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Kansas City Isn't Waiting for Trump's Infrastructure Plan.

- \$800 million in new debt on tap for voter approval April 4
- Would add on to \$1.7 billion existing debt over 20-year period

Kansas City mayor Sly James isn't waiting for Donald Trump.

While Trump has promised a plan to pump some \$1 trillion into America's infrastructure, he provided no details in his first speech to Congress this week — and officials in Missouri's most populous city, like those around the nation, are acting on their own.

Sly James Photographer: Rich Sugg/The Kansas City Star via AP Photos

On April 4, Kansas City voters will decide whether to authorize \$800 million in borrowing over 20 years to fund repairs to potholed streets, sewers and an animal shelter in such poor condition it may be condemned, among other projects. If approved, the city will join a growing trend of states and local governments selling debt for public works.

"We've been waiting for federal help on infrastructure for a long time. It hasn't shown up," James said in a telephone interview. "Where's the plan when that's going to happen? You and I both know that we can't count on anything coming out of D.C."

In November, U.S. municipalities won voter approval to sell at least \$55 billion of bonds, promising to add to the borrowing increase that pushed municipal-debt sales to a record last year.

About two-thirds of Kansas City's roads are in substandard condition, according to the city's annual report for the fiscal year that ended April 30, 2016. Its 550 bridges are in better shape, with just about 4 percent in poor condition. During fiscal year 2016 spending to preserve and maintain city roads and bridges was 11 percent and 5 percent of the estimated amount needed, respectively, according to the report.

The general obligation bond package is divided into three separate ballot measures: \$600 million for streets, bridges and sidewalks; \$150 million for flood control projects, which could leverage \$500 million in federal funds; and \$50 million for a new animal shelter and to make public buildings comply with the Americans with Disabilities Act.

If approved by voters, the new obligations will add to Kansas City's "elevated" \$1.7 billion debt, equal to 5.6 percent of the city's \$30.3 billion property value, according to Moody's Investors Service.

City finances are also weighed down by unfunded pension liabilities that have grown to an estimated \$812 million, more than 80 percent of its annual revenue. The gap grew 51 percent in two years as investment returns lagged and officials' failed to make the full annually required contribution from 2010 through 2014, following the Great Recession.

"The fixed cost burden is really out-pacing their revenues," said Kenneth Surgenor, a Moody's analyst. Moody's revised its outlook on the city's general-obligation bonds to negative on Feb. 15,

citing growth in pension and debt costs.

The city's Aa2 credit rating, the third-highest, will weaken if the city continues to leverage the tax base or the deficit in its pension fund widens, according to Moody's. The rating company's outlook assumed the bond measure will pass and the city will issue debt at a pace of \$40 million per year.

To support the new \$800 million debt, property taxes for the owner of an average \$140,000 home and a \$15,000 car would increase about \$8 per year over 20 years, officials said. Missouri residents pay a personal property tax on cars.

Kansas City's tax base grew about 5 percent in fiscal 2016 after stagnating for almost half a decade. Residential and commercial builders are constructing condos, hotels and office buildings in downtown's artsy Crossroads neighborhood and the Power and Light entertainment district.

Kansas City's new \$100 million streetcar, which runs through those two quarters, won plaudits from residents and business people for boosting commerce in the downtown area. Residents financed the streetcar, which opened last May, by voting to approve a one percent sales tax and special property assessments downtown.

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