



# BOND FACT SHEET

Ashland Wastewater Bond Election Fact Sheet  
February 6th, 2024

## Ashland Election

The City of Ashland, Missouri is requesting voters to decide on whether or not bond funds should be used to pay for improvements to the City's wastewater treatment plant and collections systems to meet capacity needs and address regulatory compliance.

## Ballot Language

Shall the City of Ashland, Missouri, issue its combined waterworks and sewerage system revenue bonds in the amount of \$40,000,000 for the purpose of purchasing, constructing, extending and improving the combined waterworks and sewerage system of the City and acquiring and land and easements necessary therefor, with the principal and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its combined waterworks and sewerage system, including all future extensions and improvements thereto? YES ( ) NO ( )

## Purpose

Bond funding will be used for improvements to the wastewater treatment and collections system of the City in order to: increase capacity to meet the demands of the community, improve collection systems to address aging infrastructure, and address infiltration and inflow concerns to prevent stormwater from entering the wastewater treatment system. These projects are divided into various categories to be addressed over the next 10 to 15 years. Phase one projects include an estimated \$14,800,000 in improvements to the wastewater treatment facility. Phase one is broken into three project areas: treatment expansion for approximately \$10,000,000, post treatment improvements for approximately \$2,000,000, and headworks expansion for approximately \$2,600,000. Phase one projects will occur over the next three to five years with treatment expansion expected to be completed in 2027.

## Why Use Bond Funds?

Revenue bonds provide the least expensive method of paying for sewer improvements. Bonds allow costs to be spread over the life of the loan to help minimize the rate impact to current customers and to allow future City of Ashland sewer customers to help pay for the improvements. Using bond funding is similar to a homeowner using a mortgage to pay for a big expense over time.

## What Approval Will Be Needed?

A simple majority of Ashland voters is required to approve the bond question.

## What Area of the City Is Covered By These Projects?

These improvements cover the entire Ashland sewer utility service territory.

## Will The Bonds Require A Tax Increase?

No.

## Proposed Sewer Rate Impact

This bond issue is not a tax. Sewer utility customers will pay back the borrowed money through a series of rate increases over the life of the bond.

## How Do Ashland's Sewer Rates Compare To Other Communities?

	Base	Volumetric (per thousand gallons)	Total Minimum
Ashland	\$22.75	\$5.25	\$28.00
Boone County	\$27.65	\$8.50	\$36.15
Boonville	\$24.65	\$9.22	\$33.87
Centralia	\$22.80	\$1.92	\$24.72
Columbia	\$12.37	\$3.40	\$15.77
Eldon	\$30.88	\$1.91	\$32.79
Fulton	\$13.35	\$5.69	\$19.04
Hallsville (American)	\$39.09	\$7.49	\$46.58
Holts Summit	\$23.51	\$8.08	\$31.59
Jefferson City	\$12.74	\$5.14	\$17.88
Mexico	\$9.82	\$7.65	\$17.47
Moberly	\$10.00	\$9.45	\$19.45

## Projects Addressed By This Ballot Issue

Treatment:

- Aero-Mod Treatment Expansion: \$9,517,776
- UV Disinfection and Post-Aeration: \$1,914,104
- Headworks Expansion: \$2,649,154
- Controls & Garage Building Expansion: \$630,290
- Equalization Basin Improvements: \$94,640

TOTAL: \$14,805,964

Collection:

- Immediate Repairs: \$4,546,019
- Regionalization Projects: \$15,699,940

Total: \$20,245,959

Infiltration and Inflow Reduction:

Total: \$2,596,059

**Total Of All Identified Projects: \$37,647,981\***

\*present value cost estimates. These costs are anticipated to increase annually in accordance with inflation.

## **What Happens If The Proposition Is Not Approved By Voters?**

Improvements to the treatment system must occur in order to meet the demand of current residents as well as to address long-term capacity needs of the City. Improvements to the collection system are necessary to reduce overall annual maintenance costs associated with the City's 19 sewer lift stations. Improvements to reduce infiltration and inflow are necessary to reduce stormwater from entering the treatment system and having negative impacts on the treatment process. If the bond issue is not passed by voters, the City would need to use alternative financing mechanisms to advance these projects. This would result in sewer rates being raised much higher over a shorter period of time so that the projects can be paid for. Voter approved bonds allow for the City to complete these projects through the State's Clean Water State Revolving Fund which in turn provides the City with a subsidized interest rate of around 2%. Alternative financing options would subject the City to market rate interests rates which are currently in the 5 to 6% range. This increased interest cost would result in substantial increases to the overall projects costs and would eliminate potential grant opportunities.

## **Can The Bond Amount Be Reduced?**

The amount approved by voters cannot be reduced. However, the City can spend less on the projects depending on the cost of the projects at the time they are bid and completed. The bond amount, if approved, does not expire. Any excess approved bonds would be applied towards future projects in either the water or sewer system that are not yet identified.

The ballot measure simply provides the City with voter approval to issue debt up to the amount of the ballot question. The goal of the City is to address these identified projects over the next 10 to 15 years as conditions dictate or as user rates can support the projects. With voter approved debt, the City can qualify for certain loans and grants that would otherwise not be available to the City. These loans and grants will help reduce the overall interest associated with borrowing money and can help reduce the overall costs of certain projects.

Additionally, the City's sewer utility is a combined system. Meaning, if the overall costs of these identified wastewater projects come in below engineered estimates or below \$40,000,000, the City could use the voter approved bonds to pursue improvements to the City's water system in future years. Such as adding an additional water tower or well when needed.

## **How Much Are Rates Expected to Increase?**

Rate increases are dependent upon numerous factors such as project timing and grants received, as well as whether or not the bond measure is approved by voters. Rates will be adjusted to meet debt obligations to enable the City to pay for the improvements. These increases will be spread out over the life of the loan used to pay for the improvements and could range from 5% to 10% annually. The goal of the City is to keep these rate increases as low as possible by leveraging the State's Clean Water State Revolving Fund to keep interest costs as low as possible and to leverage available grants to further reduce the overall costs of the improvements.



# **Questions?**

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