



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 *MRK*

Date: September 15, 2023

Re: RE: Ordinance 899-2023 – Issuance and Sale of Water Revenue Obligations

The Department of Finance and the Department of Public Utilities requests authority to issue debt on behalf of the Division of Water (CWD) for capital improvements. The requested amount is not to exceed \$90 million. The sale of debt is expected to be completed in the first half of 2024. CWD 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.

CWD has approximately 5,300 miles of mains in the system. At the time of the study, CWD stated the goal was to replace 1% of the mains each year at an estimated cost of \$160 per linear foot. Based on current financial conditions, the current estimate is at least double that. CWD plans to fund capital projects with a combination of Bonds, OWDA Funds, and cash on hand.

The Department of Finance and the Department of Public Utilities continue to monitor the long-term financial position for CWD, 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.