

BOARD INFORMATION PACKET



Board of Public Utilities
Kansas City, Kansas

Regular Meeting of

November 16, 2022



Table of Contents
November 16, 2022

Agenda Item #III.....Approval of Agenda

Agenda Item #IV.....Approval of the Minutes of the Work Session of November 2, 2022

Agenda Item #V.....Approval of the Minutes of the Regular Session of November 2, 2022

Agenda Item #VII.....General Manager / Staff Reports



Board of Public Utilities
Kansas City, Kansas

BOARD AGENDA

Regular Session
November 16, 2022 – 6:00 P.M.

- I. Call to Order
- II. Roll Call
 - _____ Jeff Bryant, District 3
 - _____ Mary L. Gonzales, At Large, Position 1
 - _____ Tom Groneman, District 2
 - _____ David Haley, At Large, Position 2
 - _____ Robert L. Milan, Sr., District 1
 - _____ Rose Mulvany Henry, At Large, Position 3
- III. Approval of Agenda
- IV. Approval of the Minutes of the Work Session of November 2, 2022
- V. Approval of the Minutes of the Regular Session of November 2, 2022
- VI. Public Comments
- VII. General Manager / Staff Reports
 - i. Risk Management Policy - Resolution # 5279
 - ii. Water Operations Benchmarking
 - iii. Miscellaneous Comments
- VIII. Board Comments
- IX. Adjourn

Approval of Minutes
Work Session 11-2-22
Agenda Item #IV

WORK SESSION MINUTES – WEDNESDAY, NOVEMBER 2, 2022

STATE OF KANSAS)
) SS
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 2, 2022 at 4:30 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; Jerin Purtee, Executive Director Electric Supply; Darrin McNew, Acting Executive Director Electric Operations; Dennis Dumovich, Director of Human Resources; Ashley Culp, HR Manager; 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. Gonzales called the meeting to order at 4:30 P.M.

Roll call was taken, all Board Members were present.

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 informed the Board that the Unified Government (UG) PILOT sub-committee meeting had been postponed and rescheduled for November 9, 2022.

Ms. Gonzales reminded the other Board members to turn their self-evaluations into Ms. Angela Lawson, Chief Deputy Counsel, upon completion.

Due to a delay in arrival, Agenda Item 6 was presented before Agenda Item 5.

Item #6 – WYCO Redistricting

Ms. Lawson explained to the Board that new districts would need to be approved this

WORK SESSION MINUTES – WEDNESDAY, NOVEMBER 2, 2022

STATE OF KANSAS)
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CITY OF KANSAS CITY)

year and introduced Mr. Mike Grimm, UG Research Manager, to review possible options for BPU Redistricting, as a result of the 2020 Census. (See attached PowerPoint.)

Mr. Grimm said that his approach was to change the districts as little as possible. The first alternative was to leave District 1 as it was, and give some of the western part of District 2 to District 3. The second alternative was, again to leave District 1 the same, with District 2 giving to District 3, but more in the eastern part of the city.

Mr. Bryant, Board Member for District 3, said that he felt more inclined to go with the second alternative. Mr. Groneman, Board Member for District 2, agreed. Mr. Milan, Board Member for District 1, would not see any changes in either option.

Mr. Grimm was going to look along the state line to see if there was an alternative 3 to add the needed additional numbers to District 3 from District 2. He would send that information back to the Board for discussion at the future Work Session. The Board would vote on the redistricting before the end of 2022.

Item #5 – Self-Recognition Resolution

Mr. Ryan Denk, MVP Law, gave an overview of information that had been sent to the Board regarding a resolution establishing a Policy of Board of Public Utilities with Regard to Employee Organizations. (See attached.) It was his recommendation that BPU needed to establish procedures regarding how to handle collective bargaining at BPU. The primary focus was to provide some structure for negotiations with the existing labor unions.

He also touched base on various definitions. During that review it was determined that “Board” needed to be defined in the resolution as well.

He also included Representation Election in the proposed resolution to establish procedures; polling of interest, election, etc., in the event that an employee group should want to establish a separate bargaining unit. Mr. Denk made clear that including the process in the resolution was for the possibility of future organization representation; it did not have anything to do with current bargaining units.

The Board told Mr. Denk that they would like for the union to review and provide feedback.

WORK SESSION MINUTES – WEDNESDAY, NOVEMBER 2, 2022

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Item #7 – Adjourn

A motion was made to adjourn the Work Session at 5:35 P.M. by Mr. Bryant, seconded by Ms. Mulvany Henry and unanimously carried.

ATTEST:

APPROVED:

Secretary

President



Board of Public Utilities 2020 Redistricting

Why Do We Redistrict?

- ▶ BPU charter ordinance requires nearly equal population in each district
- ▶ Redistricting occurs every 10 years with decennial U.S. Census
- ▶ Census provides population in voting districts (wards/precincts)
- ▶ Ward/precincts are used to create BPU districts

Census Data for Redistricting, Timeline

- ▶ April 1, 2020 → Census Day
- ▶ March 31, 2021 **DELAYED** → Census Population Data Delivered to Govt. for Redistricting
- ▶ Sept. 30, 2021 → Census Population Data Delivered
- ▶ May 2022 → Final Kansas House, Senate and Congressional boundaries set
- ▶ June /July 2022 → Wyandotte Co. Election Office redrew precinct boundaries
- ▶ July / August 2022 → Unified Govt. staff calculated population in newly created precincts
- ▶ December 2022 → Board of Public Utilities District boundaries set
- ▶ Early 2023 → Wyandotte Co. Election office will redraw precinct lines

BPU Redistricting - Charter Ordinance

1. Each district to contain 1/3rd total population of City, not to exceed +/- 2% of that population
2. Maintain a reasonably compact area in each district and avoid noncontiguous zones or unusually exaggerated extension of district lines
3. Follow election precinct lines
4. Avoid use of number of registered voters or other partisan data
5. Maintain, as much as possible, the integrity of a broadly cohesive area of interest

Population Thresholds

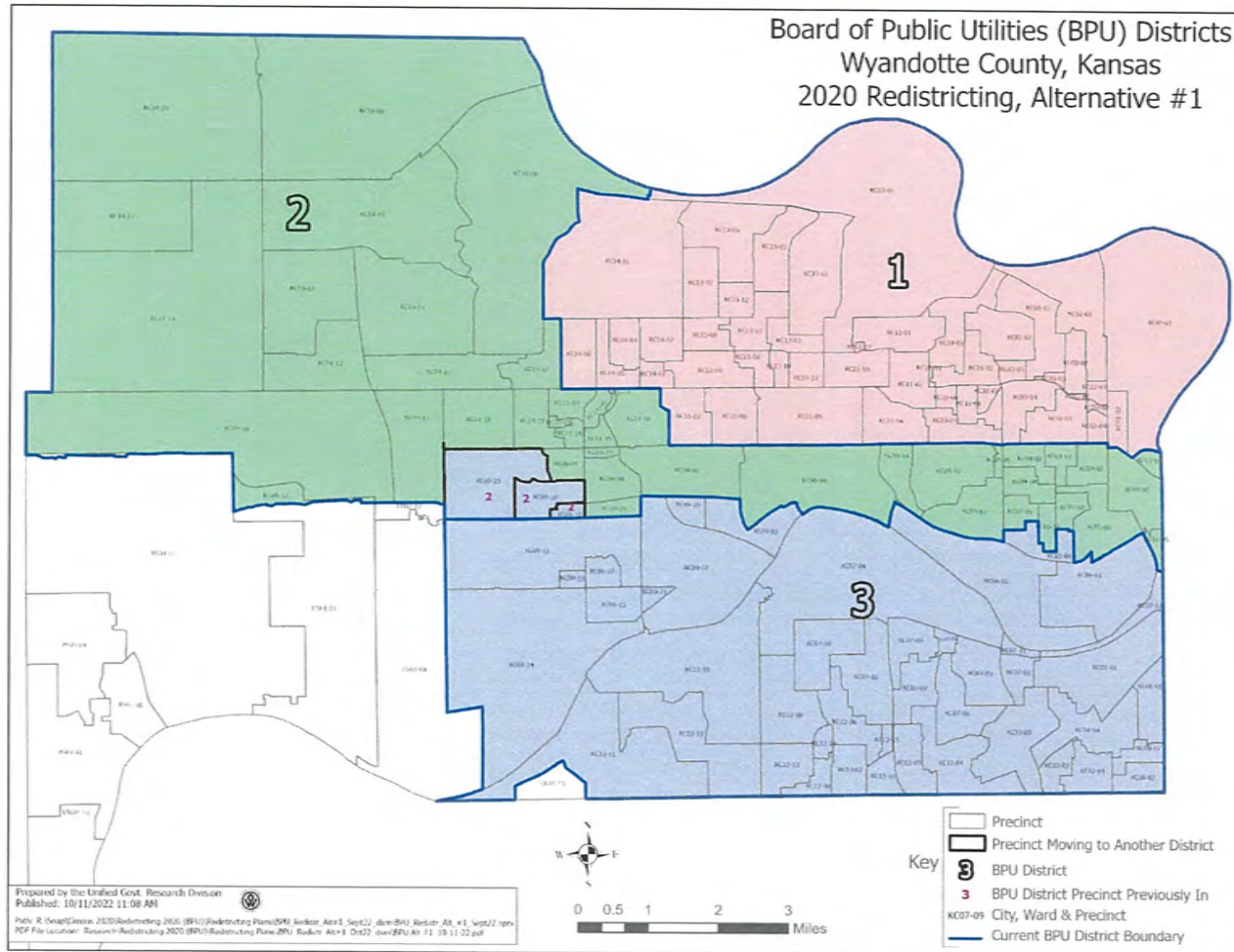
- ▶ Kansas City, KS 2020 Census Population: 156,607
- ▶ Target Population for Each District: $156,607 / 3 = 52,202$
- ▶ Range (+/-): $52,202 * 2\% = 1,044$
 - ▶ Maximum Population Range: $52,202 + 1,044 = 53,246$
 - ▶ Minimum Population Ranges: $52,202 - 1,044 = 51,158$

BPU Redistricting, Alternative #1

<i>BEFORE REDISTRICTING</i>		
BPU District	2020 Population	Diff. from Optimal Population
1	52,892	690
2	55,495	3,293
3	48,220	-3,982
Total Kansas City, Kansas Population	156,607	---

<i>AFTER REDISTRICTING, ALT. #1</i>		
BPU District	2020 Population	Diff. from Optimal Population
1	52,892	690
2	52,257	55
3	51,458	-744
Total Kansas City, Kansas Population	156,607	---

BPU Redistricting, Alternative #1

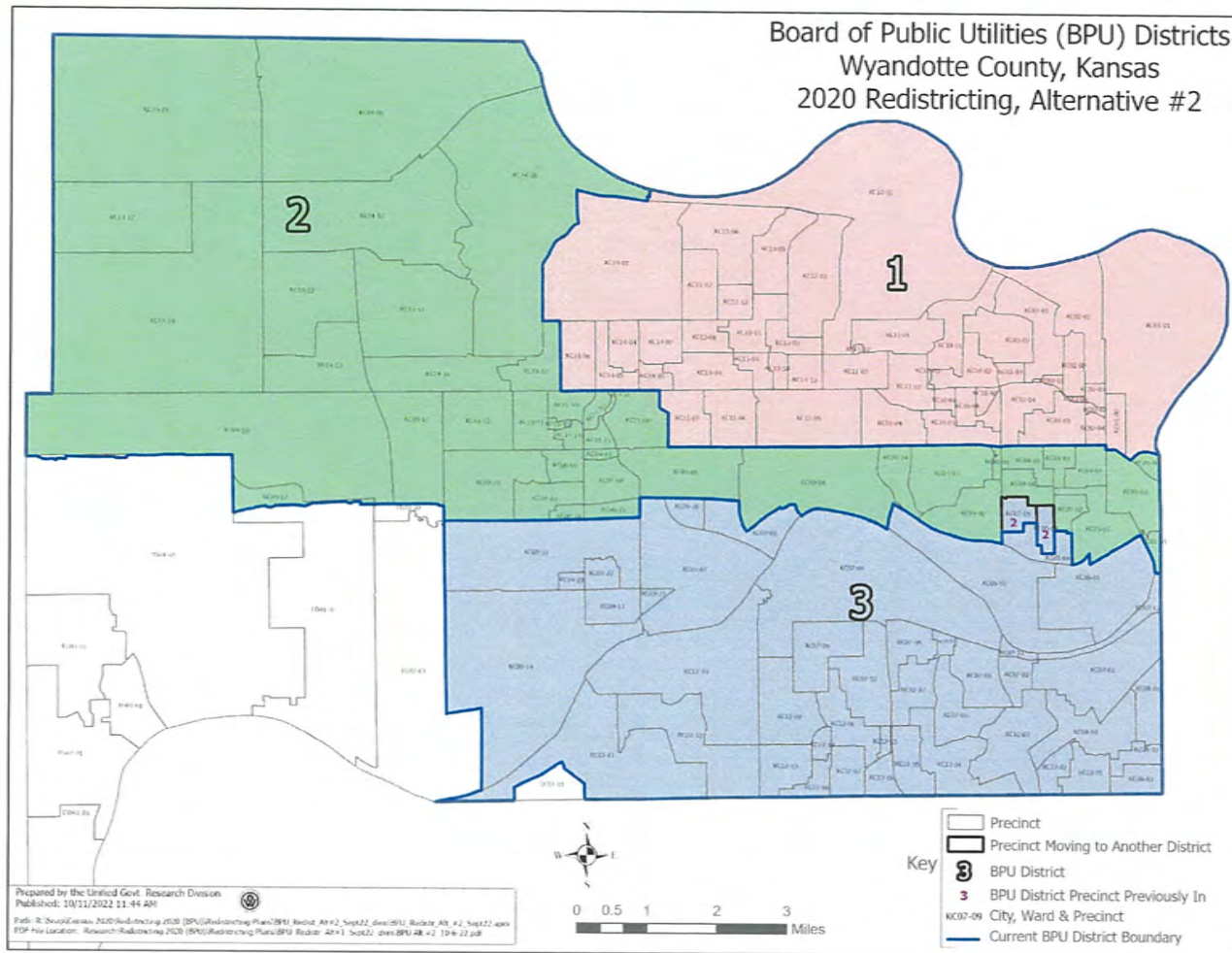


BPU Redistricting, Alternative #2

<i>BEFORE RESDISTRICTING</i>		
BPU District	2020 Population	Diff. from Optimal Population
1	52,892	690
2	55,495	3,293
3	48,220	-3,982
Total Kansas City, Kansas Population	156,607	---

<i>AFTER RESDISTRICTING, ALT. #2</i>		
BPU District	2020 Population	Diff. from Optimal Population
1	52,892	690
2	52,373	171
3	51,342	-860
Total Kansas City, Kansas Population	156,607	---

BPU Redistricting, Alternative #2



**BOARD OF PUBLIC UTILITIES
RESOLUTION NO. _____**

A RESOLUTION ESTABLISHING A POLICY OF BOARD OF
PUBLIC UTILITIES WITH REGARD TO EMPLOYEE
ORGANIZATIONS.

WHEREAS, it is the policy of the elected Board for the Board of Public Utilities (“BPU” or “Utility”), not to come under the provisions of K.S.A. § 75-4321 et. seq., generally known as the Kansas Public Employee Employer Relations Act; and,

WHEREAS, the Board of Public Utilities fully subscribes to the precept of Home Rule as delineated in Article XII, Section 5 of the Kansas Constitution; and,

WHEREAS, the Board for the BPU has previously recognized, through self-recognition, the International Brotherhood of Electrical Workers, L. No. 53 (“IBEW”) for the purpose of representing certain clerical and physical employees (excluding supervisory, confidential, and professional employees) in their relationships with the BPU with respect to grievances and conditions of employment; and,

WHEREAS, designated representatives of the BPU and the IBEW have in the past held meet and confer discussions arriving at mutually agreed upon Working Rules relating to conditions of employment for the aforementioned physical and clerical employees;

WHEREAS, the Board desires to continue to permit collective meet and confer discussions between the BPU and recognized employee organizations under the terms and conditions stated within this new policy regarding employee organizations;

NOW, THEREFORE, be it resolved by the Board for the Board of Public Utilities that the following policy to be added to a new section titled Human Resources and is hereby adopted to be effective January 1, 2023.

SECTION I. Definitions. For the purpose of this Policy, the following definitions shall apply:

- a. **“Employee”** is a person working in the service of the BPU, holding a classification in a regular, full-time position, not of a Supervisory, Professional or Confidential nature.
1. **“Supervisory employee”** means any individual who through use of independent judgment normally performs different work from his or her subordinates, having authority, in the interest of the employer, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibility to direct them, or to adjust their grievances, or effectively to recommend a preponderance of such actions.
 2. **“Confidential Employee”** means any employee whose unrestricted access to confidential personnel files or other information concerning the administrative operations of the City, or whose functional responsibilities or knowledge in connection with the issues involved in the meet and confer process would make his or her membership in the same Employee Organization as other Employees incompatible with his or her official duties.
 3. **“Professional Employee”** includes any employee: (1) whose work is predominantly intellectual and varied in character as opposed to routine mental, manual, mechanical, or physical work; involves the consistent exercise of discretion and judgment; requires knowledge of an advanced type in a field of science or learning customarily acquired by prolonged study in an institution of higher learning; or (2) who has completed courses of prolonged

study as described in paragraph (1) of this subsection, and is performing related work under the supervision of a professional person in order to qualify as a professional employee, or (3) attorneys at law or any other person registered as a qualified professional by a board of registration or other public body established for such purposes under the laws of the State of Kansas.

- b. **“Designated Bargaining Representative of the BPU”** means that group of individuals assigned by the General Manager of the BPU to represent the Utility in meet and confer and grievance proceedings with a Recognized Employee Organization.
- c. **“Employee Organization”** means any organization which includes employees of the Utility and which has as one of its primary purposes representing such employees in dealings with the Utility over conditions of employment and grievances.
- d. **“Recognized employee organization”** means an employee organization which has been formally acknowledged or certified by the Utility as representing a majority of the employees of an appropriate unit.
- e. **“Meet and confer in good faith”** is the process whereby the designated bargaining representative of the BPU and representatives of recognized employee organizations have the mutual obligation personally to meet and confer in order to exchange freely information, opinions and proposals to endeavor to reach agreement on conditions of employment.
- f. **“Conditions of employment”** means salaries, wages, hours of work, vacation allowances, sick and injury leave, number of holidays, insurance benefits, prepaid legal service benefits, wearing apparel, premium pay for overtime, shift differential pay, jury duty and grievance procedures, but nothing in this act shall authorize the adjustment or change of such matters which have been fixed by State law or BPU board resolution.
- g. **“Impasse”** is the state that exists when neither party can make positive movement toward the resolution of an issue.
- h. **“Mediation”** is the efforts of a neutral third party employed by the Federal Mediation and Conciliation Service to assist the Parties in the resolution of the differing proposals concerning conditions of employment.
- i. **“Fact-finding”** means investigation of such a dispute by an individual, panel, or board with the fact-finder submitting a report to the parties describing the issues involved; the report shall contain recommendations for settlement.

SECTION II. Representation Election. Any Employee Organization who desires to demonstrate the representative authority to act on behalf of a group of employees may establish such representational status in the following manner:

1. The Employee Organization shall present to the Executive Assistant to the General Manager a petition signed by at least thirty percent (30%) of the full time, regular Employees in the Employee Group for which the Employee Organization is requesting designation as such Employee Group’s representative. Such petition shall name the Employee Organization seeking representation and shall further identify the chief representative and up to two (2) associate representatives of such Employee Organization.
2. Upon receipt of such a petition, the Executive Assistant to the General Manager shall check all signatures against the roster of full time, regular employees in the Employee Group identified in the certification petition as of the date that the petition is filed and declare such petition either sufficient or insufficient.
3. Upon declaration of sufficiency by the Executive Assistant to the General Manager, the Board shall determine if the requested Employee Group bargaining unit sought by the petition is appropriate. Factors to be considered by the Board include the following:
 - a. The principle of efficient administration of the Utility;
 - b. The existence of a community of interest among employees;
 - c. The history and extent of employee organization;
 - d. Geographical location;
 - e. The effects of over fragmentation and the splintering of a work organization; and,
 - f. The recommendations of the parties involved.

4. If the Board determines that the bargaining unit sought by the petition is appropriate, the Board shall, by resolution set the day(s) and time(s) for an election by Employees in the identified Employee Group to be conducted.
5. Elections by secret ballot shall be held at times and places convenient to the Employees within the Employee Group which is identified in the petition.
6. Polling places shall be named by the Executive Assistant to the General Manager and a representative of the Employee Organization.
7. The Executive Assistant to the General Manager shall be responsible for conducting the election; placing the question on the ballot offering the Employee a choice between each of the qualifying Employee Organizations and no representative.
8. The Executive Assistant to the General Manager shall tabulate the ballots and certify the results of the election.
9. To win the right to represent the identified Employee Group, an organization must receive the votes of more than fifty percent (50%) of total votes cast. At least 50% of those Employees within the identified Employee Group must cast ballots for an election to constitute a valid election which can result in certification.
10. Employees seeking to decertify the designation of an Employee Organization previously certified as the representative of an Employee Group may do so by filing a petition for decertification following the same procedures as a petition for certification. Decertification elections shall follow the same procedures as certification elections.
11. Employee Organizations petitioning for recognition as the bargaining representative of an Employee Group must achieve recognition through the foregoing process prior to January 1st (6 months prior to the July 1st implementation date for Working Rule agreements) to allow for meet and confer discussions relating to conditions of employment in accordance with Section III. Recognition achieved after January 1st shall result in deferral of meet and confer discussions relating to conditions of employment until the following January 1st negotiation cycle.
12. The Parties shall commence meet and confer discussions for Working Rules relating to conditions of employment at a mutually convenient time, but no later than six (6) months prior to the expiration of an existing agreement (January 1st) for agreement renewals with previously recognized employee organizations.
13. A petition to certify or decertify an Employee Organization shall not be filed: (1) within one (1) year of the holding of an election pursuant to the procedures of this Section II; or, (2) more than six (6) months prior to the January 1st meet and confer commencement deadline.
14. The passage of this resolution shall not be construed as requiring recertification of any bargaining unit previously recognized and certified by the BPU.

SECTION III. Scope of Discussion. Upon certification by the Executive Assistant to the General Manager that an Employee Organization has received the votes of a majority of those eligible to vote, such Employee Organization shall be declared sole representative of that the identified Employee Group (“Recognized Employee Organization”) and shall enter into meet and confer discussions with the Designated Bargaining Representative of the BPU in the manner set forth by this resolution. However, the following topics are considered management rights and are not subject to meet and confer discussion. Management may:

- a. Direct the work of its employees.
- b. Hire, promote, transfer, assign and retain employees.
- c. Reprimand, suspend and/or discharge employees for proper cause.
- d. Maintain the efficiency of governmental operations.
- e. Relieve employees from duty for lack of funds or lack of work.
- f. Determine the methods, means, materials, assignments and personnel by which Utility operations are to be conducted.
- g. Take any actions necessary to carry out the mission of the Utility.
- h. Initiate, prepare, certify and administer its budget, and,
- i. Exercise all powers and duties granted to the Utility by law.

SECTION IV. A. Discussion Procedures. No later than December 1st during the calendar year preceding the year in which the term of the then current Working Rules will expire, the Recognized

Employee Organization shall submit a letter of request to conduct meet and confer discussions with the Utility toward the resolution of issues concerning conditions of employment to the General Manager. Failure to submit the letter in accordance with the above shall result in the forfeiture of the right to meet and confer for that year.

Meet and confer discussions shall then commence no later than January 1st. Discussions shall be held at reasonable and convenient times and places.

B. Impasse. If the Parties have failed to resolve, remove, or agree to an issue of discussion by May 15th, that issue shall be declared at Impasse. The parties may also jointly declare that they are at impasse prior to the May 15th impasse deadline. Only those issues which the Parties have reached impasse on shall proceed through the following impasse resolution procedures. On or before the impasse date the parties shall confer in person, identify and reduce to writing a written statement identifying those issues upon which the parties are at impasse. This statement shall be accompanied by an exchange between the parties of each party's written proposal for each issue upon which the parties are at impasse. Within ten days of the impasse date or within seven days of the date of the appointment of the mediator, the parties shall convene a mediation to attempt to resolve the impasse.

If within ten days of the appointment of the mediator the impasse still exists, the parties shall request a panel of fact finders from the Kansas Public Employer-Employee Relations Board. The parties shall select a fact finder through alternating strikes from the panel provided within three days from the date that the panel is provided. A fact-finding hearing shall be convened within fourteen days thereafter. Within fourteen days after the close of the fact-finding hearing, the fact finder shall make and serve upon the parties written findings of facts and recommendations for resolution of the dispute.

If the impasse persists fourteen days after the issuance of the recommendation of the fact-finder: (1) The designated bargaining representative of the BPU shall submit to the Board a copy of the findings of fact and recommendations of the fact-finder, together with the representative's recommendations for settling the dispute; (2) the employee organization may submit to the Board its recommendations for settling the dispute; (3) the Board or a duly authorized committee thereof shall forthwith conduct a hearing at which the parties shall be required to explain their positions; and (4) thereafter, the Board shall take such action as it deems to be in the public interest, including the interest of the public employees involved. The Board's decision shall be final and binding.

C. Working Rules. Agreements reached shall be reduced to writing and signed by both Parties for a specific time period of one (1) or more years.

The foregoing resolution is adopted by the Board of Public Utilities of Kansas City,

Kansas, this _____ day of _____, 2022.

THE BOARD OF PUBLIC UTILITIES OF KANSAS CITY, KANSAS

By _____
Mary Gonzales, President

ATTEST:

Thomas Groneman, Secretary

Approved as to form:

BPU Legal Counsel

DRAFT

Approval of Minutes
Regular Session 11-2-22
Agenda Item #V

REGULAR SESSION –WEDNESDAY, NOVEMBER 2, 2022

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met in Regular Session on Wednesday, November 2, 2022 at 6:00 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; Johnetta Hinson, Executive Director Customer Service; Steve Green, Executive Director Water Operations; Dong Quach, Executive Director Electric Production; Jerin Purtee, Executive Director Electric Supply; Maurice Moss, Executive Director Corporate Compliance; Jerry Sullivan, Chief Information Officer; David Mehlhaff, Chief Communications Officer; Andrew Ferris, Director Electric Supply Planning; Dennis Dumovich, Director of Human Resources; Carlos Quijas, Development Coordinator; 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. Gonzales called the Board meeting to order at 6:04 P.M. She welcomed all that were listening to or viewing the meeting. She stated that the Board felt it was necessary to offer the use of technology for staff as well as for the general public. During the public comment section, members of the public who wished to speak to the Board using Zoom needed to use the Raise Hand feature at the bottom of the application or window to signal that they wish to address the board during the public comment section. Members of the public connected by phone only, needed to press *9 to indicate they wished to address the Board in the public comment section. Staff would assist those attending in person. During the public comment section of the agenda, community members would be asked to provide their name and address and had five minutes to speak. As always, the public could also email or call the BPU with any concerns. The agenda and presentations could be found on the BPU website or if they were using Zoom they would appear on their screen. Ms. Gonzales introduced herself and the other Board Members along with the General Manager, and Legal Counsel.

Roll call was taken and all Board Members were present.

Item #3 – Approval of Agenda

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

REGULAR SESSION –WEDNESDAY, NOVEMBER 2, 2022

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Item #4– Approval of Work Session Minutes of October 17, 2022

Ms. Mulvany Henry requested an addition to the October 17, 2022 Work Session minutes. For the record, she asked the General Manager about a flexible work policy and that the response given was, that whether the utility was working on it or not she was unclear on, because he said that it would not be shared with the Board.

A motion was made to approve the minutes with the above stated amendment of the Work Session of October 17, 2022, by Mr. Bryant, seconded by Ms. Mulvany Henry, and unanimously carried.

Item #5– Approval of Regular Session Minutes of October 17, 2022

A motion was made to approve the minutes of the Regular Session of October 17, 2022, by Mr. Milan, seconded by Mr. Bryant, and unanimously carried.

Item #6 – Public Comments

Ms. Sheila K. Jones, 4500 Georgia Ave., conveyed her experience in paying her bill with the help of utility assistance, via the drop box and she wanted to thank Mr. Haley for his assistance in resolving the matter. She also wanted to ask why wasn't the payment from the utility assistance agency accepted and ultimately sent back and also wanted to know why the lobby was still closed.

Mr. Johnson said that a series of conversations were and would continue to take place regarding agencies being verified, recognized, and authorized in BPU's system. Also, how to handle a payment coming from someone other than the customer themselves.

Ms. Johnetta Hinson, Executive Director Customer Service, explained the process that an agency goes through to aid in paying on someone's account. There was currently a designated line and email address for agencies to use.

Mr. Bryant said that he would like to discuss the process at a future Work Session after the first of the year, as well as the status of the lobby.

Mr. Haley asked how often Customer Services was encountered with new agencies.

REGULAR SESSION –WEDNESDAY, NOVEMBER 2, 2022

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Ms. Johnson said that along with agencies, there could be churches that also provided assistance. There were also other circumstances that required Customer Service to do their due diligence. They were reviewing their processes.

In response to Ms. Mulvany’s question, Ms. Hinson was going to look into the agency line and email being on the BPU website.

Ty Gorman, 2843 Parkwood Blvd., conveyed his thoughts regarding gaps in customer funding and issues with the ending of KERA. He expressed his and his neighbors’ thoughts on having no customer shut-offs. He and his neighbors’ also wanted separation of the electric and water charges from the unrelated fees and fixed costs. He also expressed the need for a community meeting with the Northeast KCK Neighborhood Association to discuss federal assistance opportunities for bill reduction.

Item #7 – General Manager / Staff Reports

- i. *3rd Quarter 2022 Financials:* Ms. Lori Austin, Chief Financial Officer/Chief Administrative Officer, reviewed the 2022 Third Quarter Financials to the Board. (See attached PowerPoint.)

Ms. Austin and Mr. Andrew Ferris, Director Electric Supply Planning, and Mr. Johnson responded to comments and questions from the Board.

A motion was made to approve the 2022 Third Quarter Financials as presented, by Mr. Bryant, seconded by Mr. Milan, and unanimously carried.

- ii. *Risk Management Plan Review:* Mr. Maurice Moss, Executive Director Corporate Compliance, reviewed the Enterprise Risk Management Plan. (See attached PowerPoint.)

- iii. *Miscellaneous Comments:* Mr. Johnson reported that the Unified Government (UG) Economic Development taskforce met, where discussion on what needed to be discussed in the next six months.

He said that the UG Energy Efficiency taskforce was working on scheduling a meeting.

He said that the UG Administrator search firm was moving forward.

REGULAR SESSION –WEDNESDAY, NOVEMBER 2, 2022

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

The UG Commission did approve the Kansas Department of Health and Environment (KDHE) Loan Request for the additional funds.

Item #8 – Board Comments

Mr. Bryant thanked everyone for the evening’s presentations and conversations had with staff and Board.

Ms. Gonzales also thanked everybody for the presentations.

Mr. Groneman echoed Mr. Bryant’s comments. He thanked staff for the time they put in to provide information. It was very important in helping the Board make decisions.

Mr. Haley also echoed Mr. Bryant’s comments. He also reiterated his concern regarding how payments were received. He was still looking for a better understanding of the PILOT as well as separating it and other UG charges on the BPU bill. He reminded that UG charges on the BPU bill were going to increase after the first of the year. He would also like for the Board meeting access information to be made easier to obtain on the website.

Mr. Milan spoke about the upcoming Customer Service presentation on the processes for receiving checks. He reviewed the PILOT. The current BPU bill explained the charges from each entity, BPU and UG.

Ms. Mulvany Henry asked Mr. Johnson when the Board would be getting the information regarding contractors by department and the costs associated with them.

Ms. Austin said it would be the week of November 7th.

Item #9– Executive Session

Ms. Angela Lawson, Deputy Chief Counsel proposed a motion for adoption as followed:

“I move that after taking a break until 7:50 the Board go into Executive Session for 20 minutes in the first floor conference room to discuss confidential matters related to employment of the general manager, a personnel matter of nonelected personnel as justified under the exception in the Kansas Open Meetings Act; and that the General Manager, William Johnson, and the Deputy Chief Counsel, Angela Lawson, be present to participate in the discussion, all others to be dismissed from the room and electronic

REGULAR SESSION –WEDNESDAY, NOVEMBER 2, 2022

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

and telephonic transmissions to cease, and that we reconvene in open session returning to both electronic and telephonic broadcasting at 8:10 P.M. in the board room to either take action in an open session or to adjourn”.

A motion to go into Executive Session and reconvene at 8:10 P.M. was made by Mr. Bryant, seconded by Mr. Milan and carried unanimously.

At 8:10 P.M. the meeting returned to Open Session in the board room.

At 8:11 P.M. a motion to extend the Executive Session for 15 minutes, until 8:26 P.M. was made by Mr. Bryant, seconded by Ms. Mulvany Henry and carried unanimously with, Mr. Bryant, Ms. Mulvany Henry, Ms. Gonzales, and Mr. Haley voting. The Board went back into closed session in the work room.

At 8:26 P.M. the meeting returned to Open Session in the board room.

A motion was made to approve the General Manager’s second contract extension effective January 1, 2023, by Mr. Bryant, seconded by Mr. Milan

Roll call was taken:

Mr. Bryant – yes

Ms. Gonzales – yes

Mr. Groneman – yes

Mr. Haley – no

Mr. Milan – yes

Ms. Mulvany Henry – no

The motion carried.

REGULAR SESSION –WEDNESDAY, NOVEMBER 2, 2022

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Item #10 – Adjourn

At 8:29 P.M. a motion to adjourn was made by, Mr. Milan seconded by Mr. Bryant and carried unanimously.

ATTEST:

APPROVED:

Secretary

President

2022 Third Quarter Financial Results

November 2, 2022



Financial Results

2022 Billed kWh (YTD Jan - September)

Electric	(CY) 2022 YTD	(PY) 2021 YTD	
Residential	479,200,878	470,060,025	
Commercial	765,331,922	728,152,348	
Industrial	404,868,784	347,054,019	
	1,649,401,584	1,545,266,392	6.7%

Residential – Up 2% Commercial – Up 5% Industrial – Up 17%

2022 Billed CCF's (YTD Jan - September)

Water	(CY) 2022 YTD	(PY) 2021 YTD	
Residential	2,630,342	2,643,623	
Commercial	2,030,558	1,910,009	
Industrial	1,433,846	1,328,432	
	6,094,746	5,882,064	3.6%

Residential – Down 1%

Commercial – Up 6%

Industrial - Up 8%



Financial Results

Revenues – Third Quarter 2022

	(CY) 2022 3rd Quarter	(PY) 2021 3rd Quarter		Budget 2022 3rd Quarter	(CY) 2022 3rd Quarter	
Electric	\$ 101.862	\$ 80.057		\$ 80.187	\$ 101.862	
Water	15.449	14.677		14.617	15.449	
Combined	\$ 117.311	\$ 94.734	23.8%	\$ 94.804	\$ 117.311	23.7%

Actual Compared to 2022 Budget

Electric - Up 27%

Water – Up 6%

Financial Results

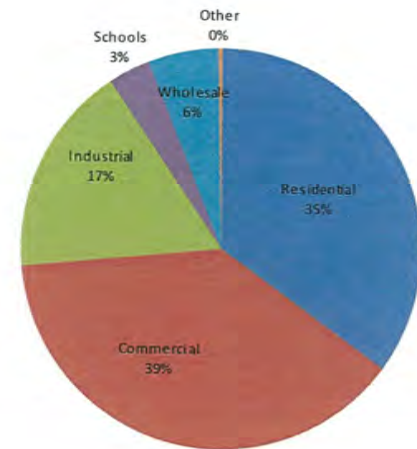
Revenues – 2022 YTD

	(CY) 2022 YTD	(PY) 2021 YTD		Budget 2022 YTD	(CY) 2022 YTD	
Electric	\$ 245.813	\$ 220.373		\$ 212.756	\$ 245.813	
Water	40.165	38.612		39.386	40.165	
Combined	\$ 285.978	\$ 258.985	10.4%	\$ 252.142	\$ 285.978	13.4%

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2022

<u>Electric:</u> <i>Up 16%</i>		<u>Water:</u> <i>Up 2%</i>	
Residential	\$ 6.0M	Residential	\$217K
Commercial	\$13.1M	Commercial	\$512K
Industrial	\$ 3.5M	Industrial	\$100K
Schools	\$ 275K	Wholesale	\$178K
Wholesale	\$ 8.5M		





Financial Results

Operating Expenses – Third Quarter 2022

	(CY) 2022 3rd Quarter	(PY) 2021 3rd Quarter		Budget 2022 3rd Quarter	(CY) 2022 3rd Quarter	
Electric	\$ 72.597	\$ 48.885		\$ 52.666	\$ 72.597	
Water	9.253	9.236		9.626	9.253	
Combined	\$ 81.850	\$ 58.121	40.8%	\$ 62.292	\$ 81.850	31.4%

Actual Compared to 2022 Budget

Electric – Up 38%

Water - Down 4%

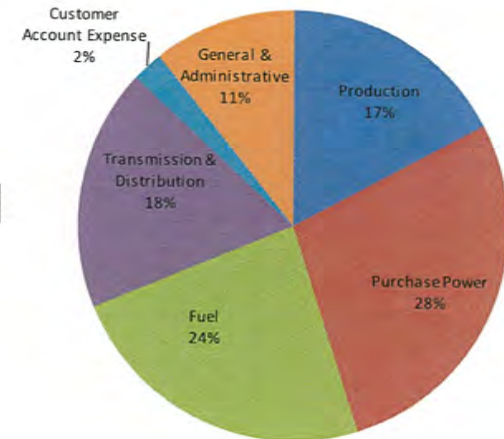
Operating Expenses – 2022 YTD (Total)

	(CY) 2022 YTD	(PY) 2021 YTD		Budget 2022 YTD	(CY) 2022 YTD	
Electric	\$ 187.615	\$ 155.558		\$ 156.624	\$ 187.615	
Water	27.438	26.641		29.262	27.438	
Combined	\$ 215.053	\$ 182.199	18.0%	\$ 185.886	\$ 215.053	15.7%

**Dollars in millions

Actual Compared to 2022 Budget

- Electric - Up 20%
- Water - Down 6%



Operating Expenses – 2022 YTD less Depreciation

	(CY) 2022 YTD	(PY) 2021 YTD		Budget 2022 YTD	(CY) 2022 YTD	
Electric	\$ 163.437	\$ 132.579		\$ 132.976	\$ 163.437	
Water	21.240	20.361		22.942	21.240	
Combined	\$ 184.677	\$ 152.940	20.8%	\$ 155.918	\$ 184.677	18.4%

**Dollars in millions

Variance – YTD comparing Budget to Actual 2022

Electric:

Purchased Power \$16.7M
 Fuel \$18.9M
 Production (\$403K)
 T&D (\$4.4M)
 G&A (\$2.7M)

Water:

Production (\$964K)
 T&D (\$110K)
 G&A (\$682K)



Financial Results

Change in Net Position – Third Quarter 2022

	(CY) 2022 3rd Quarter	(PY) 2021 3rd Quarter	Budget 2022 3rd Quarter	(CY) 2022 3rd Quarter
Electric	\$ 15.174	\$ 17.853	\$ 14.452	\$ 15.174
Water	4.262	3.535	2.988	4.262
Combined	\$ 19.436	\$ 21.388	\$ 17.440	\$ 19.436

**Dollars in millions



Financial Results

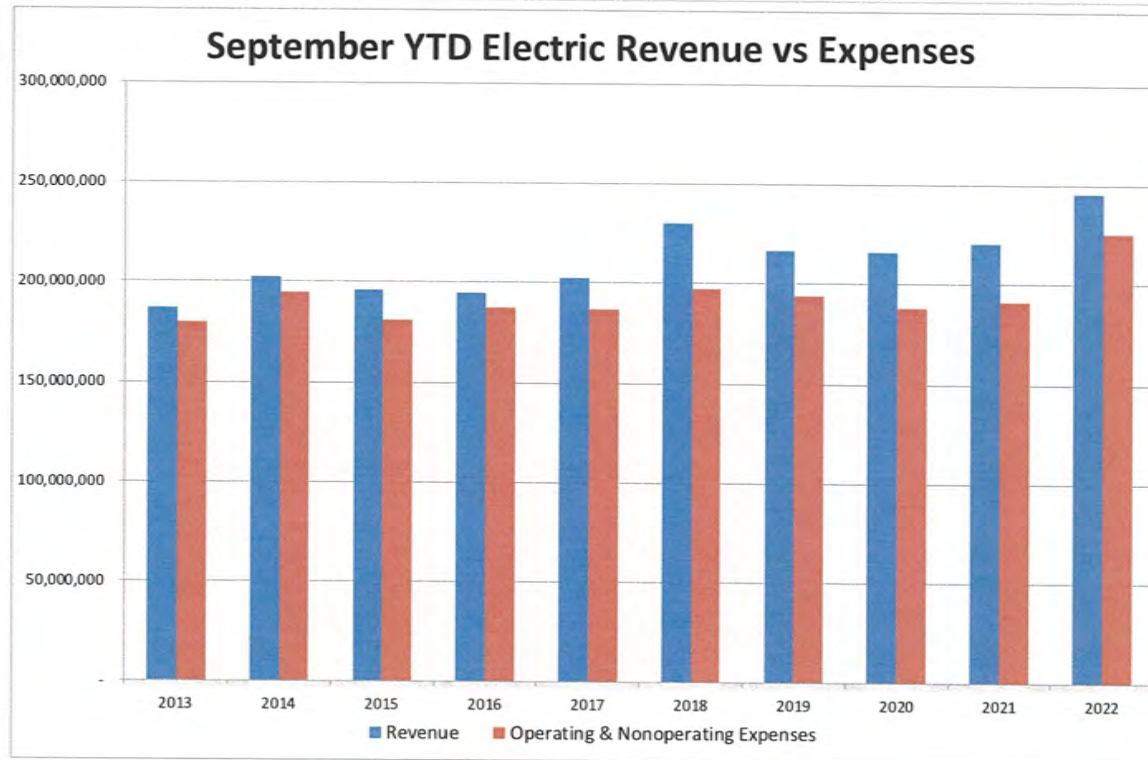
Change in Net Position – 2022 YTD

	(CY) 2022 YTD	(PY) 2021 YTD
Electric	\$ 19.757	\$ 29.168
Water	7.735	6.928
Combined	\$ 27.492	\$ 36.096

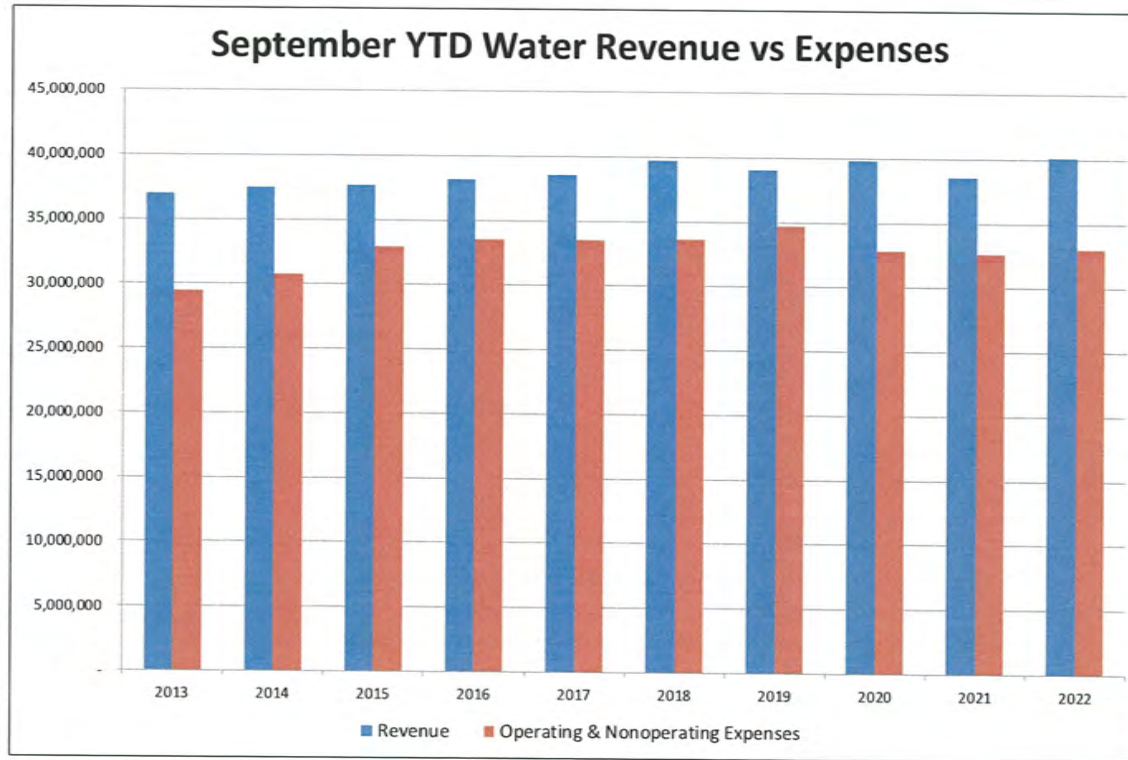
Budget 2022 YTD	(CY) 2022 YTD
\$ 19.936	\$ 19.757
4.881	7.735
\$ 24.817	\$ 27.492

**Dollars in millions

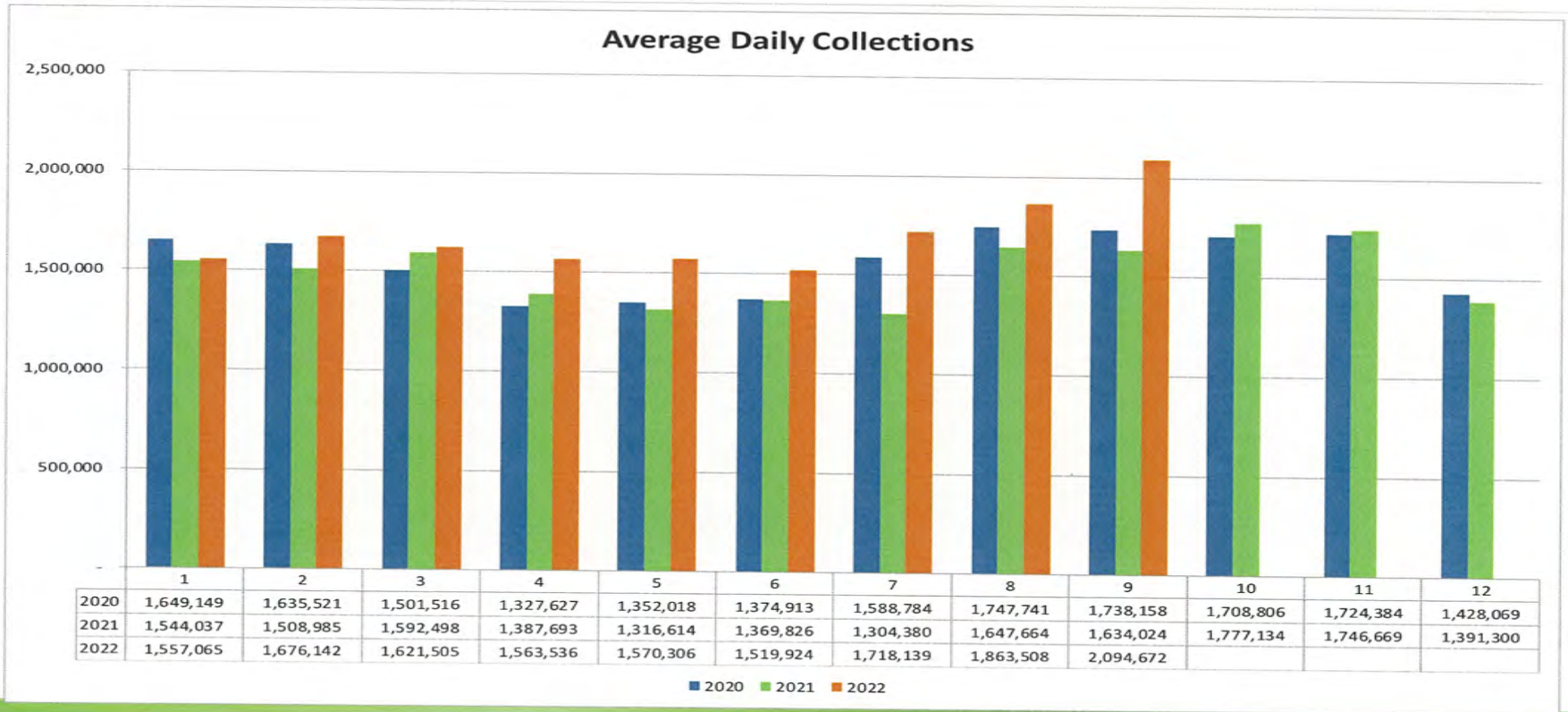
Financial Results – 10 Year Trend



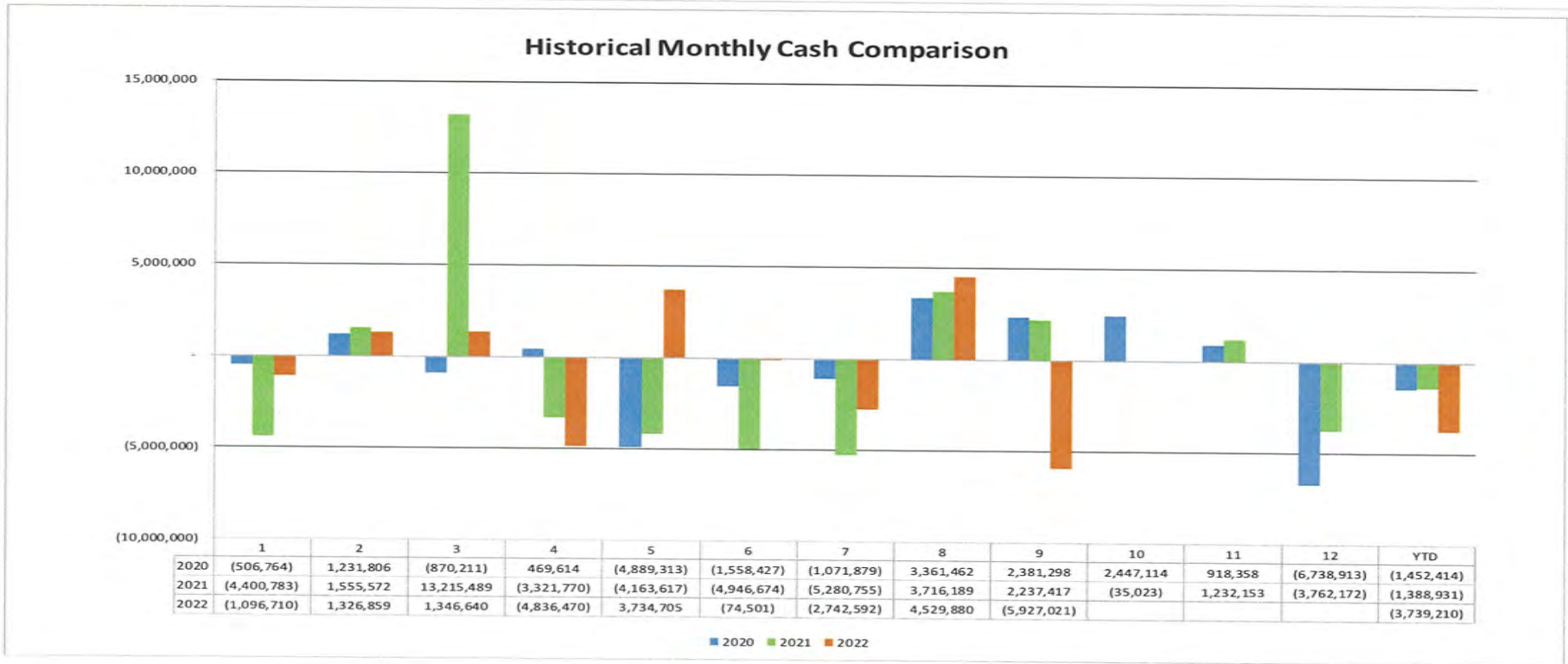
Financial Results – 10 Year Trend



Financial Results



Financial Results



Cash Position

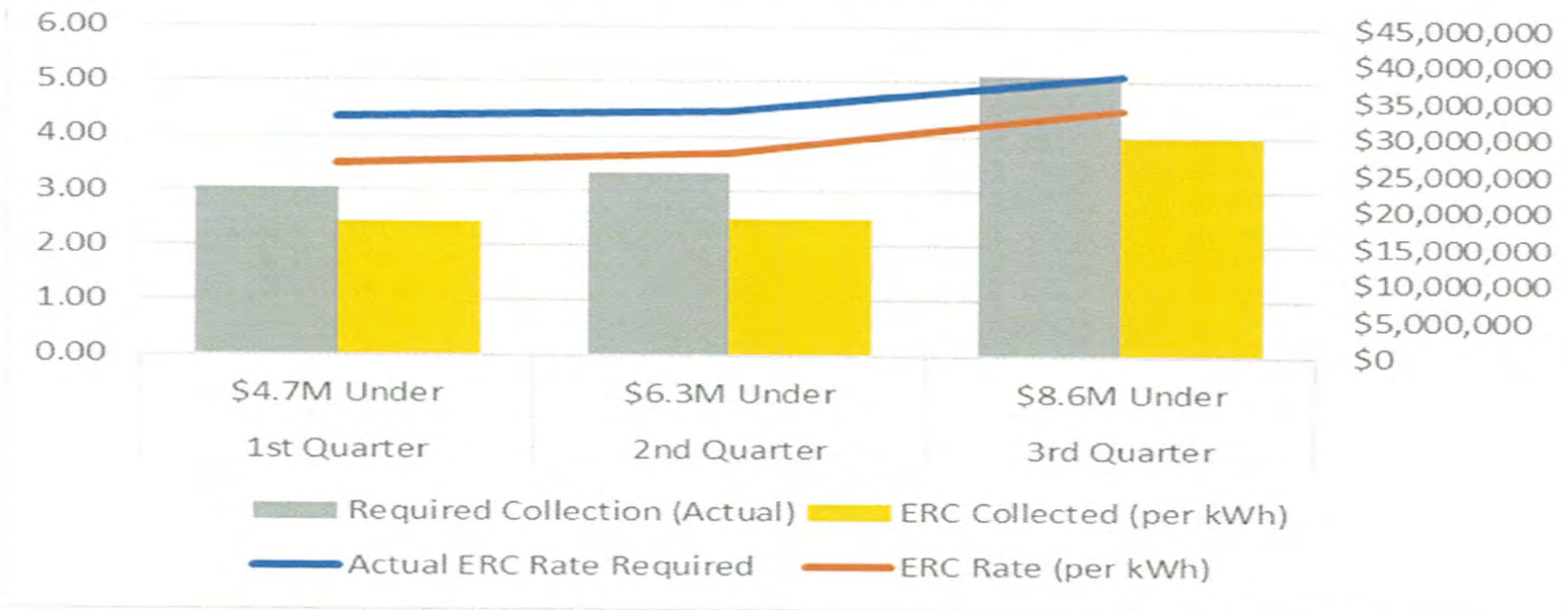
	(CY) 2022 September	(PY) 2021 September	2022 August
Combined (E&W)	\$ 40.19	\$ 46.42	\$ 46.19
Days Cash-on-Hand	58	79	70

**Dollars in millions

1 Day = Approximately \$700K-\$750K
(Based on 12 month rolling average of expenses)

ERC Cost and Rate per kWh

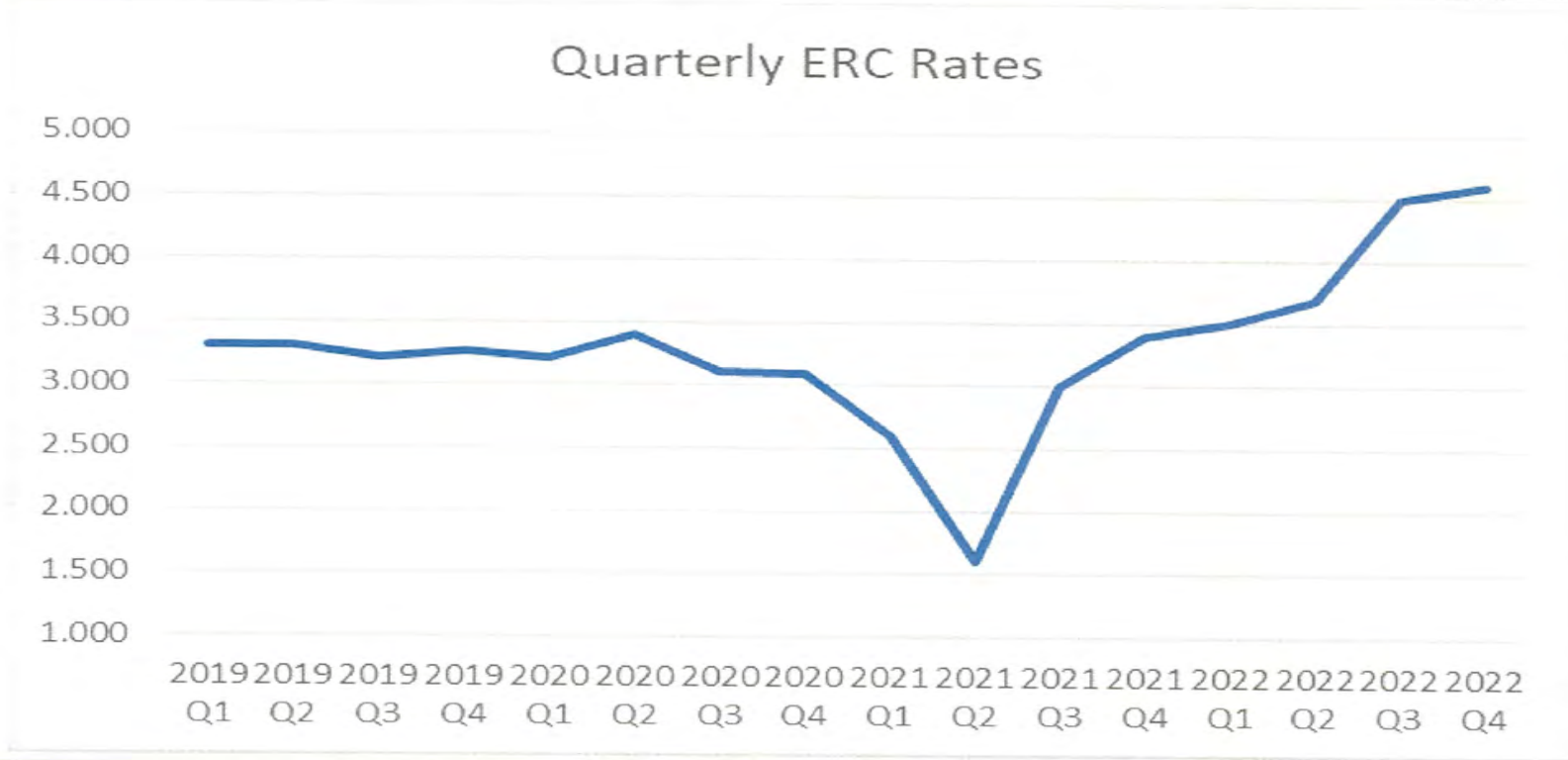
2022 ERC Variance



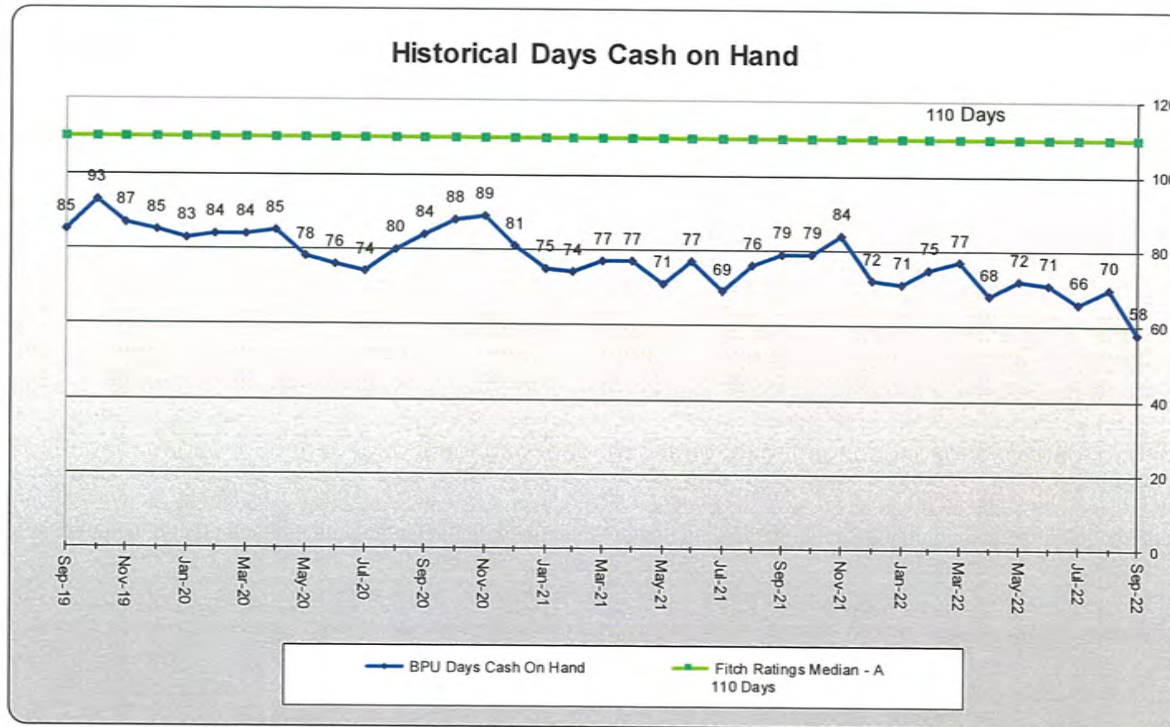


Energy Rate Component Rate History

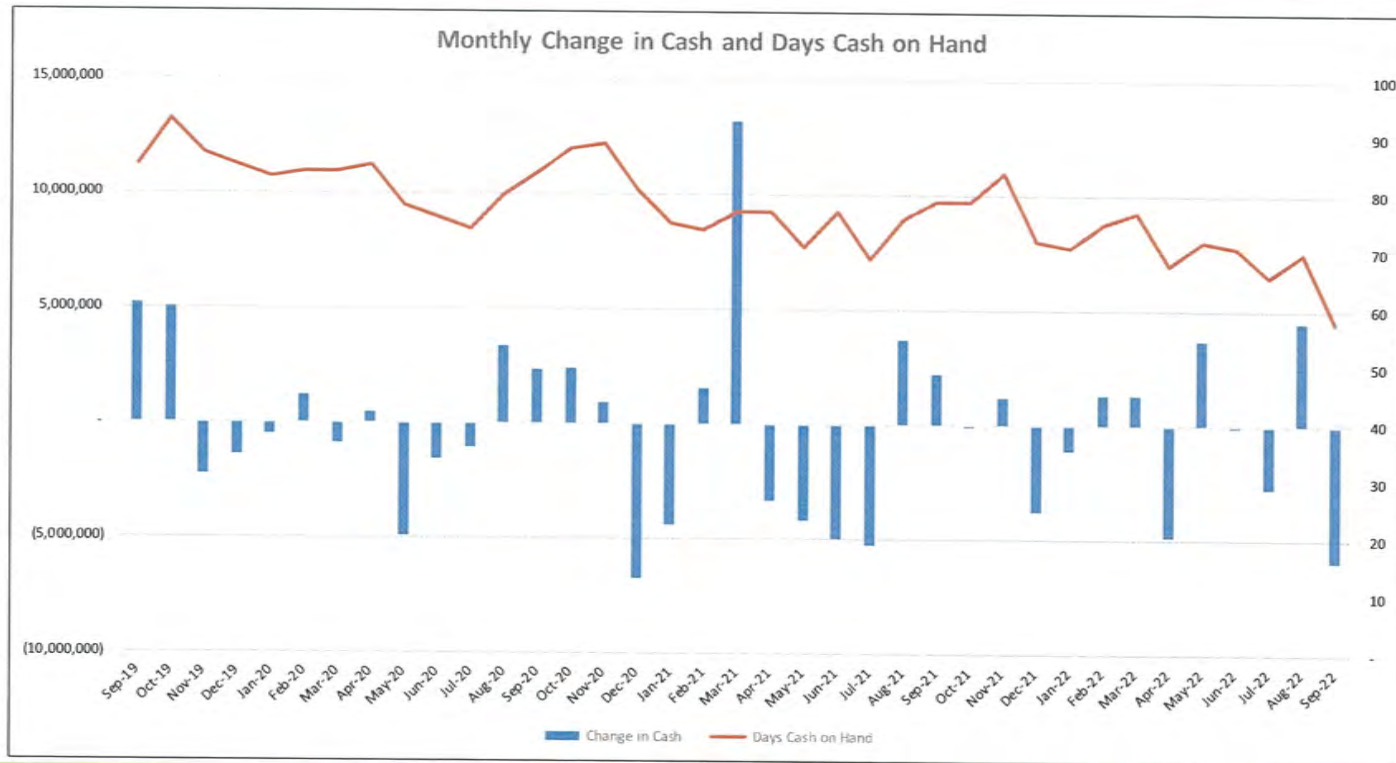
Quarterly ERC Rates



Financial Results



Financial Results





Financial Results

Balance Sheet: Notables

	(CY) 2022 September	(PY) 2021 September
Fuel Inventory	\$ 6.666	\$ 3.190
Bond Dollars 2016C (Elec T&D)	\$ 0.712	\$ 0.709
Bond Dollars 2020A (Elec)	\$ 0.800	\$ 7.814

**Dollars in millions

Capital Spending

	(CY) 2022 YTD	(PY) 2021 YTD	2022 Budget	
Electric	\$ 15.55	\$ 14.22	\$ 28.09	
Water	6.40	5.90	22.28	
Common	2.67	2.84	5.85	
Total YTD Capital	\$ 24.62	\$ 22.97	\$ 56.22	Remaining 56%

**Dollars in millions

Major projects in 2022:

- Piper OH Feeders - \$928K
- Fisher UG Feeders - \$3.3M
- Annual Underground - \$2.5M
- Water Leak, Valve, System Imp. - \$1.5M
- Water Transmission Imp. - \$1.7M
- UG/CMIP Water Dist. - \$406K

Debt Coverage

Debt Coverage with PILOT

	(CY) 2022 September	(PY) 2021 September
Electric	2.23	1.91
Water	1.83	1.96
Combined	2.34	2.09

Debt Coverage w/o PILOT

	(CY) 2022 September	(PY) 2021 September
Electric	1.55	1.33
Water	1.37	1.51
Combined	1.65	1.49

Financial Guideline Target 1.6 to 2.1 times with PILOT



Enterprise Risk Management Policy/Plan

November 02, 2022

- Risk Management Plan Update
- Board Risk Responsibilities
- Overview of the Risk Management Policy
- Internal Risk Management Governance
- Next Steps
- Questions?

Risk Management Plan



1. Governance and Culture
2. Strategic Plan & Setting Objectives
3. Identifying Risks
4. Prioritization of Risks
5. Monitor & Evaluate
6. Communicate & Report



Need for Risk Management

Regulatory Requirements

SPP Energy Market

Department of Justice

Preparedness for Uncertain Events

Board Risk Responsibilities

Both the law and practicality continue to support the proposition that the Board of Directors (BOD) should not be involved in actual day-to-day *risk management*.

BOD should instead, through their *risk oversight* role, satisfy themselves that the risk management policy designed and implemented by the utility's senior executives are consistent with the utility's strategy.

BOD should be aware of the type and magnitude of the principal risks and should require that the GM and senior executives are fully engaged in risk management.

Risk Management Policy

BOD policy contains three sections:

Section 1: Defines Risk

Section 2: Management of Risk

Section 3: Implementation of Risk Management

Risk Management Policy

“Risk” is an uncertain event which, should it occur, will affect the achievement of our objectives.

Risk = Probability x Impact (Severity)

Management of Risk is a fundamental responsibility of the GM and his leadership team.

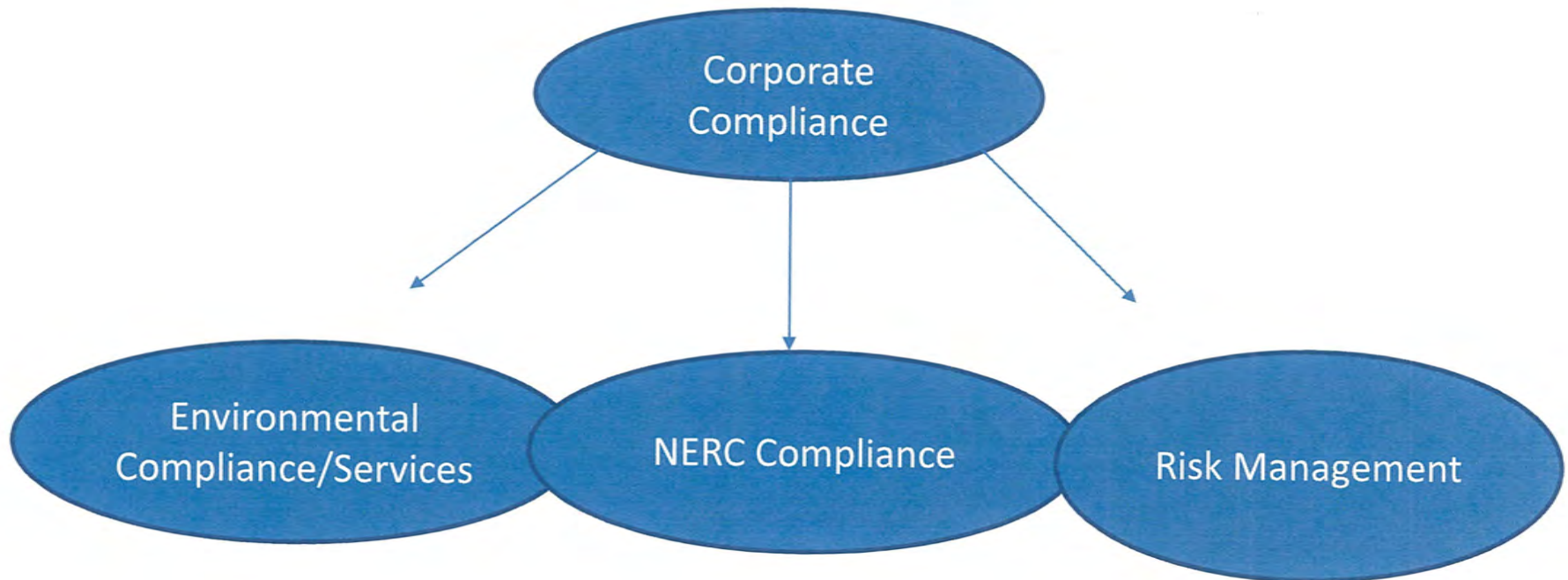
GM has designated Corporate Compliance as responsible for the management of risk.

Risk Management Policy

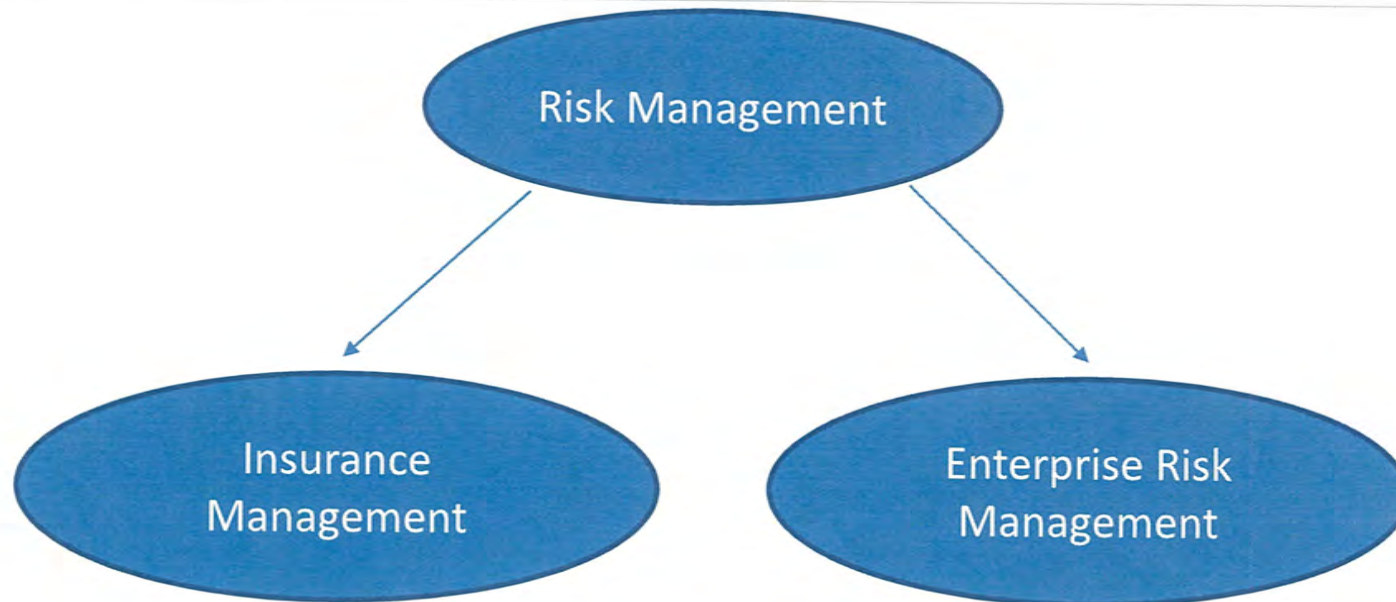
Implementation of Risk Management Plan:

- Utility-wide approach
- Embedded management systems and processes
- Follows a formal enterprise risk management framework

Risk Management Governance



Risk Management Governance



Risk Management Governance

Risk Management Department:

- Identify and Evaluate Risks
- Develop Risk Response or Remediation Plans
- Establish Metrics
- Reporting

Next Steps

1. Adoption of Board Policy
2. Remediation & Response Plans
3. Communicate and Report

*****Continuous & Ongoing*****

Questions?

**Kansas City, Kansas
Board of Public Utilities**

**Resolution No. 5279
Risk Management Policy**

WHEREAS, the Kansas City, Kansas Board of Public Utilities “Board” is given the responsibility by Charter Ordinance No. 5-01 as amended to exclusively manage, operate, maintain and control the daily operation of the Water Department and the Electric Department of the City of Kansas City, Kansas; and

WHEREAS, Pursuant to Charter Ordinance 5-01 Section 13(f) of the Code of the Unified Government of Wyandotte County/Kansas City, Kansas, the Board of Public Utilities has the authority to adopt a Risk Management Policy;

WHEREAS, the Board wishes to adopt a Risk Management Policy;

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF
THE KANSAS BOARD OF PUBLIC UTILITIE AS FOLLOWS:**

The following Risk Management Policy is hereby adopted to be effective January 1, 2023 and shall be included in the Administration Section of the BPU Policies to be numbered as appropriate.

Preface: Kansas City Board of Public Utilities (BPU) shall maintain an Enterprise Risk Management (ERM) program to perform BPU’s risk management activities which enables management to visualize, assess, and manage major risks that may adversely impact the attainment of key organization objectives. The General Manager (GM) is responsible for identifying, assessing, and managing risks using the ERM program.

Section 1: Definition of Risk

“Risk” refers to an uncertain event or set of events which, should it occur, will affect the achievement of objectives; a risk is measured by a combination of the probability of a perceived threat or opportunity occurring and the magnitude of its impact on objectives:

- (1) Strategic Risk, affects the ability to carry out goals and objectives through the actions items as articulated in the BPU Strategic Plan;
- (2) Compliance Risk, affects compliance with laws and regulations, employee and customer safety, environmental issues, litigation, conflicts of interest, and related matters;
- (3) Reputational Risk, affects reputation, public perception, political issues, and related matters;

- (4) Financial Risk, affects the revenue and the overall financial health of the utility, and related matters; and,
- (5) Operational Risk, affects ongoing management processes and procedures, and reliable services.

Section 2: Management of Risk

The management of risk within BPU is a fundamental responsibility of BPU leadership. The General Manager shall define BPU's ability (risk tolerance) and willingness (risk appetite) to absorb the impact of certain risks. The General Manager, through Corporate Compliance, shall ensure that BPU risks are effectively managed.

Certain utility risks rise to a level such that the General Manager shall make the Board aware of the risk. Risks rising to this level includes those where the combination of an event's probability and the potential consequences is likely to:

1. Impair the achievement of a BPU strategic goal or objective;
2. Result in substantial financial costs or significant impact to operations; or,
3. Damage BPU's reputation.

Some level of risk is not only expected in normal everyday activities but can be beneficial. However, acceptance of risk shall not include:

1. Willful exposure of customers, employees, or others to unsafe environments or activities;
2. Intentional violation of federal, state, or local laws;
3. Willful violation of contractual obligations; or,
4. Unethical behavior.

Section 3: Implementation of Risk Management Procedures

A utility-wide approach to risk management shall be adopted and embedded into the Utilities' management systems and processes. All risk management efforts shall be focused on supporting BPU's strategic objectives. BPU shall develop a risk management framework and associated procedures that include:

1. Formal and ongoing identification of risks that impact the institution's goals;
2. Development of risk management plans;
3. Monitoring the progress of managing risks;
4. Periodic updates of risk management plans; and,
5. Reporting of risks so that significant risks are reported to the Board

The GM shall adopt and amend as needed Risk Management Procedures to maintain the utility ERM framework. The risk management procedures shall ensure high-level management of risk.

BPU risk management framework and procedures shall be reviewed annually. Periodic reviews of compliance with the utility-wide guidelines shall also be conducted by external audits or a similar accountability function.

The foregoing resolution is adopted by the Board of Public Utilities of Kansas City,
Kansas, this _____ day of _____, 2022.

THE BOARD OF PUBLIC UTILITIES OF KANSAS CITY, KANSAS

By _____
Mary Gonzales, President

ATTEST:

Thomas Groneman, Secretary

Approved as to form:

BPU Legal Counsel



Water Operations Update: AWWA Benchmarking

Nov. 16th, 2022

AWWA Benchmarking

- KPI is used to Measure Performance in Key Areas
- A Benchmark is used to compare performance to other Utilities
- Track and Improve your Performance based on your KPI





- **Timeline**

- Kickoff Jan. 2022
- Individual Department Meetings and Data Gathering Feb - March
- April 1st Initial Dataset required
- May 3rd Final submittal
- June - Sept AWWA QA/QC
- Oct. Final Reports Available

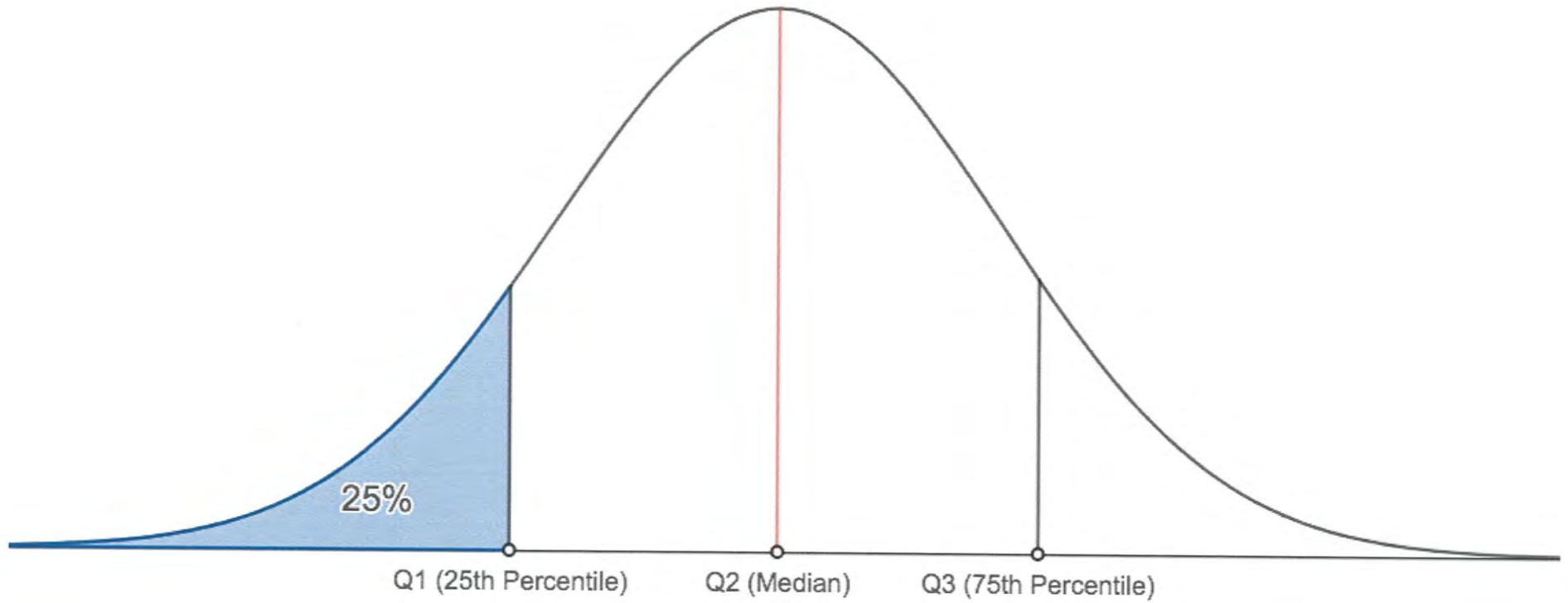
Goals for Good KPI

- Specific
- Measurable
- Accurate
- Relevant
- Practical
- Understandable

Problems/Issues

- Grey Areas
- Definitions used for data
- How to measure
- How to report information
- Is it relevant
- Are the systems in place to verify quality of data

What is a Percentile?





Business Operation & Organizational Development

	BPU	75 TH PERCENTILE	Median	25 th Percentile	Count
Customer Accounts Per Employee	348	543	401	316	46
Employee Turnover Rate	1.9%	4.6%	7.7%	11.5%	41
Debt Ratio	38%	22%	35%	54%	47
Debt Service Coverage Ratio	1.91	3.35	2.57	1.93	41
Operating Ratio (O&M/Revenue)	56%	44%	56%	74%	46
System Renewal/replacement rate of Pipe Network	0.7%	1.9%	1.1%	0.5%	34



Metrics Important to Customers

	BPU	75 TH PERCENTILE	Median	25 th Percentile	Count
Technical Service Complaints (per population)	0.8	0.8	3.5	5.9	33



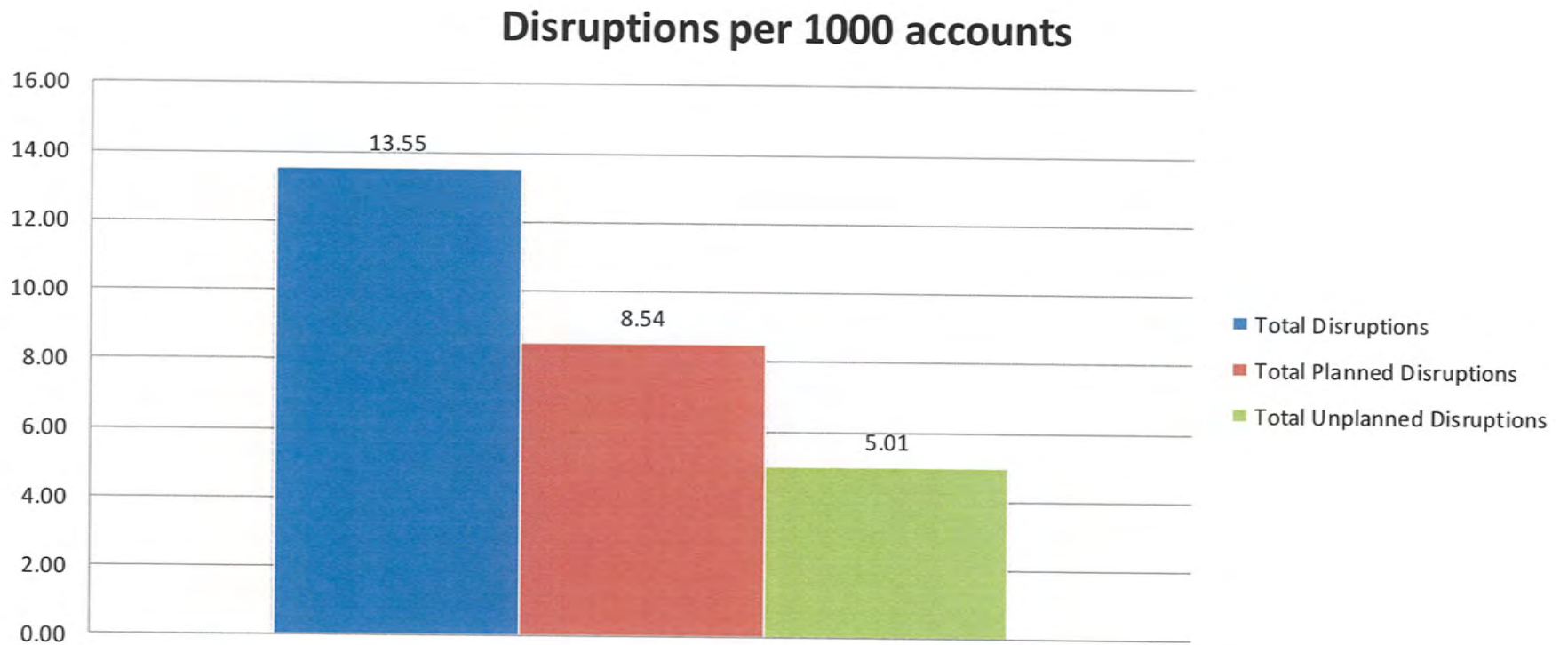


Metrics Important to NWTP

	BPU	75 TH PERCENTILE	Median	25 th Percentile	Count
Regulatory Compliance	100%	100%	100%	100%	48
Available Water Supply (years)	64	64	49	25	29



Disruptions per 1000 accounts





Leaks and Breaks

	BPU	75 TH PERCENTILE	Median	25 th Percentile	Count
Water Distribution System Integrity Total (Breaks & Leaks Per 100 Miles)	52.9	6.0	13.6	27.0	44
Total O&M Cost per account	\$521	\$344	\$500	\$657	42
Total O&M Cost per MG	\$2,662	\$1,938	\$3,074	\$4,260	46
Infrastructure Leakage Index (ILI)	6.10	1.03	1.85	2.83	26
Disruption of Water Services Frequency Index	17.95	1.67	3.21	6.05	36

Lesson Learned

- Definitions
- Data Collection - will improve over time
- System of Record
- Thanks - Very thankful for all the assistance from the various departments.

Questions?

