri Drinking Water State Revolving Fund Lead Service Line Inventory Loan Program (the "LSLI Loan Program") of the Missouri Department of Natural Resources ("DNR") and the Safe Drinking Water Commission of the State of Missouri (the "Commission").
- In connection with the Project, the Commission has approved (a) a loan to the City to be made by DNR pursuant to a Purchase Agreement (the "Purchase Agreement") by and between the City and DNR (the "Loan") and (b) a grant to the City in the maximum amount of \$102,500 (the "Grant") to be administered by DNR pursuant to a Grant Agreement (the "Grant Agreement") by and between the City and DNR.
- In order to receive the Grant and evidence the Loan, it is hereby found and determined that it is necessary and advisable and in the best interest of the City and its inhabitants that the City issue its Revenue Anticipation Note (State of Missouri - Lead Service Line Inventory Loan Program) Series 2024 (the "Note") in the maximum principal amount of \$153,000 pursuant to this Ordinance.
- the City is authorized under the provisions of Article VI, Section 26(a) of the Missouri Constitution to borrow money in an amount not greater than the anticipated collections of revenue for the current year plus any unencumbered balances from prior years and to deliver its notes to evidence such loan for the purpose of paying all or part of the cost of the Project.

Proposed City Council Motion:

FIRST MOTION: I move for a second reading of an Ordinance authorizing the issuance of a revenue anticipation note (State of Missouri - Lead Service Line Inventory Loan Program) series 2024 in the aggregate principal amount of not to exceed \$153,000; prescribing the form and details of the note; and authorizing certain other actions and documents in connection therewith.

SECOND MOTION: I move for adoption of an Ordinance authorizing the issuance of a revenue anticipation note (State of Missouri - Lead Service Line Inventory Loan Program) series 2024 in the aggregate principal amount of not to exceed \$153,000; prescribing the form and details of the note; and authorizing certain other actions and documents in connection therewith.

Background:

On January 15, 2021, the Environmental Protection Agency (EPA) published the National Primary Drinking Water Regulations: Lead and Copper Rule Revisions (LCRR). The final rule requires all water systems to develop an initial water service line material inventory to be submitted to their regulatory agency. On June 16, 2021, the EPA extended the date for water systems to submit service line inventories to their regulatory agency to October 16, 2024.

A lead service line funding application was submitted to DNR in May 2023 for \$252,255. A grant of \$102,500.00 was awarded to the City. In order to receive the grant, the City was required to get a loan for the remainder of the project. Instead of issuing bonds to receive the loan, DNR is allowing the City to issue revenue anticipation notes instead. The City would rather issue the revenue anticipation note instead of bonds.

Jeff Thorn, P.E. Deputy Director of Engineering Services, Lee's Summit Water Utilities

Staff recommends approval of An Ordinance authorizing the issuance of a revenue anticipation note (State of Missouri - Lead Service Line Inventory Loan Program) series 2024 in the aggregate principal amount of not to exceed \$153,000; prescribing the form and details of the note; and authorizing certain other actions and documents in connection therewith.

The Public Works Committee voted unanimously 3-0 (Councilmember Prier "Absent"), to recommend to City Council approval of an Ordinance authorizing the issuance of a revenue anticipation note (State of Missouri - Lead Service Line Inventory Loan Program) series 2024 in the aggregate principal amount of not to exceed \$153,000; prescribing the form and details of the note; and authorizing certain other actions and documents in connection therewith.