

BOARD INFORMATION PACKET



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

Regular Meeting of

September 15, 2021



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Approval of Agenda
Agenda Item #III



Board of Public Utilities
Kansas City, Kansas

BOARD AGENDA

Regular Session
September 15, 2021 – 6:00 P.M.

- I. Call to Order
- II. Roll Call
 - ___ Ryan Eidson, At Large, Position 2
 - ___ Tom Groneman, District 2
 - ___ Robert L. Milan, Sr., District 1
 - ___ Jeff Bryant, District 3
 - ___ Mary L. Gonzales, At Large, Position 1
 - ___ Rose Mulvany Henry, At Large, Position 3
- III. Approval of Agenda
- IV. Approval of the Minutes of the Work Session of September 1, 2021
- V. Approval of the Minutes of the Regular Session of September 1, 2021
- VI. Public Comments
- VII. General Manager / Staff Reports
 - i. KERA Program Update
 - ii. Utility Assistance Funding
 - iii. Electric Production Quarterly Report
 - iv. Economic Development Fund Policy Approval
Resolution # 5266
 - v. Miscellaneous Comments
- VIII. Board Comments
- IX. Adjourn

Approval of Minutes
Work Session 9-1-21
Agenda Item #1V

WORK SESSION MINUTES – WEDNESDAY, SEPTEMBER 1, 2021

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met remotely in Work Session on Wednesday, September 1, 2021 at 5:00 P.M. The following Board Members were on the teleconference: Robert L. Milan, President; Mary Gonzales, Vice President; Rose Mulvany Henry, Secretary; Thomas Groneman and Ryan Eidson. Jeff Bryant was absent.

Also on teleconference: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Johnetta Hinson, Executive Director Customer Service; Jeremy Ash, Executive Director Electric Operations; Jerry Ohmes, Executive Director Electric Supply; Steve Green, Executive Director Water Operations; Dong Quach, Executive Director Electric Production; Jerry Sullivan, Chief Information Officer; Robert Kamp, IT Project Manager; Dennis Dumovich, Director Human Resources, and Patrice Townsend, Director Utility Services.

A tape of this meeting is on file at the Board of Public Utilities.

Mr. Milan called the meeting to order at 5:00 P.M.

Roll call was taken, all Board members were present except Jeff Bryant.

Item #3 – Approval of Agenda

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

Item #4 – Board Updates / GM Updates

There were no updates.

Item #5 – Economic Development Policy Review

Mr. William Johnson, General Manager, Ms. Patrice Townsend, Director Utility Services, and Ms. Angela Lawson, Deputy Chief Counsel, continued the conversation with the Board regarding the Economic Development Fund policy (see attached). Items of discussion and consideration included:

- When an application was made for funds, it would be presented in the form of a resolution for the Board’s consideration.

WORK SESSION MINUTES – WEDNESDAY, SEPTEMBER 1, 2021

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- Ms. Mulvany Henry suggested the following; in 2:02, the removal of the repeated Allocated Funds verbiage.
- Duplication of sentences in 2:01 and 2:02 regarding improvements and extensions.
- In 2:02 there was discussion and removal of verbiage regarding predevelopment costs.
- In 2:02 there was discussion about the change from two to three years regarding unused allocated funds and the option of adding language if the project required leeway to amend that time frame.
- In 2:03 there was discussion regarding the possibility of up to a 50% rebate on electric and water revenue. It was recommended that the board see that side by side.
- In 2:03 projects not exceeding 200kW was explained.
- In 2:03 the increase in the application fee was explained.
- In 2:03 the audit process was discussed and explained.

Item #6 – Adjourn

A motion was made to adjourn the Work Session at 5:58 P.M. by Ms. Mulvany, seconded by Mr. Groneman and carried unanimously.

ATTEST:

APPROVED:

Secretary

President



Kansas City Board of Public Utilities Policy

Economic Development Fund

PA-100-003

1.00 OVERVIEW

- 1.01 Purpose:** To define Board policy on Economic Development.
- 1.02 Scope:** This policy applies to those submitting application for Economic Development assistance, that meet the Board’s minimum requirement.
- 1.03 Administration:** The responsibility and interpretation of this policy shall be at the discretion of the Board. The Board may use any or all of the Economic Development Fund during any fiscal year.

2.00 POLICY

- 2.01 Allocated Funds:** The Board of Public Utilities recognizes the need to support Economic Development in the community, and hereby resolves that the Board will budget a fixed dollar amount for each forecast year, to be used at its discretion for improvements and extensions of electric and/or water utility services, provided that the revenues generated by such extension or improvement will meet or exceed that capital cost in three (3) years.

The Boards’ intention in establishing this fund is to attract new business and encourage residential growth to the utility’s service area and to complement other economic development activities within the community. Additionally, the Board may provide economic development funds for predevelopment costs associated with a proposed project when the criteria provided herein are met.

- 2.02 Allocated Funds:** The Board will budget a fixed dollar amount for each forecast year to be used at the discretion of the Board within the Board’s budgetary process for improvements and extensions of electric and/or utility infrastructure and in-kind services.

The Board may provide for the cost of such improvements or extensions for both electric and water services providing that the revenues generated by such extension or improvement will meet or exceed capital costs or current policies and practices.

The Board hereby continues an Economic Development Fund in the amount of \$500,000 budgeted annually, or in such an amount as approved by the Board for that fiscal year, to be used for economic development activities to improve and create electric and/or water revenues and load factor of the Utility. The Board, at its discretion, may use any or all of the Economic Development Fund during any fiscal year.

Funds allocated to applicants by the Board and not used within three years of approval will be unavailable for use by the applicant, however the applicant may reapply if they qualify under the current program and require resubmittal.

- 2.03 Application Submittal:** Applicants receiving appropriations from the Economic Development Fund will first be approved by the Board and shall meet certain requirements as follows:
- Commercial Projects Requirement: Project must be electrically heated and/or use electricity for process energy requirements. In consideration of meeting this requirement, projects may receive up to 50% rebate of estimated first year’s electric and water revenue to the Utility. Projects may not exceed a total of 200kW when making application.
- Residential Developments Requirement: Development must commit to electric heat for primary heating or add-on-heat pump, this requirement will not be waived. In consideration of meeting this requirement the development may receive funding for electric and water infrastructure upon Board approval.
- The Board requires that appropriations from the Economic Development Fund be approved by the Board and meet certain restrictive requirements as follows:
- Applications for the funds are to be submitted to the Director of the Utility Services. Applications for improvements and extensions of electric and/or water utility infrastructure and in-kind services will be received for:
 - Commercial Businesses, expansion and/or relocation
 - Residential Subdivisions, in-kind water main assistance
 - Community Support of economic development projects
 - A non-refundable application fee of \$300 may be required to accompany the request.
 - Commercial applications exceeding 200 kW are required to apply under rate guidelines for the Economic Development Rate.
 - The applicant must submit the number, nature, and type of new jobs to be created and projected salaries from the addition or expansion of the Applicant’s business.
 - Applicant must provide a complete listing of any and all other incentives for which they have applied, received, or which have been denied.
 - Whether the proposed development within the KCBPU service area would occur if not for the economic development assistance.
 - The KCBPU may perform an audit 12-months after start-up which load estimates can be verified by meter readings. Applicants who fail to reach estimated loads contained in their application will receive a reduced amount. Additional loads exceeding original estimates will not be considered. If Applicant does not construct homes to substantially all-electric design the Board may discontinue further economic assistance.
- 2.04 Staff Recommendation for Consideration** Applications will be forwarded to the General Manager with staff recommendation to be submitted for consideration by the Board upon verification that the following minimum criteria are met:

- **COMMERCIAL BUSINESSES:**
 - The Applicant must submit a general description of its business and operation; a business plan and/or a marketing plan, including such financial statements as are requested by staff and the Board.
 - Applications must be for owner-occupied buildings, or have a minimum lease of 5 years within KCBPU's service area.
 - A letter of intent must be submitted by the Applicant stating compliance with Affirmative Action/Equal Employment Opportunity guidelines, along with a further statement to hire employees from within KCBPU Service Territory whenever possible, and to utilize local businesses and professional services whenever possible within KCBPU's service territory.
 - The Applicant will provide a reasonable forecast electric and water requirement projecting electrical demand, energy and gallons showing benefit to the Utility Systems (i.e., load factor, power factor, electric consumption, water consumption, etc.).
 - The Applicant must provide written documentation as to why funds are needed for expansion/relocation in Kansas City, Kansas, and to what extent they will be used.
 - A description with costs of Applicant's proposed investment in infrastructure.
- **RESIDENTIAL SUBDIVISIONS**

For residential subdivision developments assistance may be provided in the form of in-kind services related to water line extensions and improvements.

 - The Applicant must submit a copy of a deed to property demonstrating ownership or a notarized letter demonstrating control over property and ability to order improvements for development. Copies of any contracts or agreements between the Applicant and any property owner must be included in the application.
 - Twelve contiguous lots are considered the minimum number of subdivisions lots for consideration however a waiver may be granted upon special circumstances.
 - The Applicant must submit a copy of any deed restrictions, homeowner's declarations, etc., with their application.
 - The Applicant must submit a market analysis of the project detailing potential sales, demographic breakdowns, growth, trends, income level, etc.

- Marketing plan including an advertising schedule for the first year of sales activity must be submitted detailing strategies, funds used for promotion, sales schedule and marketing agent, along with promotional schedule.
- When practical a subdivision should have a staffed, open model home used for display purposes in selling the subdivision. Model home should be readily accessible for potential buyer review and must be substantially an all-electric design (minimum of an add-on heat pump). Homes within the subdivision must also be substantially all-electric design. A letter of intent or deed restrictions must be presented to support and require electric design on all lots.
- If Applicant does not construct homes to substantially all-electric design the Board may discontinue further economic assistance and will revoke the rebate.
- Maximum amount of assistance per house will be the average per lot construction cost of water line extensions, and provided as "in-kind services". Additional costs are borne by the Applicant. The Applicant is responsible for all KCBPU incurred costs of the project, which are not eligible for refund.

- The Applicant will receive lot reimbursements for completed lots with occupied homes, at the per lot rate, over a three-year period beginning upon completion and acceptance by the KCBPU of water main installation.

The Applicant is responsible to notify the KCBPU when reimbursement is due

- KCBPU will charge the builder within the development a "water main economic recovery charge" average for the cost of the water main per lot at the time meter and tap is requested. This charge may be up to the reimburse amount to the Applicant.
- Pro-forma financial statements of development costs and construction time schedules are to be submitted.
- The Applicant must complete the subdivision within three years. Any lots not completed within three years will not receive lot refunds.
- The Applicant, at their own cost, must provide any easements, surveys or other items in accordance with the KCBPU's policies and construction standards, and fulfill requirements of the Board's approved Engineering Standards and pay any legal fees necessary.

2.05 *Consideration of Request*

In considering whether to approve a request meeting the minimum application requirements the Board, at its sole discretion, shall evaluate and determine the financial stability.

- The request for assistance will be based upon review of the Applicant's financial statements and records.
- The Applicant must show that the company is financially sound in the form of:

Balance Sheet
Income Statement
Statement of Retained Earnings

- If capitalization of the business is less than \$500,000, then the business may be required to present to the KCBPU a Certificate of Deposit or a Surety Bond as appreciable option or letter of credit in the amount of the assistance for the three-year period.
- Residential Applicants are exempted from audited financial statements due to reimbursement for in-kind services. But must submit current financial statements.
- The applicant must be current on all taxes for properties owned in Wyandotte County and current on all City of Kansas City, Kansas Occupational Business Licenses.
- The recommendations of the General Manager as to the amount of economic assistance and any conditions or requirements attached, will be presented to the Board.

The Board, upon review of the request, shall, at its sole discretion by majority vote, approve or deny the application and shall determine the amount and conditions of economic assistance. An approval of a request under these guidelines will be considered an agreement between the Applicant and the KCBPU.

REVISION HISTORY

Revision History:

Prior Version # [Effective Date]	Owner [Author]		Approver	Board Approval Required <input checked="" type="checkbox"/> Yes
N/A	Name	Patrice Townsend	William Johnson	
	Title	Director Utility Services	General Manager	
Current Version # [Effective Date]	Owner [Author]		Approver	
7/27/2021	Name	Patrice Townsend	William Johnson	
	Title	Director Utility Services	General Manager	
Description of Changes:	Restructuring of Policy format. Previously policy number 02-100-008.			
Resolution Number				
Owner Signature/Date				
General Manager Signature/Date				

Approval of Minutes
Regular Session 9-1-21
Agenda Item #V

REGULAR SESSION –WEDNESDAY, SEPTEMBER 1, 2021

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met remotely in Regular Session on Wednesday, September 1, 2021 at 6:00 P.M. The following Board Members were on the teleconference: Robert L. Milan, President; Mary Gonzales, Vice President; Rose Mulvany Henry, Secretary; Thomas Groneman, and Ryan Eidson. Jeff Bryant was absent.

Also on teleconference: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jeremy Ash, Executive Director Electric Operations; Johnetta Hinson, Executive Director Customer Service; Steve Green, Executive Director Water Operations; Jerry Ohmes, Executive Director Electric Supply; Dong Quach, Executive Director Electric Production; Jerin Purtee, Director Electric System Control; Jerry Sullivan, Chief Information Officer; David Mehlhaff, Chief Communications Officer; Dennis Dumovich, Director of Human Resources; Robert Kamp, IT Project Manager; and Patrice Townsend, Director Utility Services.

A tape of this meeting is on file at the Board of Public Utilities.

Mr. Milan called the Board Meeting to order at 6:00 P.M. He welcomed all that were listening or viewing the meeting. He stated that the Board felt it was necessary to offer the use of technology for staff as well as for the general public. Those wishing to offer comments during the Public Comments section could click on the raised hand feature at the bottom of the application or window or press Star 9 and be connected by phone. As always, the public could email or call the BPU with any concerns. The agenda could be found on the BPU website. If they were using Zoom, it would appear on their screen. Mr. Milan introduced himself and the other Board Members along with the General Manager, and Legal Counsel.

Roll call was taken and all Board Members were present via teleconference, except Jeff Bryant.

Item #3 – Approval of Agenda

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

Item #4 – Approval of Regular Session Minutes of August 4, 2021

A motion was made to approve the minutes of the Regular Session of August 4, 2021 by Ms. Mulvany Henry, seconded by Mr. Groneman, and unanimously carried.

REGULAR SESSION –WEDNESDAY, SEPTEMBER 1, 2021

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Item #5 – Approval of Work Session Minutes of August 18, 2021

A motion was made to approve the minutes of the Work Session of August 18, 2021 by Ms. Gonzales, seconded by Mr. Eidson, and unanimously carried.

Item #6 – Approval of Regular Session Minutes of August 18, 2021

A motion was made to approve the minutes of the Regular Session of August 18, 2021 by Ms. Mulvany Henry, seconded by Ms. Gonzales, and unanimously carried.

Item #7 – Approval of Special Session Minutes of August 23, 2021

A motion was made to approve the minutes of the Special Session of August 23, 2021 by Ms. Gonzales, seconded by Mr. Eidson, and unanimously carried.

Item #8 – Public Comments

Mr. William Johnson, General Manager, asked Mr. Robert Kamp, IT Project Manager, if there were any visitors wishing to speak.

Mr. Kamp said that no one had their hand raised via teleconference.

Item #9 – General Manager / Staff Reports

- i. *COVID-19 Update:* Mr. Johnson gave an update on company COVID-19 matters.

He also informed the Board that per their discussion and recommendation, a KERA application assistance service line was being implemented. Ms. Patrice Townsend, Director Utility Services, would be the administrator and customer advocate of this new program.

He also reported that he had learned that the Unified Government (UG) had been allocated 1.85 million dollars through the American Rescue Plan Act (ARPA). A portion of that money would go towards housing and a portion would go towards utility assistance. He would inform the Board when he found out how much would be allocated towards utility assistance.

REGULAR SESSION –WEDNESDAY, SEPTEMBER 1, 2021

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

- ii. *July 2021 Financials:* Lori Austin, Chief Financial Officer/Chief Administrative Officer, presented the July 2021 Financials with a PowerPoint presentation (see attached).

Ms. Austin answered questions from the Board.

A motion was made to approve the July 2021 Financials as presented, by Ms. Gonzales, seconded by Mr. Eidson and carried unanimously.

- iii. *Customer Service Quarterly Report:* Ms. Johnetta Hinson, Executive Director Customer Service, gave a PowerPoint presentation to talk to the Board about the Customer Service division. She also announced the retirement of Ms. Alfredia Douglas, Supervisor of Cash Operations, and thanked her for her 33 years of dedicated service to the utility (see attached).

Ms. Hinson addressed question and comments from the Board.

- iv. *Miscellaneous Comments:* Mr. Johnson thanked Ms. Hinson and Ms. Austin for their presentations.

He also wished Ms. Gonzales an upcoming happy birthday.

Item #10 – Board Comments

Mr. Eidson spoke about the KERA project and thanked Ms. Townsend for taking it on. He also asked about the dollars being spent on Quindaro salaries.

Mr. Johnson would follow up.

Mr. Groneman thanked Ms. Douglas for her years of service. He also thanked Ms. Townsend for taking on the KERA task. He also hoped we could coordinate with other utility assistance programs.

Ms. Gonzales also congratulated Ms. Douglas on her retirement and thanked Ms. Hinson for her presentation and for acknowledging her employees. She thanked the crews who were out there after the recent storm. She also thanked Ms. Townsend for stepping forward on the KERA program. She also wanted Mr. Johnson to pass on any ideas in regards to the Board advocating for the utility to receive funds coming into the UG.

REGULAR SESSION –WEDNESDAY, SEPTEMBER 1, 2021

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

Ms. Mulvany Henry wished Ms. Gonzales a happy birthday and Mr. Milan a happy anniversary.

Mr. Milan thanked everyone for their comments. He spoke about the value of the Work Sessions in terms of bringing things forward for the Board to discuss.

Item #11 – Adjourn

A motion was made to adjourn the Regular Session at 7:04 P.M. by Ms. Mulvany Henry, seconded by Ms. Gonzales, and unanimously carried.

ATTEST:

APPROVED:

Secretary

President

July 2021 Financial Results

September 1, 2021

2021 Billed kWh (YTD Jan – July)

Electric	(CY) 2021 YTD	(PY) 2020 YTD	
Residential	328,245,835	328,976,460	
Commercial	538,096,296	518,403,008	
Industrial	258,745,884	291,142,424	
	1,125,088,015	1,138,521,892	-1.2%

Lower usage for Industrial customers in 2021 compared to 2020 due to continued slowdown of businesses

Residential usage slightly lower than 2020

Residential – <1% Commercial – Up 4% Industrial – Down 11%

Financial Results

2021 Billed CCF's (YTD Jan - July)

Water	(CY) 2021 YTD	(PY) 2020 YTD	
Residential	1,966,596	2,025,107	
Commercial	1,359,129	1,357,719	
Industrial	1,007,777	1,079,786	
	4,333,502	4,462,612	-2.9%

Slightly lower usage compared to 2020 due to business slowdowns as a result of COVID-19

Residential – Down - 3% Commercial – Up < 1% Industrial - Down 7%



Financial Results

Revenues – July 2021

**Dollars in millions

	(CY) 2021 July	(PY) 2020 July		Budget 2021 July	(CY) 2021 July	
Electric	\$ 24.351	\$ 28.632		\$ 24.701	\$ 24.351	
Water	4.670	4.920		4.724	4.670	
Combined	\$ 29.021	\$ 33.552	-13.5%	\$ 29.425	\$ 29.021	-1.4%

Actual Compared to 2021 Budget

Electric down 1.5%

Water up 1%

Financial Results

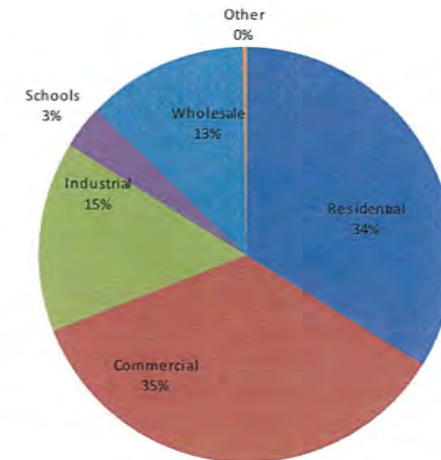
Revenues – 2021 YTD

	(CY) 2021 YTD	(PY) 2020 YTD		Budget 2021 YTD	(CY) 2021 YTD	
Electric	\$ 164.667	\$ 161.070		\$ 147.889	\$ 164.667	
Water	28.605	29.225		29.626	28.605	
Combined	\$ 193.272	\$ 190.295	1.6%	\$ 177.515	\$ 193.272	8.9%

**Dollars in millions

Variance – YTD comparing Budget to Actual for 2021

Electric:	<i>Up 11%</i>	Water:	<i>Down 3.5%</i>
Residential	(\$2.9M)	Residential	\$65K
Commercial	(\$2.6M)	Commercial	(\$195K)
Industrial	(\$4.9M)	Industrial	(\$433K)
Schools	\$189K		
Wholesale	\$17.3M		



Recognized \$11.7M deferral of revenue YTD from the 2020 ERC in 2021



Financial Results

Operating Expenses – July 2021

	(CY) 2021 July	(PY) 2020 July		Budget 2021 July	(CY) 2021 July	
Electric	\$ 17.216	\$ 19.562		\$ 17.631	\$ 17.216	
Water	3.240	3.106		3.206	3.240	
Combined	\$ 20.456	\$ 22.668	-9.8%	\$ 20.837	\$ 20.456	-1.8%

**Dollars in millions

Variance – Comparing Budget to Actual for 2021

<u>Electric</u> – Down 2%		<u>Water</u> – Down 15%	
Production	- 22% down	Production	- 21% down
Purchased Power	- 46% down	T&D	- 15% up
Fuel	- 46% up	G &A	- 16% down
T&D	- 18% up		
G &A	- 16% down		

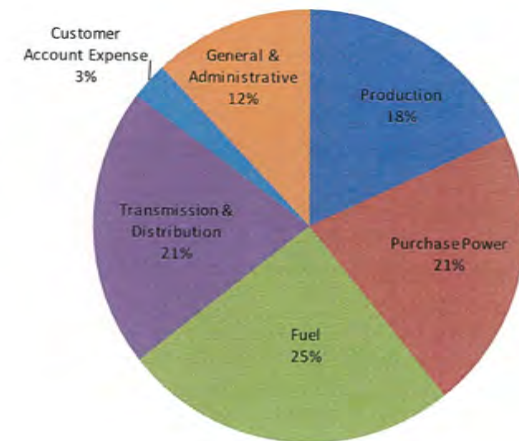
Operating Expenses – 2021 YTD (Total)

	(CY) 2021 YTD	(PY) 2020 YTD		Budget 2021 YTD	(CY) 2021 YTD	
Electric	\$ 123.888	\$ 113.392		\$ 119.317	\$ 123.888	
Water	20.646	19.861		22.435	20.646	
Combined	\$ 144.534	\$ 133.253	8.5%	\$ 141.752	\$ 144.534	2.0%

**Dollars in millions

Actual Compared to 2021 Budget

- Electric up 4%
- Water down 8%



Financial Results

Operating Expenses – 2021 YTD less Depreciation

	(CY) 2021 YTD	(PY) 2020 YTD		Budget 2021 YTD	(CY) 2021 YTD	
Electric	\$ 106.015	\$ 97.451		\$ 102.261	\$ 106.015	
Water	15.761	15.326		17.807	15.761	
Combined	\$ 121.776	\$ 112.777	8.0%	\$ 120.068	\$ 121.776	1.4%

**Dollars in millions

Variance – YTD comparing Budget to Actual 2021

Electric:

Purchased Power	(\$730K)
Fuel	\$12.5M
Production	(\$3.3M)
T&D	(\$2.4M)
G&A	(\$2.3M)

Water:

Production	(\$859K)
T&D	(\$575K)
G&A	(\$564K)

Financial Results

Change in Net Position – July 2021

	(CY) 2021 July	(PY) 2020 July	Budget 2021 July	(CY) 2021 July
Electric	\$ 2.901	\$ 4.542	\$ 2.843	\$ 2.901
Water	0.446	0.665	0.838	0.446
Combined	\$ 3.347	\$ 5.207	\$ 3.681	\$ 3.347

**Dollars in millions



Financial Results

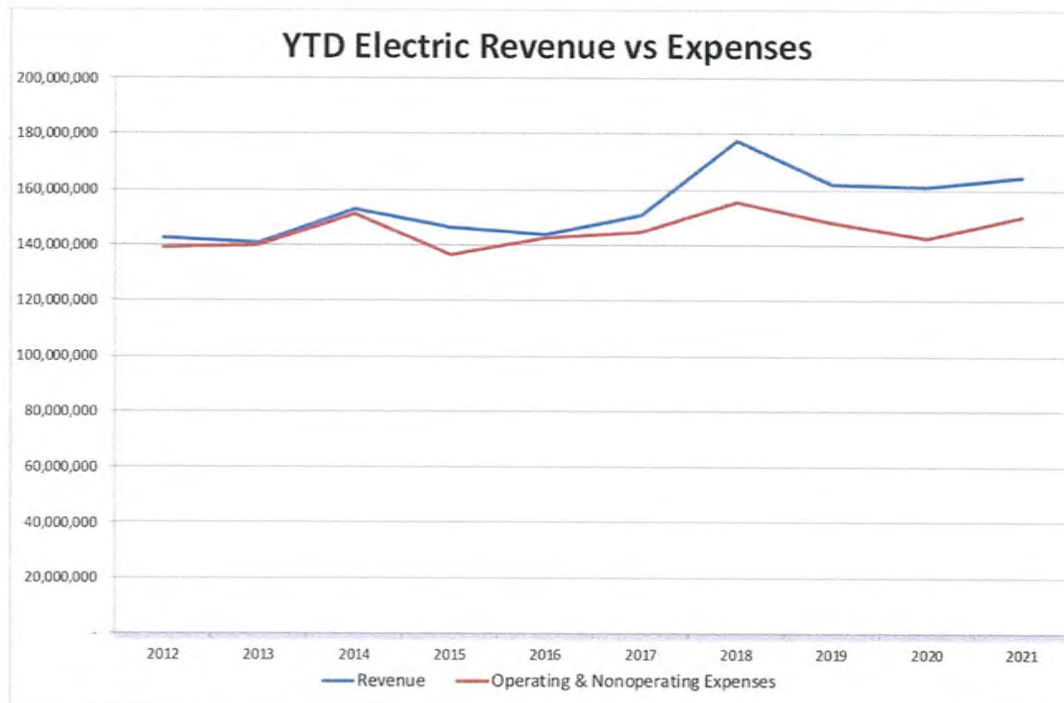
Change in Net Position - 2021 YTD

	(CY) 2021 YTD	(PY) 2020 YTD
Electric	\$ 14.216	\$ 18.407
Water	3.839	3.898
Combined	\$ 18.055	\$ 22.305

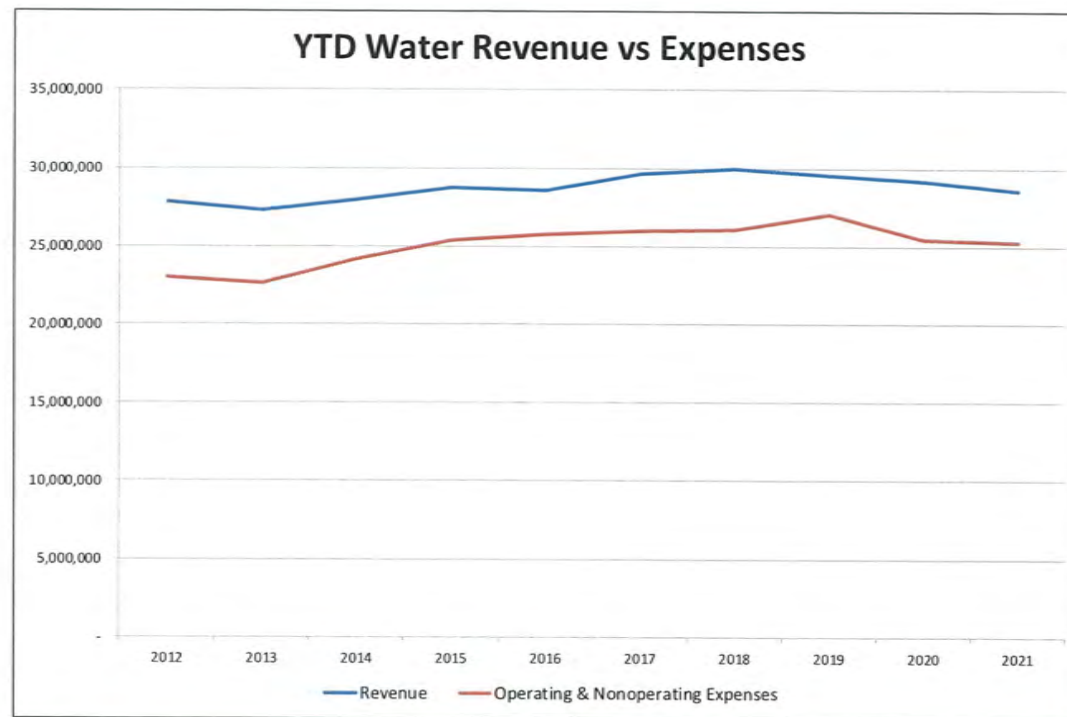
Budget 2021 YTD	(CY) 2021 YTD
\$ 1.895	\$ 14.216
3.149	3.839
\$ 5.044	\$ 18.055

**Dollars in millions

Financial Results – 10 Year Trend



Financial Results - 10 Year Trend



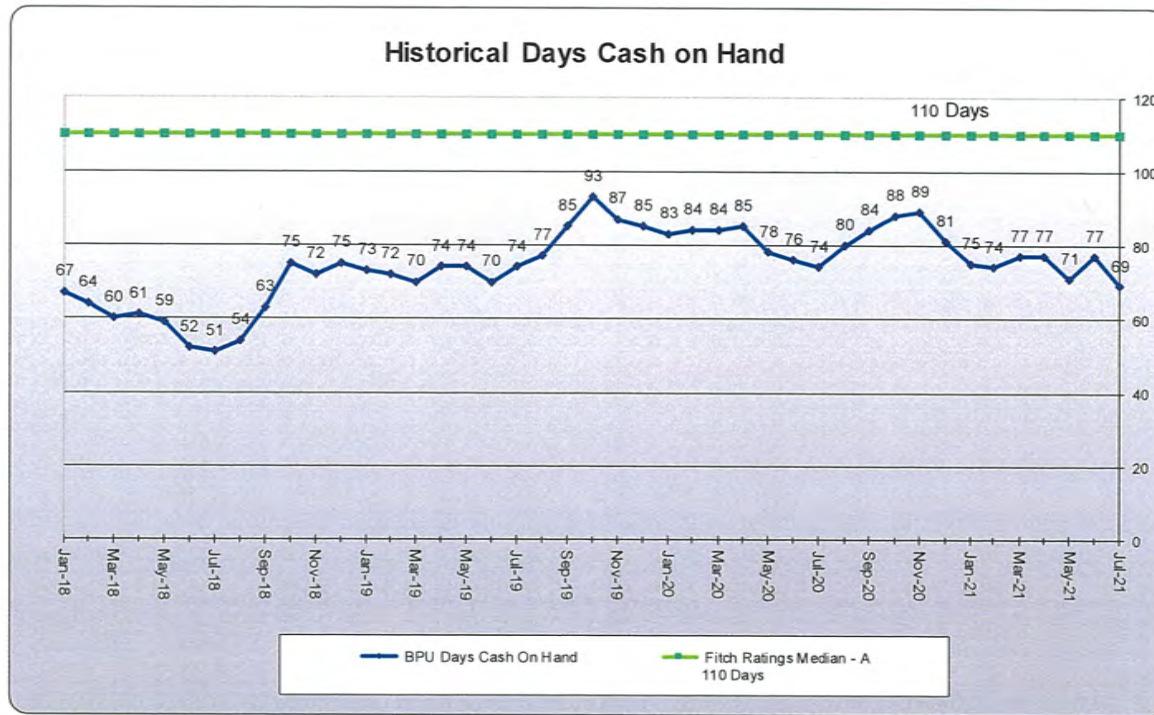
Cash Position

	(CY) 2021 July	(PY) 2020 July	2021 June
Combined (E&W) Days Cash-on-Hand	\$ 40.89 69	\$ 54.23 74	\$ 45.94 77

1 Day = Approximately \$550K-\$600K

**Dollars in millions

Financial Results



Balance Sheet: Notables

	(CY) 2021 July	(PY) 2020 July
Fuel Inventory	\$ 5.354	\$ 4.477
Bond Dollars 2016C (Elec T&D)	\$ 0.708	\$ 1.541
Bond Dollars 2020A (Elec)	\$ 8.201	\$ -

**Dollars in millions



Financial Results

Capital Spending

	(CY) 2021 YTD	(PY) 2020 YTD	2021 Budget		
Electric	\$ 10.20	\$ 25.75	\$ 38.94		
Water	3.79	4.54	12.34		
Common	2.41	1.35	5.91		
Total YTD Capital	\$ 16.40	\$ 31.64	\$ 57.20	Remaining	71%

**Dollars in millions

Major projects in 2021:

- Dogwood Capital (BPU's portion) - \$1.2M
- Upgrade of Desktops/Network - \$778K
- New Development - \$1.2M
- Pole Inspection Replacement - \$1.5M
- Annual UG & OH Construction - \$915K
- Water Leak, Valve, System Imp. - \$1.2M
- UG/CMIP Water Distribution - \$167K

Debt Coverage

Debt Coverage with PILOT

	(CY) 2021 July	(PY) 2020 July
Electric	1.80	2.07
Water	2.00	1.78
Combined	2.00	2.04

Debt Coverage w/o PILOT

	(CY) 2021 July	(PY) 2020 July
Electric	1.22	1.48
Water	1.55	1.34
Combined	1.40	1.48

Financial Guideline Target 1.6 to 2.1 times with PILOT



Customer Service Division Quarterly Update

September 1, 2021

Alfredia Douglas Retirement

- Thank you for 33 Years of Dedicated, Committed Service to BPU!!
 - Started as a Teller at the window.
 - Worked her way up thru various positions from operator to assistant supervisor.
 - Served as the Supervisor of Cash Operations for the past 10 years.
 - Retired on August 31, 2021!!

Thank you Alfredia, we wish you well !!





Overview of Cash Operations

- Tierra Johnson (Booth) will be the Acting Supervisor of Cash Ops.
 - Tierra has been with the utility for 13 years. She served in various positions in Cash Ops; she has most recently been the Head Cashier and back-up for Alfredia.
 - Congratulations to Tierra on her new assignment as she assumes the role and responsibility of the Cash Operations Department!
- As a reminder, with our COVID safety protocols in place, the lobby windows are still closed to the public.
 - The lobby payments have transitioned more to kiosk payments which led to our expansion of the kiosk network within the city, adding 4 kiosk locations.
 - Some other payments options that have seen an increase as well include Online/IVR and Bank Draft.

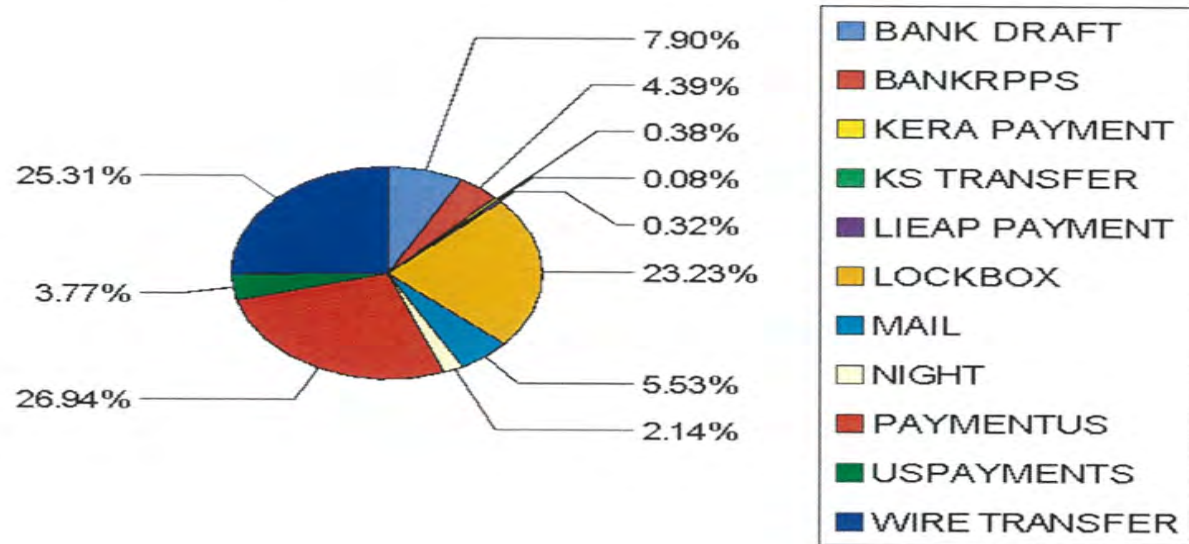
Overview of Cash Operations

- Cash Operations processes and balances the payments made by customers on their accounts.
- Handle payment methods including:
 - Kiosk
 - Online & IVR
 - UMB Lockbox
 - Nightdrop
 - Payments mailed to 540 Minnesota
 - Automatic Bank Draft



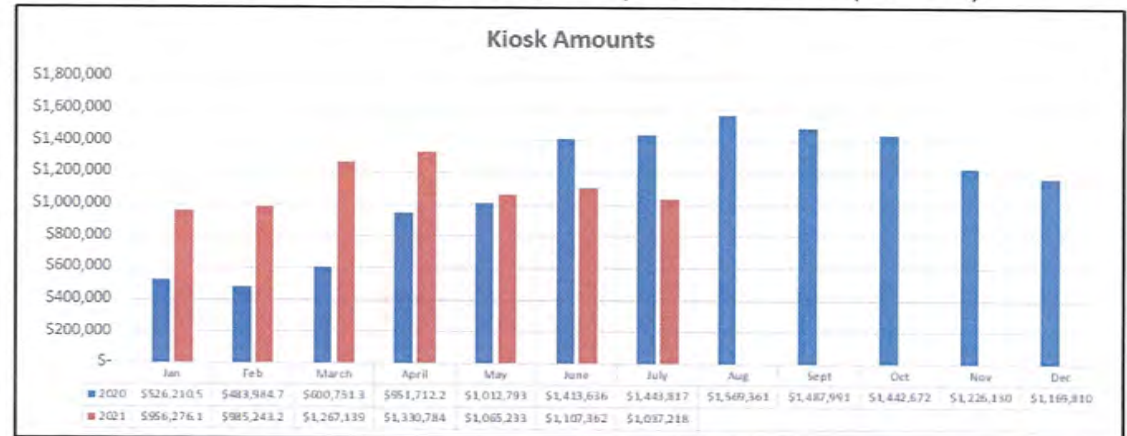
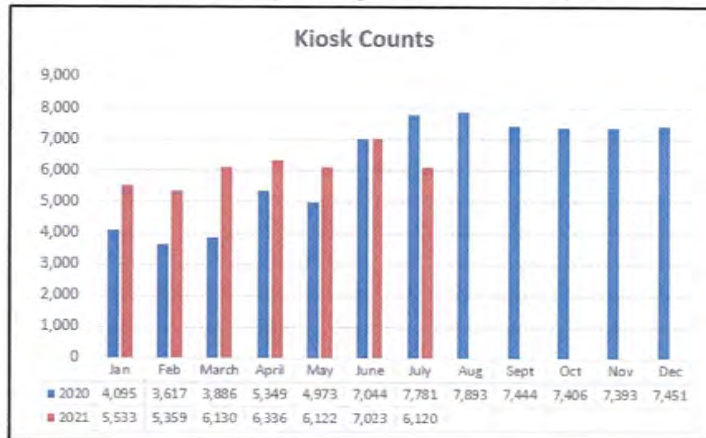
Overview of Cash Operations

Payments By Source



Metrics Overview-Kiosk

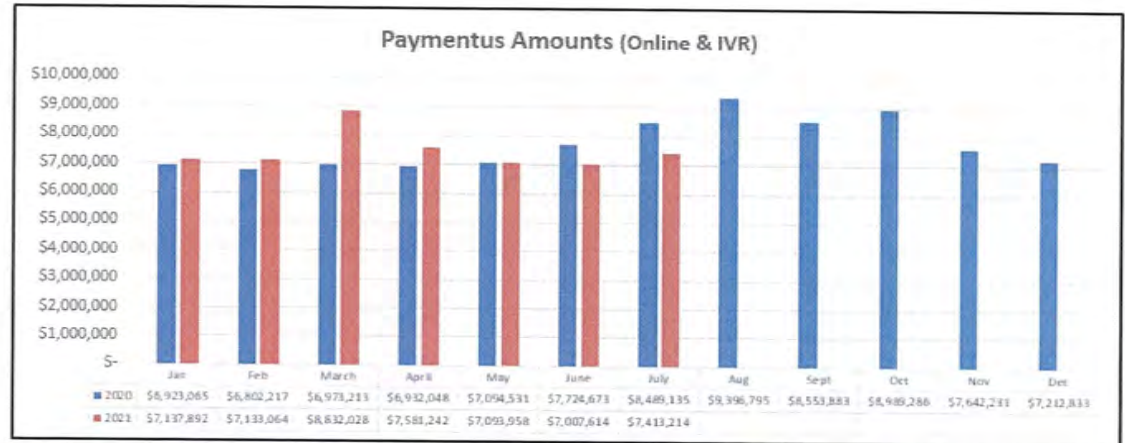
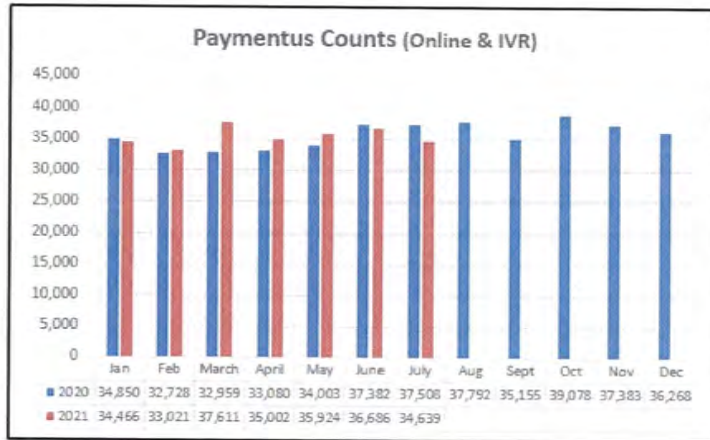
- Once the lobby closed, many of those payments moved to our kiosks.
 - Immediately after the lobby closed in March 2020, we saw a 37% increase in transactions made at our kiosks in April 2020 (3,886 to 5,349).
 - 2Q 2021 had 12% more transactions compared to 2Q 2020 (19,481 vs. 17,366)
- The amount received through our kiosks also increased.
 - We had a 111% increase in payment amounts in March 2021 (\$1.26M) compared to March 2020 (\$600K).
 - Comparing 2Q amounts, we received almost 4% more in 2021 (\$3.5M) compared to 2020 (\$3.37M).





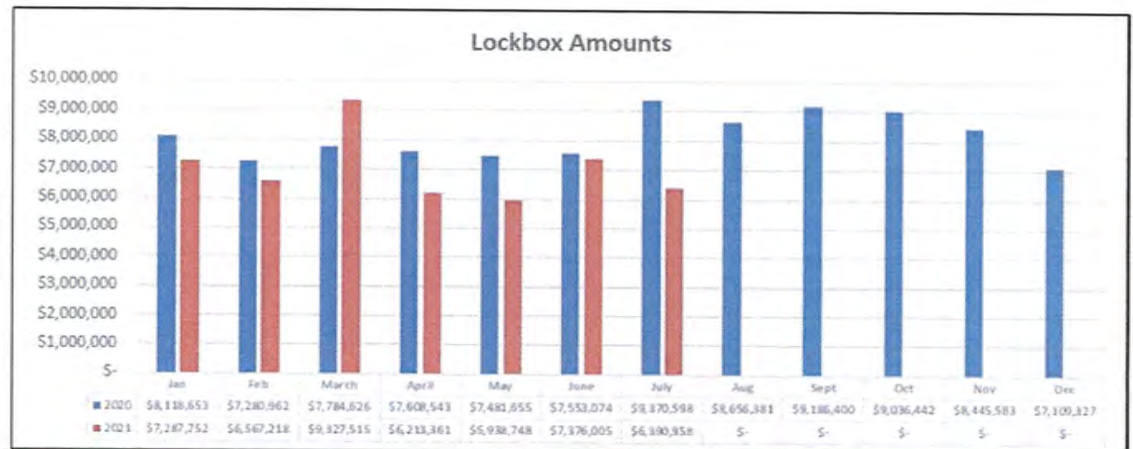
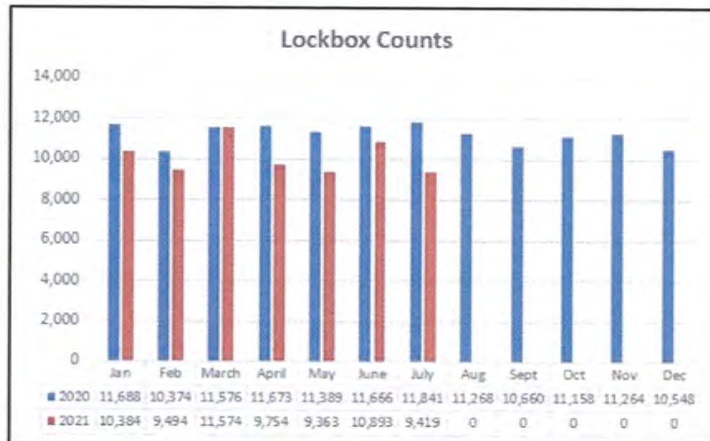
Metrics Overview-Paymentus

- Payments made online and thru the IVR (phone) have generally trended higher in 2021.
 - 2Q 2021 transactions (107,612) saw a 3% increase over 2Q 2020 transactions (104,465).
 - Amount paid in 2Q 2021 (\$21.68M) was basically the same as 2Q 2020 (\$21.75M).



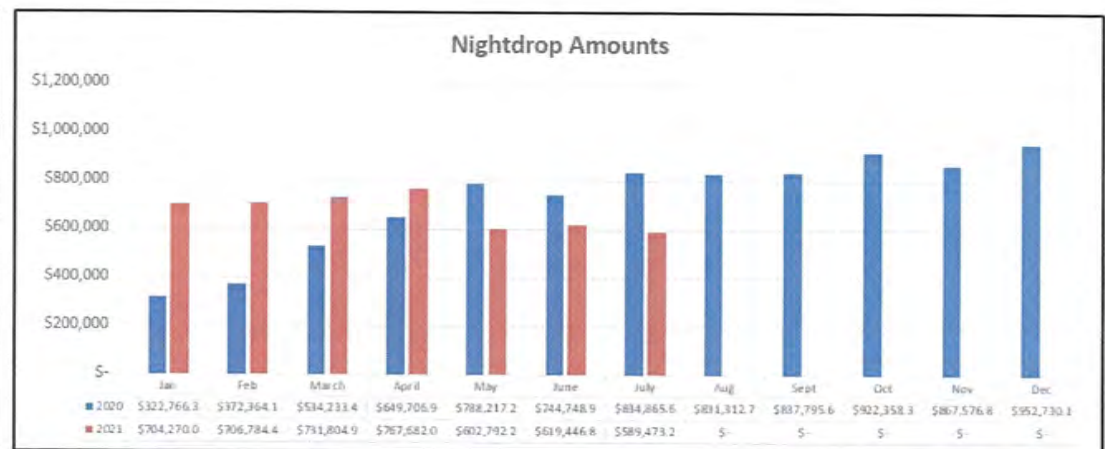
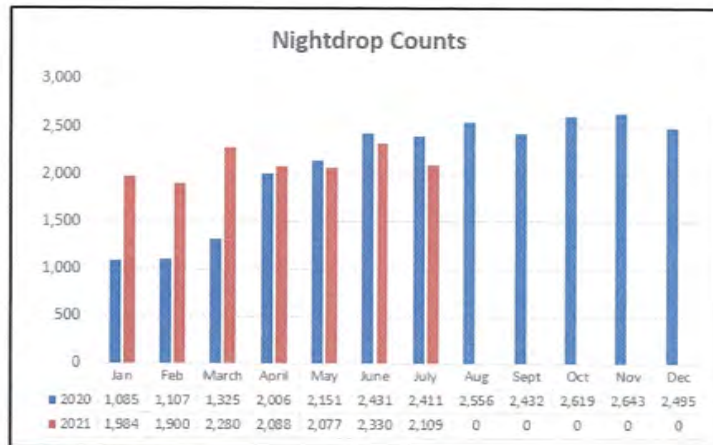
Metrics Overview-Lockbox

- Payments made through our Lockbox (payment sent to our P.O. Box) have generally been lower in 2021.
 - 2Q 2020 averaged over 11,500 transactions a month versus 9,900 in 2021; a decrease of 14%.
 - The amount collected through our Lockbox also decreased about 14% from \$22.6M in 2Q 2020 to \$19.5M in 2Q 2021.



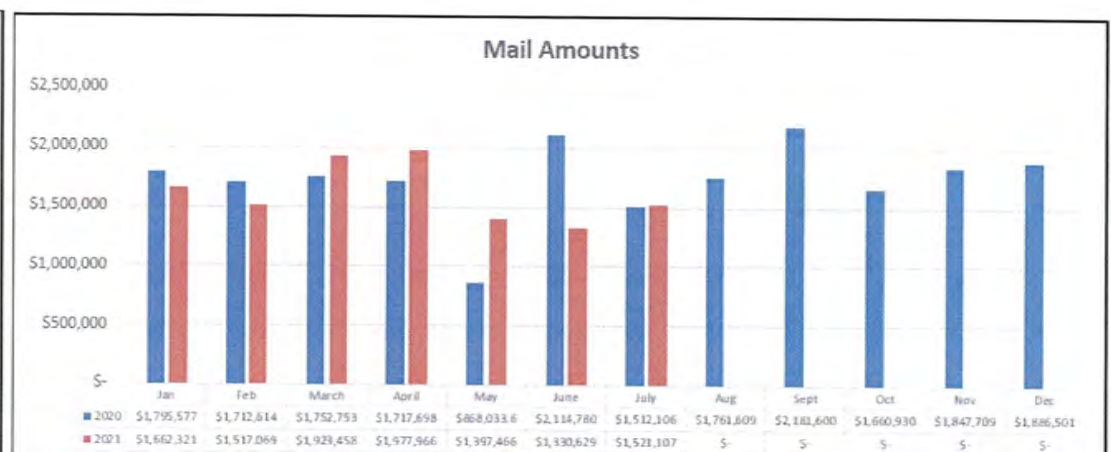
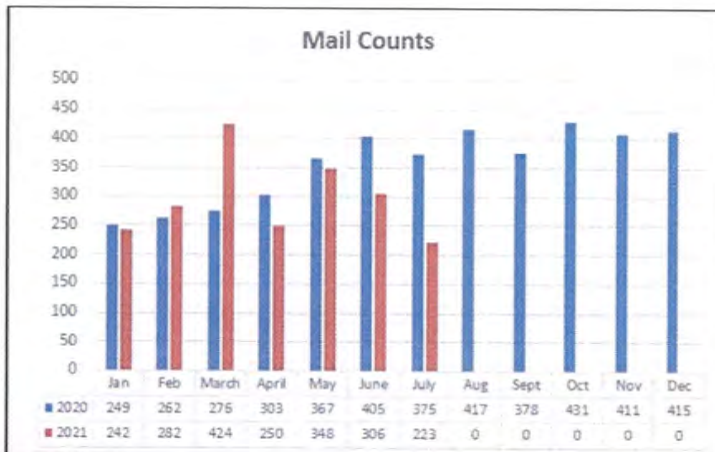
Metrics Overview-Nightdrop

- After payment counts & amounts received in 1Q 2021 were higher than 1Q 2020, 2Q 2021 has trended more in line with 2Q 2020.
 - The number of transactions dipped 1% in 2Q 2021 (6495) compared to 2Q 2020 (6588).
 - The amount received in 2Q 2021 (\$1.99M) is about 9% lower compared to 2Q 2020 (\$2.18M).



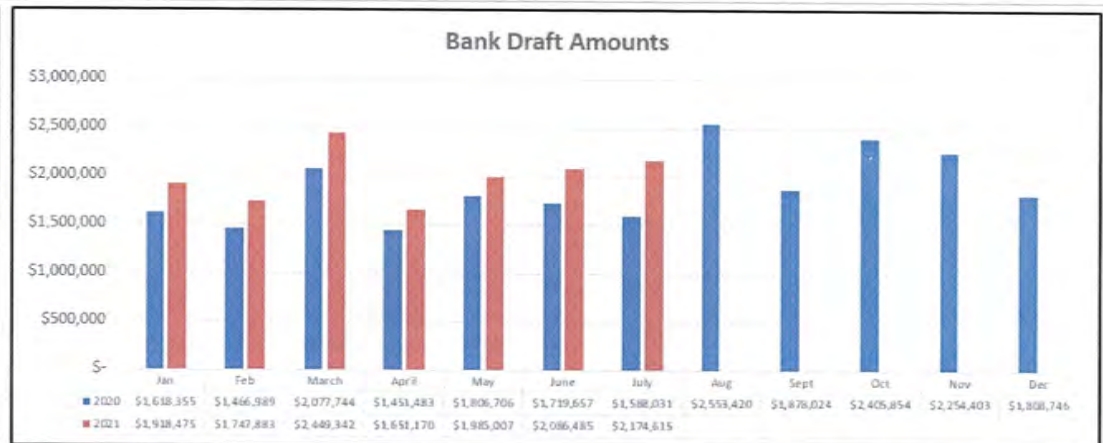
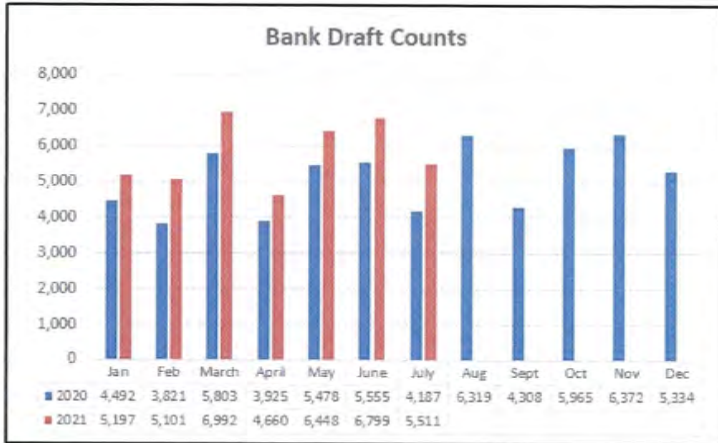
Metrics Overview-Mail

- These are payments that are mailed directly to 540 Minnesota instead of our UMB Lockbox address on the bill.
 - Compared to 2Q 2020, the number of transactions decreased 15% in 2Q 2021 (1075 vs. 904).
 - The amount received was almost the exact same in 2Q 2021 (\$4.706M) as 2Q 2020 (\$4.7M).





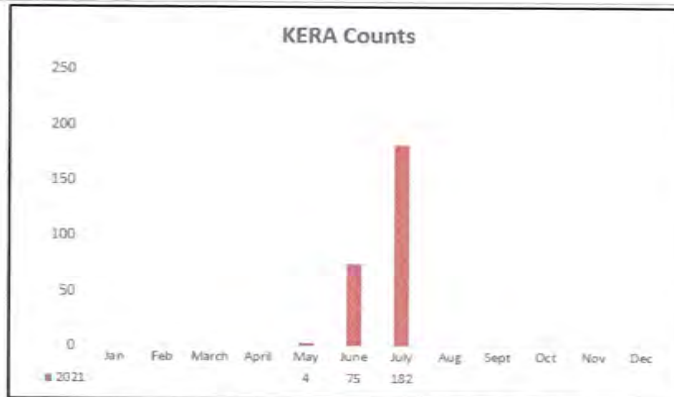
Metrics Overview-Bank Draft



- Bank drafts are where the customer signs up to have BPU draft the amount due from their bank account.
- Bank Drafts have been outpacing 2020 results in both transactions & amounts.
 - Compared to 2Q 2020 (14,958), the number of bank drafts completed was up 20% in 2Q 2021 (17,907).
 - The amount received via bank draft was up 15% in 2Q 2021 (\$5.72M) compared to 2Q 2020 (\$4.98M).

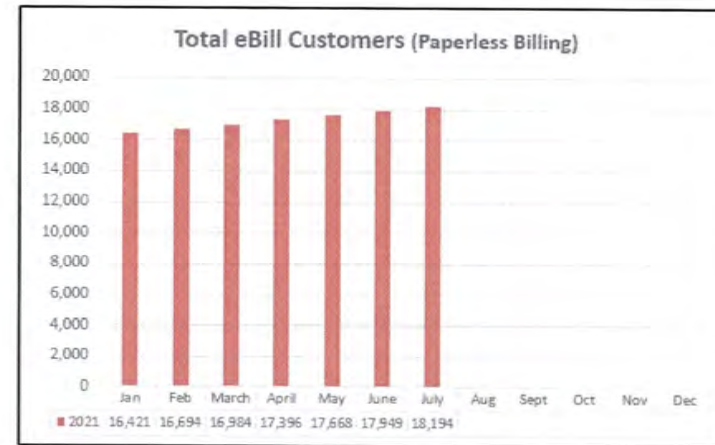
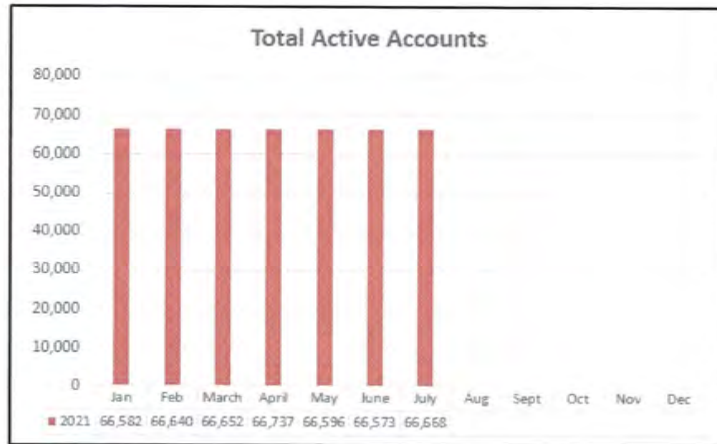


Metrics Overview-KERA



- The KERA Program, Kansas Emergency Rental Assistance, began in March with the first payments received in May.
- Each account applying to KERA is identified with an alert on the account.
 - Notification of KERA application can be made by the customer notifying us directly or via the State weekly report.
 - The alert stays on the account until a payment is received or we receive notification from the State to remove the alert. We also added a KERA payment type which identifies the payment on the account once it has been made.
- BPU has been identified by KERA as the leading utility in Kansas to begin a process to identify and place a hold on KERA accounts which allow time for the application to be processed.

Metrics Overview-Accounts/eBill



- Total Active Accounts have stayed over 66,500.
- Accounts on eBill (Paperless Billing) continues to increase; almost 2,000 new accounts added in 2021 so far.
- Roughly 27% of all active accounts are on eBill.



Bill Print Testing

- Bill Print Project been focused on the testing of the new bill print for a couple months.
- The team is testing 3-4 days a week for 3+ hours a day (reviewing ~850 bills daily).
 - Comparing new bill to current bill for accuracy of content & aesthetics.
- Communication to our customers:
 - A sample bill is being mailed to all customers receiving paper bills.
 - An email is being sent to all paperless billing customers with the sample bill attached.



Thank You



RESOLUTION NO. 5266

**RESOLUTION BY THE KANSAS CITY BOARD OF UTILITIES, AN
ADMINISTRATIVE AGENCY OF THE UNIFIED GOVERNMENT OF WYANDOTTE
COUNTY/ KANSAS CITY, KANSAS**

WHEREAS, the Board has previously adopted an Economic Development Policy; and

WHEREAS, after recommendations from staff and discussion by the Board, the Board wishes to update the Economic Development Fund Policy; and

WHEREAS, the new Economic Development Fund Policy is attached hereto;

**NOW, THEREFORE, BE IT RESOLVED AND ORDAINED BY THE KANSAS CITY
BOARD OF PUBLIC UTILITIES:**

That the Kansas City Board of Public Utilities hereby replaces the previous Economic Development Fund Policy with the policy attached hereto. The previous Economic Development Fund Policy will remain in effect only to the extent that an application has already been approved by the Board prior to the adoption of this policy.

**ADOPTED BY THE KANSAS CITY BOARD OF PUBLIC UTILITIES
THIS ____ September, 2021**

Robert Milan, Board President

Attest:

Rose Mulvany Henry, Board Secretary

Approved as to form:

Angela J. Lawson, Deputy Chief Counsel



Kansas City Board of Public Utilities Policy

Economic Development Fund

PA-100-003

1.00 OVERVIEW

- 1.01 Purpose:** To define Board policy on Economic Development.
- 1.02 Scope:** This policy applies to those submitting application for Economic Development assistance that meet the Board’s minimum requirement.
- 1.03 Administration:** The responsibility and interpretation of this policy shall be at the discretion of the Board. The Board may use any or all of the Economic Development Fund during any fiscal year.

2.00 POLICY

- 2.01 Allocated Funds:** The Board of Public Utilities recognizes the need to support Economic Development in the community, and hereby resolves that the Board will budget a fixed dollar amount for each forecast year, to be used at its discretion for improvements and extensions of electric and/or water utility services, provided that the revenues generated by such extension or improvement will meet or exceed that capital cost in 3 years. The Board may extend this deadline when it determines that conditions warrant an extension. If an extension is not granted than the funds will be unavailable for use by the applicant, however the applicant may reapply if they qualify under the current program.

The Boards’ intention in establishing this fund is to attract new business and encourage residential growth to the utility’s service area and to complement other economic development activities within the community.

The Board will budget a fixed dollar amount for each forecast year to be used at the discretion of the Board within the Board’s budgetary process for improvements and extensions of electric and/or utility infrastructure and in-kind services.

The Board may provide for the cost of such improvements and extensions of electric and/or utility infrastructure and in-kind services. for both electric and water services providing that the revenues generated by such improvements and extensions of electric and/or utility infrastructure and in-kind services will meet or exceed capital costs or current policies and practices.

The Board hereby continues an Economic Development Fund in the amount of \$500,000 budgeted annually, or in such an amount as approved by the Board for that fiscal year, to be used for economic development activities to improve and create electric and/or water revenues and load factor of the KCBPU. The Board, at its discretion, may use any or all of the Economic Development Fund during any fiscal year.

2.02 Application Submittal:

Applicants receiving appropriations from the Economic Development Fund will first be approved by the Board and shall meet certain requirements as follows:

Commercial Projects Requirement: Project must be electrically heated and/or use electricity for process energy requirements. In consideration of meeting this requirement, projects may receive up to 50% rebate of estimated first year’s electric and water revenue to the KCBPU. Projects may not exceed a total of 200kW when making application.

Residential Developments Requirement: Development must commit to electric heat for primary heating or add-on-heat pump, this requirement will not be waived. In consideration of meeting this requirement the development may receive funding for electric and water infrastructure upon Board approval.

The Board requires that appropriations from the Economic Development Fund be approved by the Board and meet certain restrictive requirements as follows:

- Applications for the funds are to be submitted to the Director of the Utility Services. Applications for improvements and extensions of electric and/or water utility infrastructure and in-kind services will be received for:
 - Commercial Businesses, expansion and/or relocation
 - Residential Subdivisions, in-kind water main assistance
 - Community Support of economic development projects
- A non-refundable application fee of \$300 may be required to accompany the request.
- Commercial applications exceeding 200 kW are required to apply under rate guidelines for the Economic Development Rate.
- The applicant must submit the number, nature, and type of new jobs to be created and projected salaries from the addition or expansion of the Applicant’s business.
- Applicant must provide a complete listing of any and all other incentives for which they have applied, received, or which have been denied.
- Whether the proposed development within the KCBPU service area would occur if not for the economic development assistance.
- The KCBPU may perform an audit 12-months after start-up which load estimates can be verified by meter readings. Applicants who fail to reach estimated loads contained in their application will receive a reduced amount. Additional loads exceeding original estimates will not be considered. If Applicant does not construct homes to substantially all-electric design, the Board may discontinue further economic assistance.

2.03 ***Staff
Recommendation
for Consideration***

Applications will be forwarded to the General Manager with staff recommendation to be submitted for consideration by the Board upon verification that the following minimum criteria are met:

- **COMMERCIAL BUSINESSES:**
 - The Applicant must submit a general description of its business and operation; a business plan and/or a marketing plan, including such financial statements as are requested by staff and the Board.
 - Applications must be for owner-occupied buildings, or have a minimum lease of 5 years within KCBPU’s service area.
 - A letter of intent must be submitted by the Applicant stating compliance with Affirmative Action/Equal Employment Opportunity guidelines, along with a further statement to hire employees from within KCBPU Service Territory whenever possible, and to utilize local businesses and professional services whenever possible within KCBPU’s service territory.
 - The Applicant will provide a reasonable forecast electric and water requirement projecting electrical demand, energy and gallons showing benefit to the Utility Systems (i.e., load factor, power factor, electric consumption, water consumption, etc.).
 - The Applicant must provide written documentation as to why funds are needed for expansion/relocation in Kansas City, Kansas, and to what extent they will be used.
 - A description with costs of Applicant’s proposed investment in infrastructure.
- **RESIDENTIAL SUBDIVISIONS**

For residential subdivision developments assistance may be provided in the form of improvements and extensions of electric and/or utility infrastructure and in-kind services.

 - The Applicant must submit a copy of a deed to property demonstrating ownership or a notarized letter demonstrating control over property and ability to order improvements for development. Copies of any contracts or agreements between the Applicant and any property owner must be included in the application.
 - Twelve contiguous lots are considered the minimum number of subdivisions lots for consideration however a waiver may be granted upon special circumstances.
 - The Applicant must submit a copy of any deed restrictions, homeowner’s declarations, etc., with their application.

- The Applicant must submit a market analysis of the project detailing potential sales, demographic breakdowns, growth, trends, income level, etc.
- Marketing plan including an advertising schedule for the first year of sales activity must be submitted detailing strategies, funds used for promotion, sales schedule and marketing agent, along with promotional schedule.
- When practical a subdivision should have a staffed, open model home used for display purposes in selling the subdivision. Model home should be readily accessible for potential buyer review and must be substantially an all-electric design (minimum of an add-on heat pump). Homes within the subdivision must also be substantially all-electric design. A letter of intent or deed restrictions must be presented to support and require electric design on all lots.
- If Applicant does not construct homes to substantially all-electric design, the Board may discontinue further economic assistance and will revoke the rebate.
- Maximum amount of assistance per house will be the average per lot construction cost of water line extensions, and provided as “in-kind services”. Additional costs are borne by the Applicant. The Applicant is responsible for all KCBPU incurred costs of the project, which are not eligible for refund.
 - The Applicant will receive lot reimbursements for completed lots with occupied homes, at the per lot rate, over a 3-year period beginning upon completion and acceptance by the KCBPU of water main installation.

The Applicant is responsible to notify the KCBPU when reimbursement is due
 - KCBPU will charge the builder within the development a “water main economic recovery charge” average for the cost of the water main per lot at the time meter and tap is requested. This charge may be up to the reimburse amount to the Applicant.
- Pro-forma financial statements of development costs and construction time schedules are to be submitted.
- The Applicant must complete the subdivision within 3 years. Any lots not completed within 3 years will not receive lot refunds.
- The Applicant, at their own cost, must provide any easements, surveys or other items in accordance with the KCBPU’s policies and construction standards, and fulfill requirements of the

Board's approved Engineering Standards and pay any legal fees necessary.

2.04 ***Consideration of Request***

In considering whether to approve a request meeting the minimum application requirements the Board, at its sole discretion, shall evaluate and determine the financial stability.

- The request for assistance will be based upon review of the Applicant's financial statements and records.
- The Applicant must show that the company is financially sound in the form of:

Balance Sheet
Income Statement
Statement of Retained Earnings

- If capitalization of the business is less than \$500,000, then the business may be required to present to the KCBPU a Certificate of Deposit or a Surety Bond as appreciable option or letter of credit in the amount of the assistance for the three-year period.
- Residential Applicants are exempted from audited financial statements due to reimbursement for in-kind services, but must submit current financial statements.
- The applicant must be current on all taxes for properties owned in Wyandotte County and current on all City of Kansas City, Kansas Occupational Business Licenses.
- The recommendations of the General Manager as to the amount of economic assistance and any conditions or requirements attached, will be presented to the Board.

The Board, upon review of the request, shall, at its sole discretion by majority vote, approve or deny the application and shall determine the amount and conditions of economic assistance. An approval of a request under these guidelines will be considered an agreement between the Applicant and the KCBPU.

REVISION HISTORY

Revision History:

Prior Version # [Effective Date]	Owner [Author]		Approver	Board Approval Required <input checked="" type="checkbox"/> Yes
N/A	Name	Patrice Townsend	William Johnson	
	Title	Director Utility Services	General Manager	
Current Version # [Effective Date]	Owner [Author]		Approver	
7/27/2021	Name	Patrice Townsend	William Johnson	
	Title	Director Utility Services	General Manager	
Description of Changes:	Restructuring of Policy format. Previously policy number 02-100-008.			
Resolution Number				
Owner Signature/Date				
General Manager Signature/Date				

