

BOARD INFORMATION PACKET



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

Regular Meeting of

May 17, 2023



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Board of Public Utilities
Kansas City, Kansas

BOARD AGENDA

Regular Session
May 17, 2023 – 6:00 P.M.

- I. Call to Order
- II. Roll Call
 - _____ Tom Groneman, District 2
 - _____ David Haley, At Large, Position 2
 - _____ Robert L. Milan, Sr., District 1
 - _____ Rose Mulvany Henry, At Large, Position 3
 - _____ Jeff Bryant, District 3
 - _____ Mary L. Gonzales, At Large, Position 1
- III. Approval of Agenda
- IV. Approval of the Minutes of the Regular Session of May 3, 2023
- V. Public Comments
- VI. General Manager / Staff Reports
 - i. Lead and Copper Rule Update
 - ii. Corporate Communications Update
 - iii. Board Community Engagement Committee
Resolution # 5284
 - iv. Miscellaneous Comments
- VII. Board Comments
- VIII. Adjourn

REGULAR SESSION –WEDNESDAY, MAY 3, 2023

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Item #4 – Approval of Regular Session Minutes of April 19, 2023

A motion was made to approve the minutes of the Work Session of April 19, 2023, by Ms. Gonzales, seconded by Mr. Groneman, and unanimously carried.

Item #5 – Public Comments

Mr. Ty Gorman, 2843 Parkwood Blvd., expressed his appreciation on the Community Engagement Committee meeting, held before the Regular session. He voiced his thoughts on the application and screening process for committee members coming from the public sector. He suggested it could go deeper into the community if neighborhood resource associations (NBR) or those involved with energy efficiency programs had applications available for them to distribute. He also spoke about avenues of compensation.

Ms. Mulvany Henry asked Mr. Gorman for his views on funding participation.

There was discussion on compensation perimeters. The funding level that Mr. Gorman was thinking of through the Board was for participants, handled through the NBR's.

Ms. Mulvany Henry asked him to clarify his intent that participants would put in an application into the NBR for further participation as community ambassadors with the committee.

Mr. Gorman said that the participants he was thinking of would have been involved with the utility in some way, i.e. they couldn't pay or there were other issues with their house, their connection, fees, etc.

Item #6– General Manager / Staff Reports

- i. *March 2023 Financials:* Mr. Randy Otting, Director Accounting, reviewed the Preliminary February 2023 Financials with the Board. (See attached PowerPoint.)

Mr. Otting responded to questions from the Board.

- ii. *Fleet Maintenance Update:* Mr. Jason McVay, Superintendent Fleet Maintenance, gave the Board and overview of the BPU Fleet Department. He spoke about the make-up fleet maintenance team, the vehicles that made up the fleet, practices and procedures, as well as the fleet replacement program. (See attached PowerPoint.)
Mr. McVay responded to question from the Board.

REGULAR SESSION –WEDNESDAY, MAY 3, 2023

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Item #8 – Adjourn

At 7:03 P.M. a motion to adjourn was made by Mr. Milan, seconded by Mr. Bryant and unanimously carried.

ATTEST:

APPROVED:

Secretary

President



March 2023 Preliminary Financial Results

May 3, 2023



Financial Results

2023 Billed kWh (YTD Jan - Mar)

Electric	(CY) 2023 YTD	(PY) 2022 YTD
Residential	143,921,778	145,918,509
Commercial	234,772,936	230,420,199
Industrial	129,134,919	126,218,945
	507,829,633	502,557,653
		1.0%

Commercial and Industrial usage was above 2022 levels

Residential – Down 1% Commercial – Up 2% Industrial – Up 2%

2023 Billed CCF's (YTD Jan - Mar)

Water	(CY) 2023 YTD	(PY) 2022 YTD
Residential	809,797	797,177
Commercial	568,429	551,352
Industrial	433,962	432,888
	1,812,188	1,781,417
		1.7%

All customer classes usage were above 2022 levels

Residential – Up 2% Commercial – Up 3% Industrial – Up <1%



Financial Results

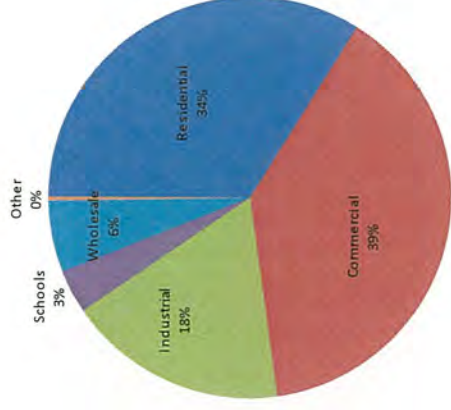
Revenues – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD	Budget 2023 YTD	(CY) 2023 YTD
Electric	\$ 79,344	\$ 73,394	\$ 74,647	\$ 79,344
Water	12,447	12,097	12,339	12,447
Combined	\$ 91,791	\$ 85,491	\$ 86,986	\$ 91,791
			7.4%	5.5%

** Dollars in millions

Variance – YTD comparing Budget to Actual for 2023

<u>Electric:</u>	<i>Up 6%</i>	<u>Water:</u>	<i>Up 1%</i>
Residential	\$ 490K	Residential	\$177K
Commercial	\$ 2.7M	Commercial	\$105K
Industrial	\$ 618K	Industrial	\$ 22K
Schools	\$443K	Wholesale	(\$42K)
Wholesale	(\$210K)		



Operating Expenses – March 2023

	(CY) 2023 March	(FY) 2022 March	Budget 2023 March	(CY) 2023 March
Electric	\$ 22,351	\$ 17,476	\$ 20,894	\$ 22,351
Water	3,242	3,103	3,503	3,242
Combined	\$ 25,593	\$ 20,579	\$ 24,397	\$ 25,593
				24.4%
				4.9%

Actual Compared to 2023 Budget

- Electric – Up 7%
- Water - Down 7%

Amortized 3/6th of the 2022 ERC Under Recovery in March 2023 - \$2,453,957

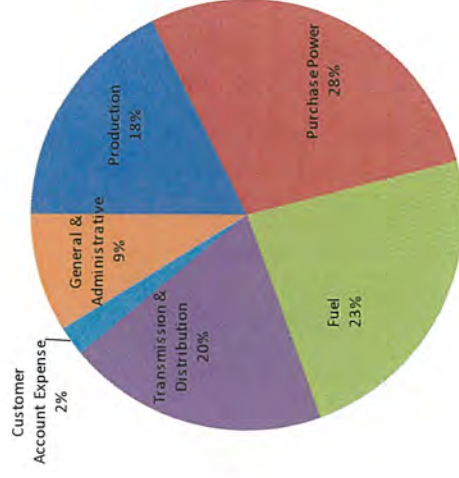
Operating Expenses – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD	Budget 2023 YTD	(CY) 2023 YTD
Electric	\$ 60.697	\$ 52.886	\$ 60.282	\$ 60.697
Water	9.289	8.907	10.085	9.289
Combined	\$ 69.986	\$ 61.793	\$ 70.367	\$ 69.986
		13.3%		-0.5%

**Dollars in millions

Actual Compared to 2023 Budget

- Electric - Down <1%
- Water - Down 8%
- Combined – Down 1%





Financial Results

Operating Expenses – 2023 YTD less Depreciation

	(CY) 2023 YTD	(PY) 2022 YTD	Budget 2023 YTD	(CY) 2023 YTD
Electric	\$ 51.914	\$ 45.217	\$ 51.617	\$ 51.914
Water	7.193	6.848	7.990	7.193
Combined	\$ 59.107	\$ 52.065	\$ 59.607	\$ 59.107
			13.5%	-0.8%

**Dollars in millions

Electric:		Water:	
Purchased Power	\$532K	Production	(\$400K)
Fuel	(\$4.2M)	T&D	(\$295K)
Production	(\$2.0M)	G&A	(\$57K)
T&D	(\$928K)		
G&A	(\$330K)		

Variance – YTD comparing Budget to Actual 2023



Financial Results

Change in Net Position – March 2023

	(CY) 2023 March	(PY) 2022 March	Budget 2023 March	(CY) 2023 March
Electric	\$ (1.547)	\$ 2.505	\$ (0.812)	\$ (1.547)
Water	0.561	0.398	0.025	0.561
Combined	\$ (0.986)	\$ 2.903	\$ (0.787)	\$ (0.986)

**Dollars in millions





Financial Results

Change in Net Position – 2023 YTD

	Budget 2023 YTD	(CY) 2023 YTD
\$	2,360	\$ 6,237
	0,625	1,755
\$	2,985	\$ 7,992

	(CY) 2023 YTD	(PY) 2022 YTD
\$	6,237	\$ 8,211
	1,755	1,732
\$	7,992	\$ 9,943

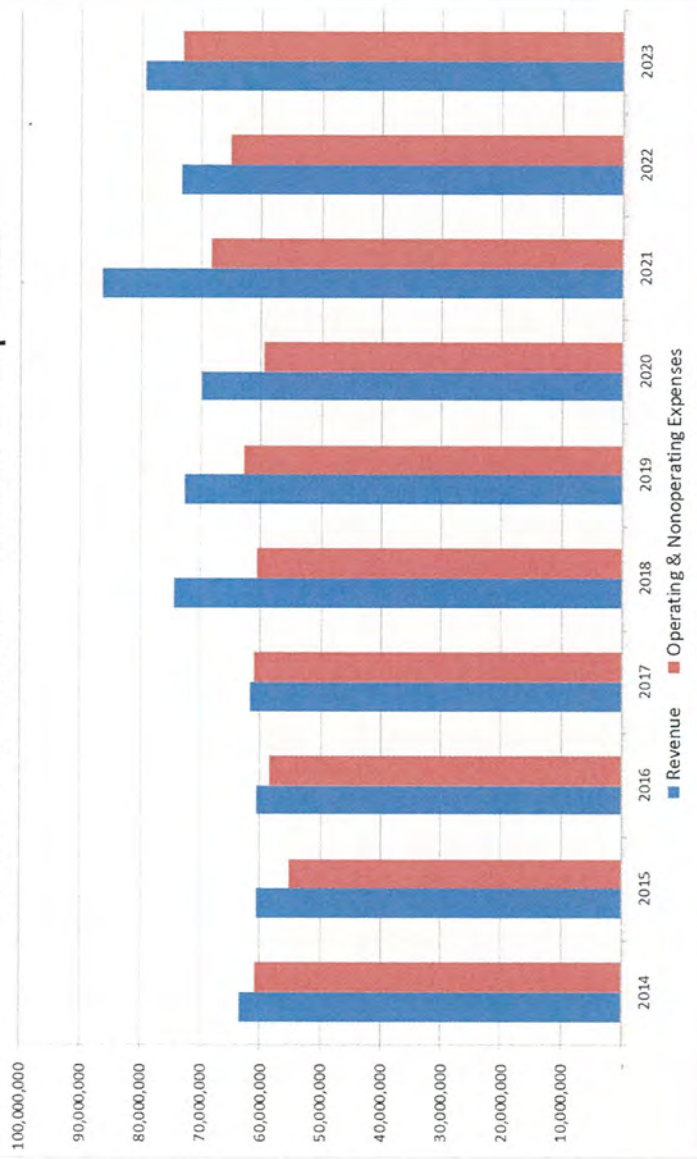
Electric
Water
Combined



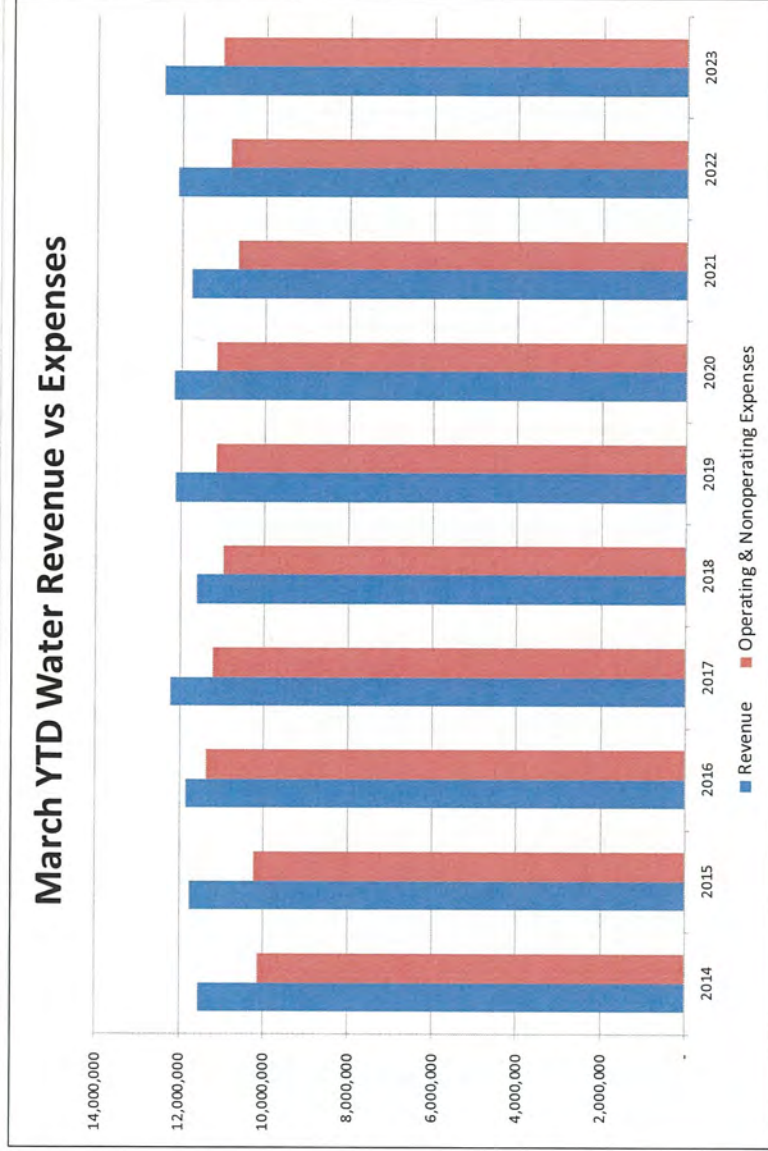
**Dollars in millions

Financial Results – 10 Year Trend

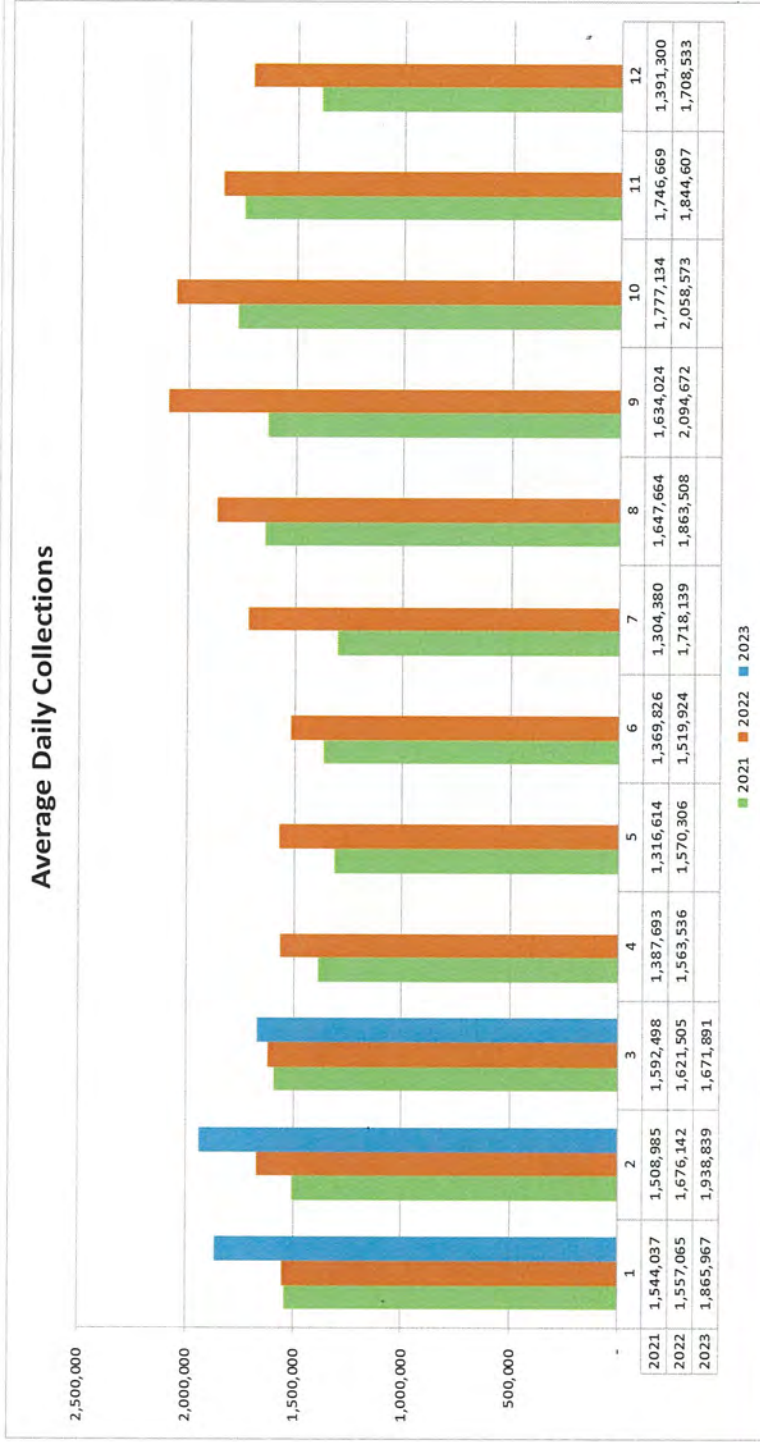
March YTD Electric Revenue vs Expenses



Financial Results – 10 Year Trend

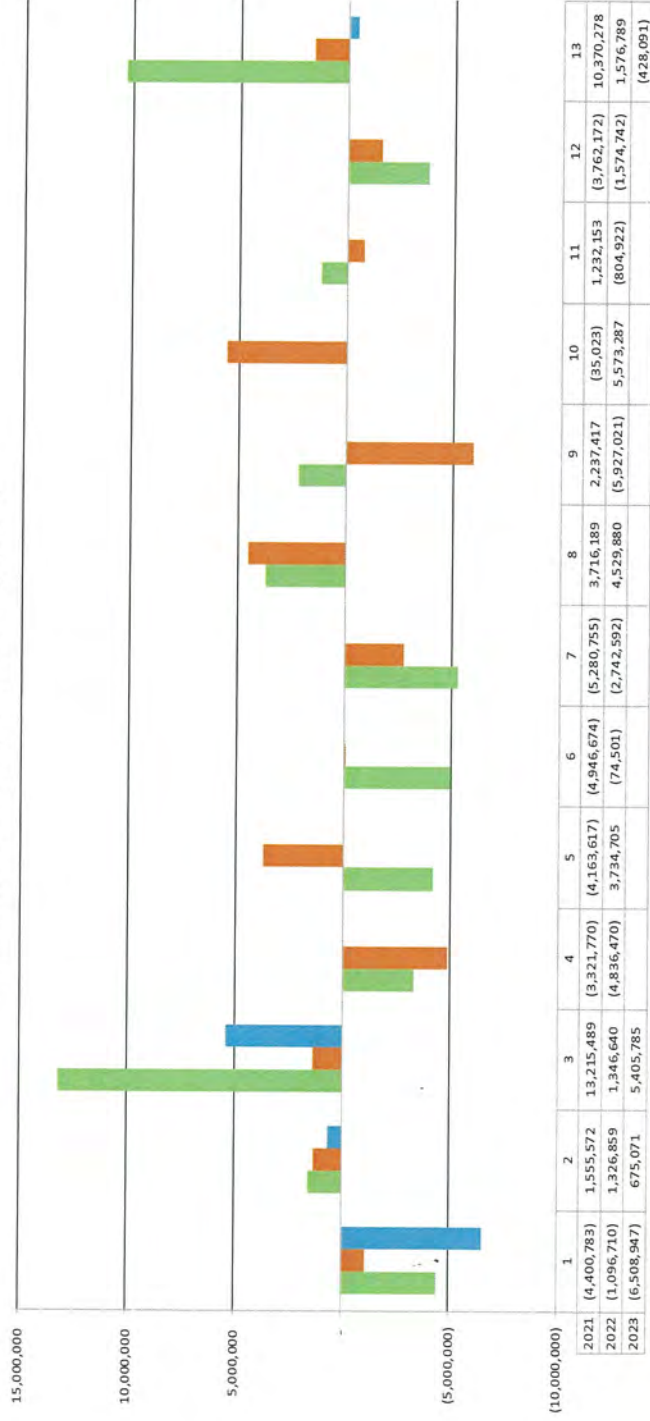


Financial Results



Financial Results

Historical Monthly Cash Comparison





Financial Results

Cash Position

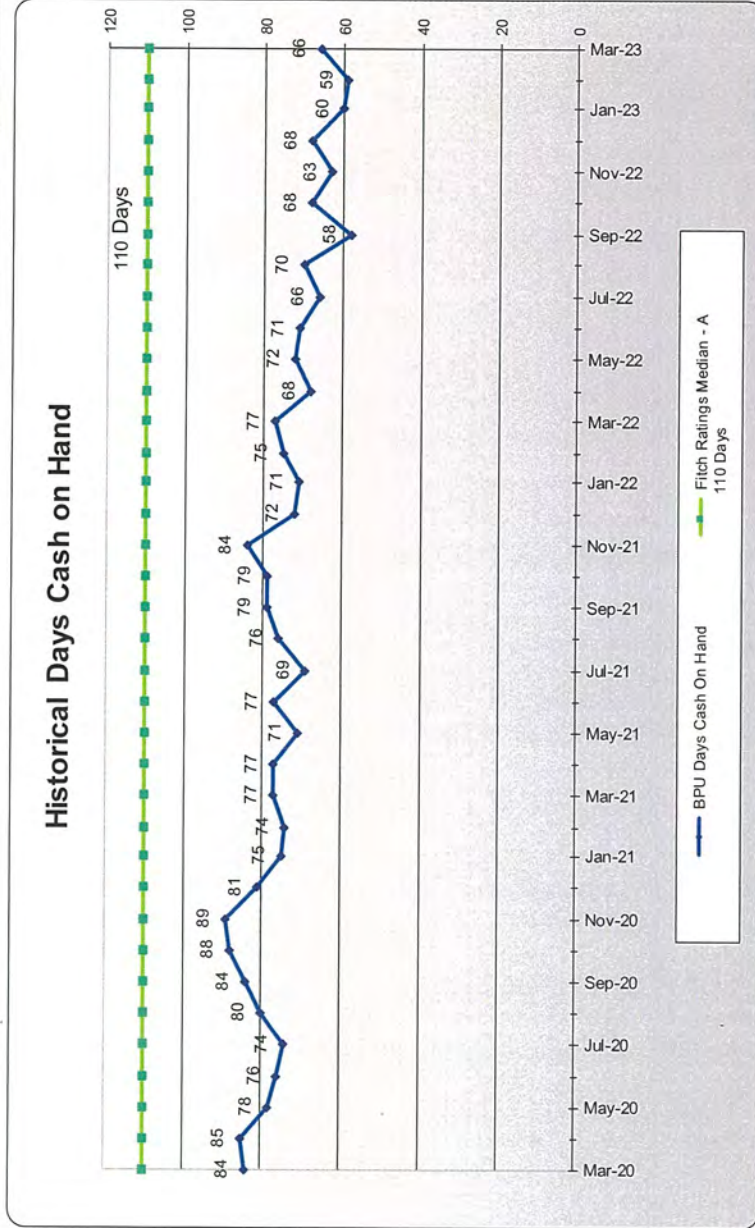
	(CY) 2023 March	(PY) 2022 March	2023 February
\$	43.05	\$ 45.71	\$ 38.21
	66	77	59

Combined (E&W)
Days Cash-on-Hand

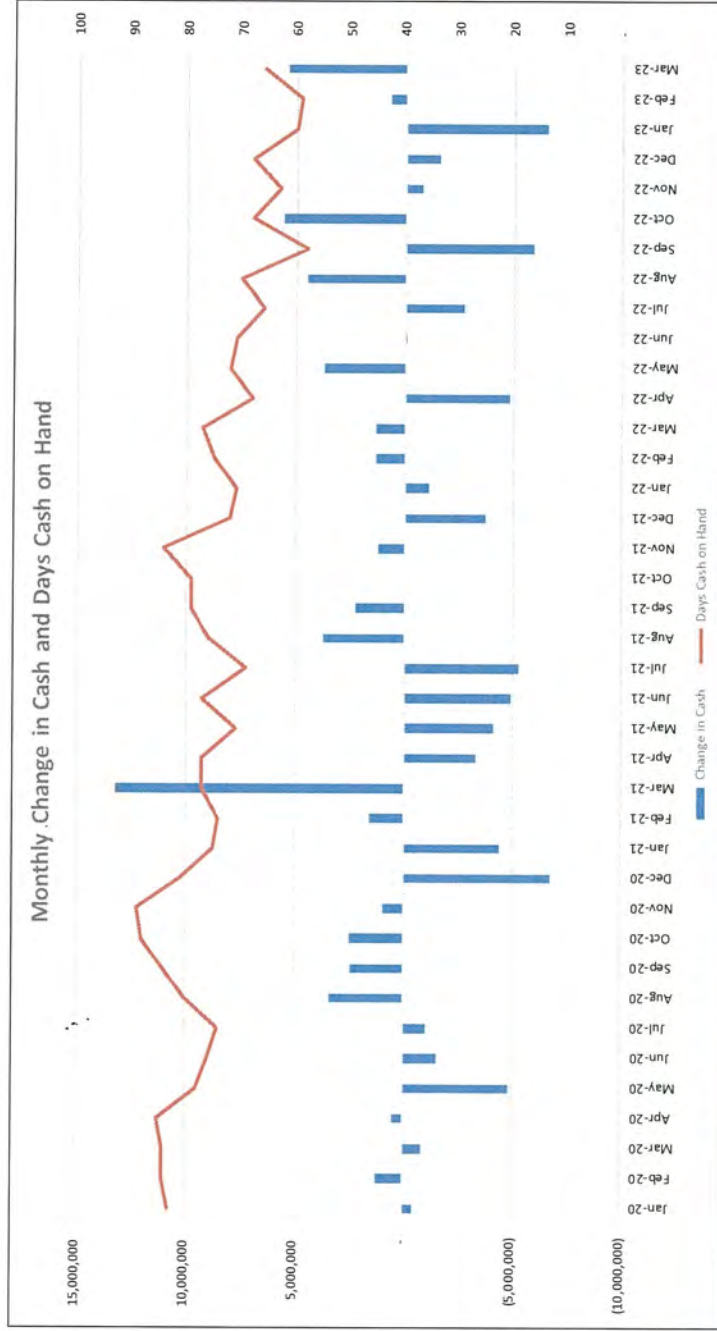
**Dollars in millions

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

Financial Results



Financial Results





Financial Results

Balance Sheet: Notables

	(CY) 2023 March	(PY) 2022 March
Fuel Inventory	\$ 8.896	\$ 4.853
Bond Dollars 2016C (Elec T&D)	\$ 0.723	\$ 0.709
Bond Dollars 2020A (Elec)	\$ 0.813	\$ 0.797

** Dollars in millions

Financial Results

Capital Spending

	(CY) 2023 YTD	(PY) 2022 YTD	2023 Budget
Electric	3.90	5.14	\$ 30.67
Water	2.12	1.45	24.71
Common	0.65	0.63	5.20
Total YTD Capital	\$ 6.66	\$ 7.22	\$ 60.58
			Remaining
			89%

Major projects in 2023:

- Fisher UG Feeders - \$1.1M
- Annual Underground - \$604K
- Annual Overhead - \$643K
- N1 Burner Coal Nozzle Replacement – \$580K
- Water Sys Imp, Valves & Leaks - \$975K
- Argentine 7 MG Tank Replacement - \$553K

**Dollars in millions

Debt Coverage

Debt Coverage with PILOT

	(CY) 2023 March	(PY) 2022 March
Electric	2.73	2.13
Water	2.20	1.94
Combined	2.83	2.28

Debt Coverage w/o PILOT

	(CY) 2023 March	(PY) 2022 March
Electric	2.01	1.53
Water	1.73	1.48
Combined	2.10	1.65

Financial Guideline Target 1.6 to 2.1 times with PILOT



Fleet Maintenance Board Presentation 2023



Overview

- Fleet Maintenance Team
- Fleet Maintenance Facilities
- Fleet Units & Types
- Maintenance Practices & Procedures
- Maintenance & Fuel Cost
- Fleet Replacement Procedure & Grading System
- Future Fleet Outlook
- Fleet Retirement & Auction





Fleet Maintenance Team

- Jason McVay - Superintendent
- Loren Jackson - Shift Supervisor
- 2 Clerks
- 4 Working Foremen
- 6 Garage Mechanics
- 5 Service Persons
- 1 Refueler





Service Center Fleet Facility



Muncie Fleet Facility





Fleet Inventory

- 370 active units to date. On Road 277 units, Off Road 93 units.
- BPU owns 100% of the assets.
- Numerous powered tools serviced such as chainsaws, water pumps & hydraulic tools.
- Inventory has decreased by 49 units since 2017.
- Inventory consist of Sedans, SUVs, Light trucks, Medium & Heavy duty trucks, small to large off road equipment and trailers.
- Specialty trucks such as Aerials, Digger Derricks, Crane mounted trucks, Vacuum trucks and trucks with 3 in 1 power systems.



Sedans, SUVs, Vans & Light Trucks





Medium & Heavy Duty Trucks





Aerials & Digger Derricks



Other Unit Types



Trailers



Off-road and Utility Vehicles



Large Equipment





Preventative Maintenance Program

- All maintenance and repairs are done in house other than warranty repairs & accident/body repairs.
- Units are brought in for service based on utilization of mileage, engine hours and/or a set amount of days.
- Annual and Bi-Annual inspections are performed on a set monthly schedule.
- Oil changes are completed on a set amount miles or engine hours based on manufacturer maintenance recommendations.
- Inspection forms are completed, hours spent on maintenance and repairs and comments are entered in TMT Fleet Software.
- Aerial Inspections are performed annually by a certified vendor that meet OSHA, ASME, ANSI and NDT standards.



Fleet Maintenance Cost

- Maintenance cost and fuel cost are tracked by TMT Fleet Software.
- TMT tracks hours spent on repairs, parts, services and cost.
- Able to track fuel usage, unit utilization, maintenance cost, repair cost and accident cost.
- Life cycle cost of unit are considered in replacement criteria.
- Repair cost year to year vary due to utilization, average fleet life cycle and weather.
- Average 3,355 Repair Orders annually. Includes scheduled maintenance, repairs and accidents.





Fleet Replacement Program

- Replacement Criteria Considerations:
 - Age
 - Mileage/Hours
 - Condition
 - Life cycle cost
 - Utilization
 - Unit configured or sized correctly
 - Business need





Fleet Replacement Program

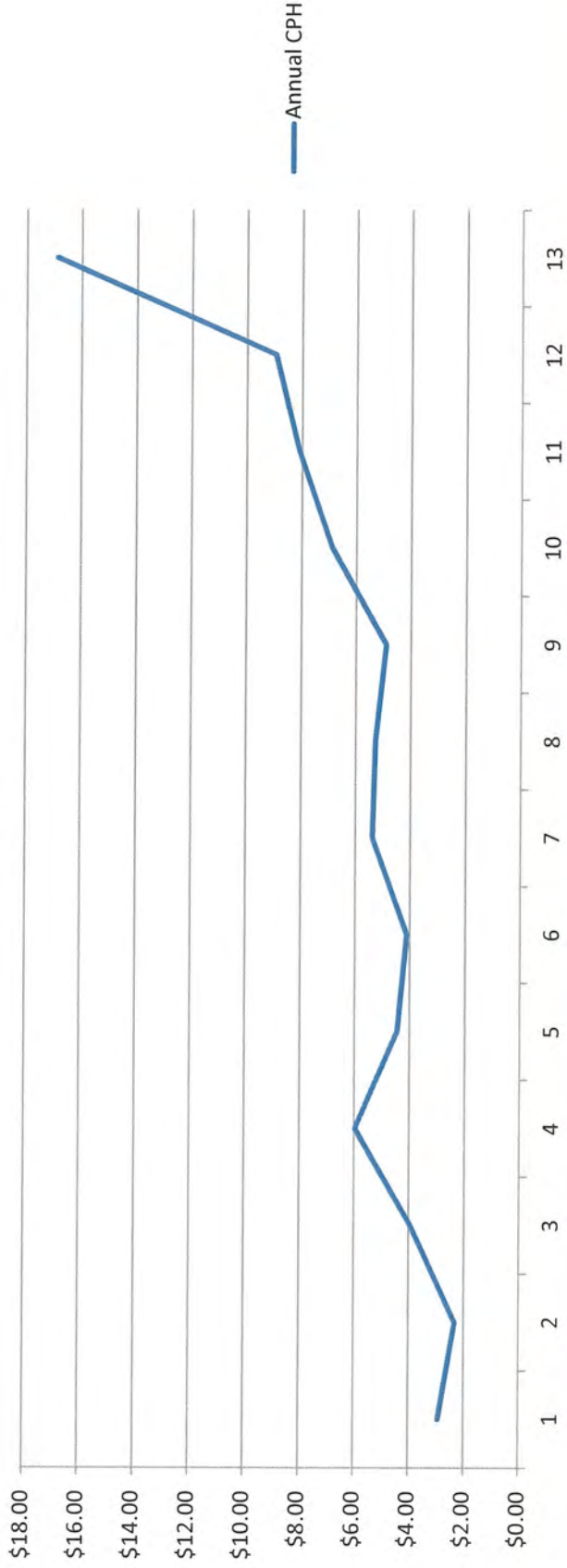
- Heavy Duty Trucks - 10/12 years or 10,000 to 12,000 hours
- Heavy Duty Trucks with Aerials - 7/10 years or 10,000 hours
- Medium Duty Trucks - 8/10 years or 8,000 to 10,000 hours
- Medium Duty Trucks with Aerials - 7/10 years, 8,000 hours or 120,000 miles
- Light Duty Vehicles - 7/10 years or 120,000 to 150,000 miles





Cost Per Hour Heavy Duty Trucks

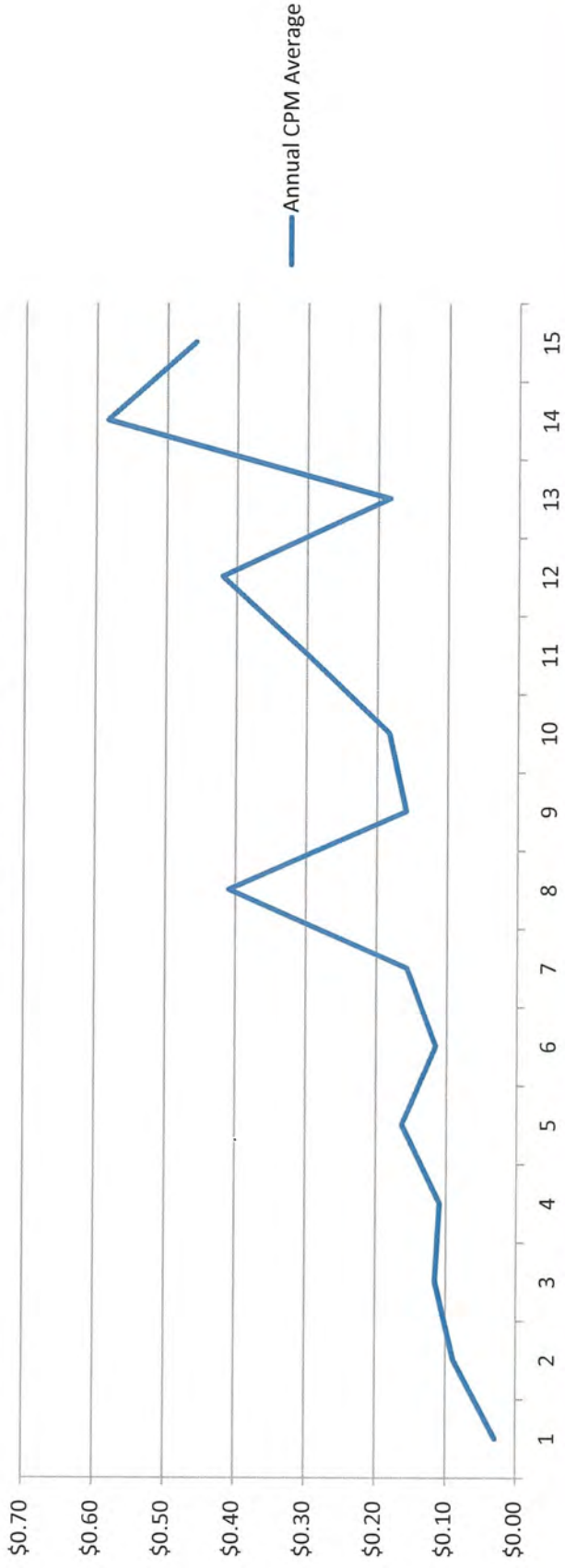
Annual CPH





Cost Per Mile Light Duty Trucks

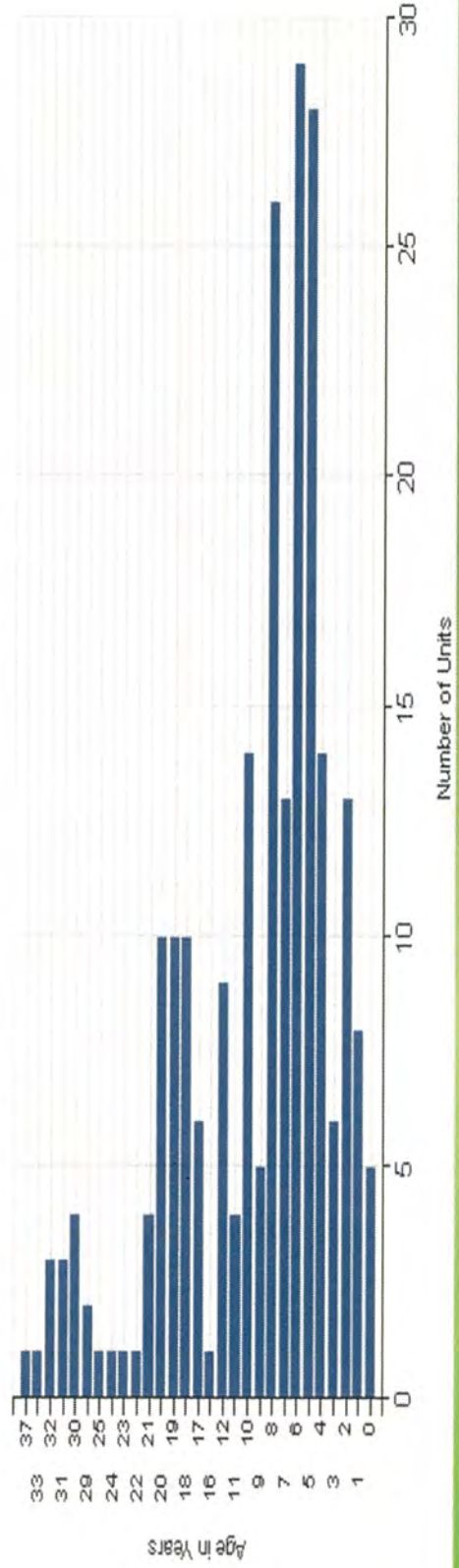
Annual CPM Average



Current Fleet Outlook

- Current on-road fleet average age is 10 years.
- Ideal average age would be 5 to 6 years.
- Maintenance cost goes up substantially after 7 years of service.

Number of Units for Age in Years





New Unit Benefits

- New fleet purchases are more reliable, safer and more efficient.
 - More reliable with less down time and maintenance costs.
 - More fuel efficient saving fuel costs and less emissions.
 - Safer with new equipment that better fit the Utility needs.
 - Strobe Lights and Traffic Advisors
 - Work Lighting
 - Back up cameras
 - Lower egress steps & grab handles



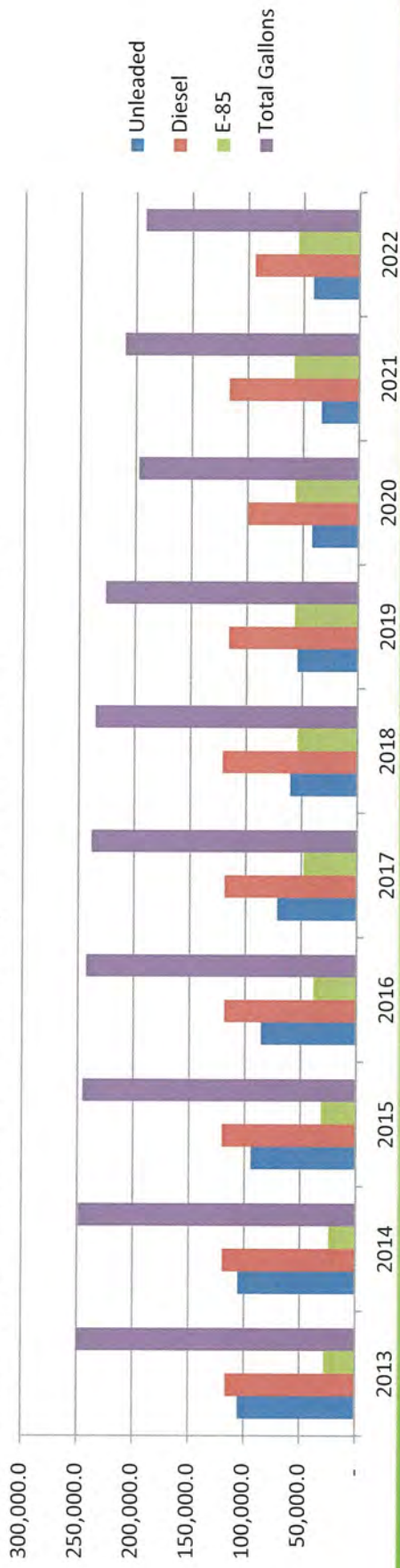
Future Fleet Outlook

- Continue to purchase units that are more cost effective, safe and fuel efficient.
- Spec units that are correctly sized for the job intended.
- Stay abreast of current and future model and industry standards.
- EV's and hybrids will fit some roles of future units.
- Keep renewable fueled units such as E-85 capable units in our fleet portfolio.
- Keep fleet cost effective as possible within current market trends and options available.



Fuel Usage

- Fuel Usage has decreased over the past 10 years.
- Fewer units, more efficient units, updated vehicle specs and no idle policy have helped decrease the amount of fuel used annually.
- Fuel types include Diesel, Unleaded & E-85.





Retired Fleet Sales

- Retired fleet assets are listed and sold on the Purple Wave Auction Government listing.
- Kansas State Contract. BPU receives 100% of auction amount.
- Units are listed online and marketed by Purple Wave Auction.
- Nationwide viewership. Units have been sold to buyers all over the country.
- BPU receives entire auction amount. Buyer pays percentage to Purple Wave.





Auction Results

- In some cases the auction process has increased unit sales by as much as 400% over trading units in on new unit purchases.
- Sold 150 units since 2017.
- Auction proceeds since 2017 is \$778,258.
- Auction funds are applied back to the depreciation of the asset.



**Kansas City, Kansas
Board of Public Utilities
Resolution No. 5284
Community Engagement Committee**

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, the Elected Board of the Kansas City Board of Public Utilities realizes some community concerns require a more concentrated and focused communication route for information from the community to reach the entire Board of Directors and relevant BPU staff;

WHEREAS, the Elected Board deems it important to form a Community Engagement Committee (“CEC”) to provide a roundtable process for community members to offer feedback and concerns directly to the CEC BPU Board Members for increased awareness and dissemination to the entire Elected Board and appropriate BPU staff for potential action(s).

THEREFORE, the Elected Board wishes to adopt the following Policy creating and setting out guidelines for the Community Engagement Committee.

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

The following Community Engagement Policy is hereby adopted to be effective May 17, 2023 and shall be included in the Board of Directors Section of the BPU Policies to be numbered and formatted as appropriate.

1.0 Purpose of the Community Engagement Committee

1.1 The Board of Directors of the Kansas City Board of Public Utilities (“Elected Board”) realize some community concerns require a more concentrated and focused communication route for information from the community to reach the entire Elected Board and relevant BPU staff.

1.2 Therefore, the Elected Board deems it important to form a Community Engagement Committee (“CEC”) to provide a roundtable process for community members to offer feedback and concerns directly to the CEC BPU Board Members for increased awareness and dissemination to the entire Elected Board and appropriate BPU staff for potential action(s).

2.0 Composition of the Community Engagement Committee; Community Ambassador Qualifications

2.1 The CEC shall be comprised of three BPU Elected Board Members (“Board Committee Members”), one of which shall be designated the “CEC Chair” by the other Board Committee Members.

2.2 The CEC shall also be comprised of up to 10 community members who shall be designated as “Community Ambassadors.” Such Community Ambassadors shall be: (a) residents or small businesses of Wyandotte County, Kansas for at least the last consecutive 12 months; (b) current BPU customers; and (c) willing to serve a minimum two-year term on the CEC (“Ambassador Term”) (collectively, (a), (b) and (c) are referred to as the “Ambassador Qualifications”).

3.0 Application Process

3.1 Community Ambassadors shall be required to submit an application of interest according to the process outlined in this section.

3.2 The inaugural Application Process shall be initiated within two weeks of the Elected Board’s approval of the Resolution adopting the framework for the CEC. Applicants shall have a period of 45 days (the “Application Window”) within which to submit Applications.

3.3 The Elected Board shall appoint at least three persons from Wyandotte County, Kansas to serve on a Steering Committee to choose the Community Ambassadors to participate in the CEC. Each Application will be verified by the Steering Committee, in conjunction with BPU Staff, to be compliant with the qualifications identified above. Within 10 business days following the Application Window, the Steering Committee shall submit up to 10 qualified applicants to serve as Community Ambassadors, plus up to three alternates (“Alternate Ambassadors”).

3.4 At any time during the Ambassador Term, if any Community Ambassador no longer meets the Ambassador Qualifications, or is absent for fifty percent or more of all meetings in a given year, such Ambassador is required to inform the Board Committee Members and resign such Ambassador’s position. The Board Committee Members shall replace the position vacated by the Ambassador who resigned from the list of Alternate Ambassadors. If no Alternate Ambassador is qualified or desires to serve as of that time, then the number of Community Ambassadors shall consist of one fewer Ambassador.

4.0 Assessment of Effectiveness of the Community Engagement Committee

Prior to the completion of the second full year the CEC, the Elected Board Members and Community Ambassadors shall meet to discuss the effectiveness of the inaugural CEC and its process to determine if any changes need to be made. If the full CEC decides changes are required, they will present such changes to the full Elected Board for approval through a resolution. If no changes are required, then the Application Process outlined above will again be used to select new Community Ambassadors and Alternate Ambassadors.

5.0 Meeting Information

Meetings of the full CEC will occur quarterly on such dates that will be identified in advance. The duration of the meetings shall be for up to 1.5 hours, but the duration and/or frequency of meetings may be adjusted by Board Committee Members based on necessity. The CEC Chair shall direct the meetings. All meetings are considered public meetings and subject to the Kansas Open Meetings Act.

6.0 Community-Identified Issues

6.1 Board Committee Members will solicit concern(s)/question(s)/issue(s) (“Community-Identified Issues”) from Community Ambassadors and will prioritize the Community-Identified Issues to facilitate a sequence for discussion topics at quarterly CEC meetings.

6.2 Community Ambassadors will be notified of the Community-Identified Issues in advance.

6.3 If any one Community-Identified Issue is presented to the Board Committee Members by more than two Community Ambassadors prior to any quarterly meeting, such Issue may be prioritized by the Board Committee Members.

7.0 BPU Staff Assistance and Resources

7.1 Board Committee Members may request appropriate policies and/or documentation that may be pertinent to meeting topics. Copies of such policies shall be available for all Community Ambassadors and shall be publicly available.

7.2 Board Committee Members may request relevant BPU Staff members to be in attendance for CEC meeting(s) based on availability. Board Committee Member requests will be addressed through the BPU General Manager.

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

Kansas, this _____ day of _____, 2023.

THE BOARD OF PUBLIC UTILITIES OF KANSAS CITY, KANSAS

By _____
Rose Mulvany Henry, President

ATTEST:

Robert Milan Sr., Secretary

Approved as to form:

BPU Legal Counsel

