



City of Cleveland Memorandum
Justin M. Bibb, Mayor

To: Blaine Griffin, Council President
Brian Kazy, Utilities Chair

From: Ahmed Abonamah, Director of Finance
Martin Keane, Director of Public Utilities *MJK*

Date: September 15, 2023

Re: RE: Ordinance 898-2023 – Issuance and Sale of Water Pollution Control Revenue Bonds

The Department of Finance and the Department of Public Utilities requests authority to issue debt on behalf of the Division of Water Pollution Control (WPC) for capital improvements. The requested amount is not to exceed \$45 million. The sale of debt is expected to be completed in the first half of 2024. WPC had rates passed by Council in October 2021, which included the financial plan to issue new debt to meet the objectives of the capital plan. At that time, WPC presented the case that there are significant capital needs to be addressed so ensure the utility is able to serve its customers now and in the future.

WPC has a significant amount of infrastructure that has exceeded the expected useful life. Based on the presentation to Council in 2021, 551 miles, or 40%, of the buried sewer mains were 100 years or older. The estimated cost to replace the sewer pipe was \$600/linear foot. Based on the current financial market, the current estimate is closer to \$800/linear foot. WPC anticipates paying for these capital needs with a combination of Bonds, OWDA Funds, NEORSF funds, and cash on hand.

The Department of Finance and the Department of Public Utilities continue to monitor the long-term financial position for WPC, including industry standard financial metrics. The Division needs to move forward with capital projects to ensure the health of the system.

The Department of Public Utilities is not seeking authority to spend the proceeds from the issuance and will be required to seek specific legislative authority to spend once the projects are ready to move forward.