

WORK SESSION MINUTES – WEDNESDAY, NOVEMBER 16, 2022

STATE OF KANSAS)
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CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met in Work Session on Wednesday, November 16, 2022 at 5:00 P.M. The following Board Members were present: Mary Gonzales, President; Rose Mulvany Henry, Vice President; Thomas Groneman, Secretary; Robert L. Milan, Jeff Bryant and David Haley.

Also present: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jeremy Ash, Interim Chief Operating Officer; Johnetta Hinson, Executive Director Customer Service; Steve Green, Executive Director Water Operations; Dong Quach, Executive Director Electric Production; Jerry Sullivan, Chief Information Officer; Darrin McNew, Acting Executive Director Electric Operations; Phillip Brown, Senior Civil Engineer; Dennis Dumovich, Director of Human Resources; Randy Otting, Director Accounting; and Robert Kamp, IT Project Manager.

A video of this meeting is on file at the Board of Public Utilities and can be found on the BPU website, www.bpu.com.

Ms. Mulvany Henry called the meeting to order at 5:00 P.M.

Roll call was taken, all Board Members were present, except for Ms. Gonzales who arrived at 5:28 P.M.. Mr. Haley was in the building, and arrived in the conference room at 5:01 P.M..

Item #3 –Approval of Agenda

A motion was made to approve the Agenda by Mr. Bryant, seconded by Mr. Groneman, and unanimously carried.

Item #4 –Board Update/GM Update

Ms. Mulvany Henry reminded the Board, on behalf of Ms. Gonzales, to submit their Board self-evaluations to Ms. Angela Lawson, Chief Deputy Counsel, before the end of the year.

Mr. Groneman reported on attending the Unified Government (UG) Standing Committee-Public Works and Safety. The UG was planning on providing Active Shooter Training, as well as first aid procedures, should an incident occur. Eventually, training would be available for BPU.

WORK SESSION MINUTES – WEDNESDAY, NOVEMBER 16, 2022

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Mr. Haley had attended the UG Standing Committee-Economic Development & Finance meeting. There were not any items discussed that pertained to BPU, however he did find a presentation on the Merc becoming free standing, no longer in need of assistance, very interesting.

Ms. Mulvany Henry reported that UG PILOT Taskforce met and discussed how the PILOT fit into the UG’s budget. Last year, it made up \$34.5 million of the annual revenue for the UG. She said that 70% was allocated to police and fire (to be broken down even further in the future). The taskforce discussed possible ways to propose something to give residential customers some type of relief. The goal was to be able to present something to the Mayor and UG Commission in February 2023. The taskforce requested a revenue trend over a 10-year period, what the revenue was and how much PILOT applied to that.

During Board discussion, Mr. Haley asked about the committee’s perception of the PILOT.

Ms. Mulvany felt there could still be confusion as to how the PILOT was defined and while the committee had been provided with comparison data, the utilities that were compared were much smaller.

It was decided that due to time remaining, Agenda Item 6 would be presented before Agenda Item 5.

Item #6 – WYCO Redistricting

Mr. Mike Grimm, UG Research Manager, stated that it was his mission to change the districts as little as possible, and presented four alternatives for BPU Redistricting, as a result of the 2020 Census and Board member comments. (See attached PowerPoint.)

Mr. Bryant, Board Member for District 3, said that he felt more inclined to go with the Alternative 3.1.

Ms. Lawson indicated that she would bring a resolution to the next Board meeting.

Item #5 – 2023 Budget Plan – Capital Improvements

Mr. Randy Otting, Director Accounting, along with Mr. Steve Green, Executive
Page 2 of 3

WORK SESSION MINUTES – WEDNESDAY, NOVEMBER 16, 2022

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Director Water Operations, Mr. Darrin McNew, Acting Executive Director Electric Operations, Mr. Dong Quach, Executive Director Electric Production, Mr. Jerry Sullivan, Chief Information Officer, and Ms. Lori Austin, Chief Financial Officer/Chief Administrative Officer, gave an overview of the proposed 2023 Capital Project outlook for the upcoming budget review.

Ms. Mulvany Henry requested a list of completed capital projects from last year from the 2022 budget so the Board could do a side-by-side comparison. What was budgeted last year, what projects potentially were completed, what projects were anticipated in the 2022 budget.

Mr. Green, Mr. McNew, Mr. Quach, and Mr. Johnson responded to comments and questions from the Board.

Item #7 – Adjourn

A motion was made to adjourn the Work Session at 5:59 P.M. by Mr. Bryant, seconded by Ms. Mulvany Henry and unanimously carried.

ATTEST:


Secretary

APPROVED:


President

2023 CAPITAL



NOVEMBER 16, 2022

CRITERIA FOR BUDGET

1. Improve Customer Service
2. Improve Operational Efficiency
3. Improve System Reliability
4. Reduce Costs

2023 WATER CAPITAL

Water Work Equipment – \$ 508,000

- Water Automobiles
 - Pickup Truck to replace 378 Engineering Aide \$ 38,000
 - Water Tools
 - Water Meter Field Tester for Commercial and Industrial Meters \$ 100,000
 - Water Work Equipment
 - 3 Crew Trucks for Distribution \$ 365,000
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2023 WATER CAPITAL

Water Transmission & Storage - \$ 13,983,900

Major Projects:

Argentine 7 MG Reservoir (KDHE)	\$ 8,500,000
Water Pump Station Electrical Upgrades (KDHE)	\$ 1,500,000
Water Transmission Valve Improvements (Cash)	\$ 116,000
Water Transmission Main Improvements (Cash)	\$ 115,000
Kansas River Crossing (KDHE)	\$ 3,000,000

2023 WATER CAPITAL

Water Distribution - \$ 7,671,000

Major Projects:

UG/CMIP Water Dist. Projects	\$ 750,000
Water Dist. Leak Project (KDHE)	\$ 3,000,000
Water Dist. System Improvements	\$ 300,000
Water Dist. System Relocations	\$ 250,000
Water Dist. Valve Improvements	\$ 600,000
Water Service Replacement	\$ 675,000
Water Fire Hydrant Program	\$ 546,000

2023 WATER CAPITAL

Other Water Capital Projects - \$ 1,404,000

Water Technology	\$ 30,000
Water Meters	\$ 295,000
Water Facility	\$ 490,000
Furnish & Equip	\$ 24,000
Water Grounds	\$ 88,000
Water Production Projects	
(KDHE) \$250,000 - Switchgear & VFD Upgrades	\$ 477,000
(Cash) \$227,000 – Electrical Upgrades	

2023 WATER CAPITAL

Sources of Funding - Water

Cash	\$ 7,010,000
KDHE Loan	17,700,000
Total	\$ 24,710,000



2023 ELECTRIC OPERATIONS

Electric Distribution - \$13,430,000

Major Projects:

Annual Overhead Construction	\$ 2,000,000
Piper Overhead Feeders - Urban Outfitters (EDA Grant \$1.9M)	\$ 2,600,000
Rosedale Substation New Feeders (2020A \$800K)	\$ 2,000,000
Annual UG Construction	\$ 2,000,000
Distribution Pole Inspection & Replacement	\$ 2,250,000
Annual Transformers (2016C \$700K)	\$3,800,000
Yards II Project	\$ 700,000

2023 ELECTRIC OPERATIONS

Electric Transmission - \$ 750,000

Victory West to Quindaro Transmission Line	\$ 200,000
Victory West to Maywood Transmission Line	\$ 200,000
Transmission Line Inspections & Improvements	\$ 250,000
Transmission Line Fiber Optic Installation	\$ 100,000

2023 ELECTRIC OPERATIONS

Electric Substations - \$ 215,000

Relay Upgrades	\$ 50,000
Substation Improvements	\$ 150,000
Miscellaneous Projects	\$ 15,000

2023 ELECTRIC OPERATIONS

Electric General Construction - \$1,945,000

Major Projects:

Automobiles	\$ 100,000
Work Equipment	\$ 450,000
Electric Tools	\$ 100,000
Electric Facility Maintenance	\$ 165,000
Electric Meter Replacement	\$ 1,000,000
Electric Technology	\$ 100,000

2023 ELECTRIC OPERATIONS

Sources of Funding - Electric Operations

Cash	\$ 17,606,000
2016C Bond Issue	700,000
2020A Bond Issue	800,000
EDA Grant	<u>1,900,000</u>
Total	\$ 21,006,000

2023 ELECTRIC PRODUCTION

Nearman Power Station – \$ 6,788,000

Major Projects:

Burner Coal Nozzles & Heads Replacement	\$ 2,140,000
Gen Rewedge/RHSV Seat Restoration	\$ 688,000
N1 SCR Catalyst Layer	\$ 550,000
BOP PLC to DCS Upgrade	\$ 550,000
PJFF Bags & Cages Replacement	\$ 500,000
N1 No. 5 FWH Replacement	\$ 350,000
AQC Air Slide Blowers	\$ 300,000
N1 SCR Doors	\$ 300,000

2023 ELECTRIC PRODUCTION

Cont. Nearman Power Station – \$ 6,788,000

Major Projects:

MCC's and 480V Load Centers Replacement	\$ 250,000
5KV Duct Bank Cables Replacement	\$ 220,000
Voltage Regulator MarkVI/Ovation Conversion	\$ 160,000
Demineralizer Rental Conversion	\$ 150,000
Start up Xfmr Rebuild	\$ 125,000
Crusher/Dryer Replacement	\$ 100,000
Automation of SH Spray Isolation Valves	\$ 100,000

2023 ELECTRIC PRODUCTION

Nearman Common - \$ 125,000

NC Coal Conveyor Belt Replacement	\$ 75,000
NC Fire Protection System Upgrade	\$ 50,000

2023 ELECTRIC PRODUCTION

Other Electric Production Capital - \$ 2,027,000

CT4 Control System Upgrade	\$ 600,000
CT4 Hydraulic Oil & Lube Oil Varnish Removal System	\$ 20,000
QC Levee Improvement per COE	\$ 340,000
Dogwood Cap Expense	\$ 365,000
Electric Production Auto	\$ 25,000
Electric Production Work Equipment	\$ 677,000

2023 ELECTRIC PRODUCTION

Sources of Funding – Electric Production

Total Cash \$8,940,000

2023 ELECTRIC SUPPLY

Electric Supply Capital - \$1,219,640

EMS System Upgrade Project

Computer Software:

SCADA Software Upgrade	\$ 894,640
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Computer Hardware:

EMS Hardware Upgrade	\$ 325,000
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2023 TECHNOLOGY

Enterprise Technology - \$4,146,000

Major projects:

Application Services:	\$ 3,115,000
Business Intelligence	\$ 220,000
Customer Applications	\$1,291,000
Utility Operations	\$ 920,000
Enterprise Resource and Integration Bus:	\$ 495,000
Enterprise Improvements	\$ 245,000
Integration	\$ 250,000

2023 TECHNOLOGY

Enterprise Technology

Network and Services:	\$ 665,000
Infrastructure	\$ 475,000
Security	\$ 190,000
 Project Management:	
Quality Assurance Delivery	\$ 365,000
 Desktop Support:	
Infrastructure	\$ 190,000

Sources of Funding – Technology

Total Cash \$4,146,000

2023 CAPITAL-ADMINISTRATION

Accounting/Finance & Purchasing

Admin Services Technology	\$ 505,800
Security Improvements	175,000
540 Minnesota Ave. Facilities	170,000
Equipment & Furnishings	30,000
540 Minnesota Ave. Grounds	<u>175,000</u>
Total	\$ 1,055,800

2023 TOTAL CAPITAL

2023 Capital (Proposed)

Accounting/Finance & Purchasing	\$ 905,800
Electric Operations	21,006,000
Electric Production	8,940,000
Electric Supply	1,219,640
Human Resources	150,000
Information Technology	4,146,000
Water	24,710,000
Economic Development & Heat Pump Program	725,000
Total	\$ 61,802,440

2023 TOTAL CAPITAL

BPU Sources of Funding (Proposed)

Cash	\$ 40,702,440
KDHE Loan	17,700,000
EDA Grant	1,900,000
2020A Bond Issue	800,000
2016C Bond Issue	<u>700,000</u>
Total	\$ 61,802,440
