

BOARD INFORMATION PACKET



Board of Public Utilities
Kansas City, Kansas

Regular Meeting of

September 21, 2022



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Board of Public Utilities
Kansas City, Kansas

BOARD AGENDA

Regular Session
September 21, 2022 – 6:00 P.M.

- I. Call to Order
- II. Roll Call
 - ___ David Haley, 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 Regular Session of September 7, 2022
- V. Public Comments
- VI. General Manager / Staff Reports
 - i. Water Operations Quarterly Report
 - ii. KDHE Resolving Loan Resolution # 5276
 - iii. Miscellaneous Comments
- VII. Board Comments
- VIII. Adjourn

Approval of Minutes
Regular Session 9-7-22
Agenda Item #IV

REGULAR SESSION –WEDNESDAY, SEPTEMBER 7, 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, September 7, 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, and David Haley. Jeff Bryant was absent.

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; Dong Quach, Executive Director Electric Production; Steve Green, Executive Director Water Operations; Jerin Purtee, Executive Director Electric Supply; Maurice Moss, Executive Director Corporate Compliance; Jerry Sullivan, Chief Information Officer; David Mehlhaff, Chief Communications Officer; Dennis Dumovich, Director of Human Resources; Patrice Townsend, Director Utility Services; Stefi McKinney, Supervisor Customer Accounting; Phillip Brown, Senior Civil Engineer; and Robert Kamp, IT Project Manager.

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

Ms. Gonzales called the Board meeting to order at 6:00 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, except Mr. Bryant who was absent and Mr. Haley who was present at 6:04 P.M.

Item #3 – Approval of Amended Agenda

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

REGULAR SESSION –WEDNESDAY, SEPTEMBER 7, 2022

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

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

A motion was made to approve the minutes of the Work Session of August 17, 2022, by Mr. Groneman, seconded by Mr. Milan, and unanimously carried.

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

A motion was made to approve the minutes of the Regular Session of August 17, 2022, by Ms. Mulvany Henry, seconded by Mr. Milan, and unanimously carried.

Item #6 – Public Comments

Mr. Ty Gorman, 2843 Parkwood Blvd., spoke to the Board about his concerns with the community and wanted to encourage BPU to reach out to the Unified Government (UG) and communities and look at ways the Infrastructure Investment and Jobs and the Inflation Reduction Acts as well as other grants and programs could help to reduce bills for low income residents. He also spoke about the medical device policy. After discussion, he said he would forward information via email to Ms. Mulvany Henry and would be happy to work with BPU staff as well.

Ms. Tscher Manck, Wyandotte County/Kansas City, Ks., spoke to the Board about the closed lobby and the PILOT which she believed had been altered in order for the utility to receive stimulus dollars. She also spoke about various homes and their utility costs. After discussion, she said she would have the homeowners contact BPU to discuss their bills.

Item #7 – Groundwork Northeast Revitalization Group

Ms. Rachel Jefferson, Executive Director of the Groundwork Northeast Revitalization Group, spoke to the Board about the organization highlights as well as different programs including, the Learn to Earn program, the Northeast KCK Heritage Trail Project, and others. (See attached PowerPoint.)

Ms. Jefferson responded to questions and comments from the Board.

Item #8 – General Manager / Staff Reports

- i. *July 2022 Financials:* Ms. Lori Austin, Chief Financial Officer/Chief Administrative Officer, reviewed the July 2022 Financials with the Board. (See attached PowerPoint.)

REGULAR SESSION –WEDNESDAY, SEPTEMBER 7, 2022

STATE OF KANSAS)
) SS
CITY OF KANSAS CITY)

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

- ii. *Customer Service Quarterly Update:* Ms. Stefi McKinney, Supervisor Customer Accounting, reviewed residential and small commercial billing with the Board and spoke about various duties that were included with preparing the billings. (See attached PowerPoint.)

Ms. McKinney, responded to questions and comments from the Board which included the possibility of having an incentive for customers to move to paperless billing.

- iii. *KDHE Revolving Loan Update – Resolution #5276:* Mr. Steve Green, Executive Director Water Operations, brought the Board up do date regarding the KDHE Loan and the increased costs for the projects included within the loan. The updated costs made it necessary for them to seek Board approval to increase the amount of the loan for the projects. Following that approval, the request would then move to the UG Standing Committee and full Commission. (See attached PowerPoint.)

The Board and staff discussed the timeline and urgency of the loan increase as well as the necessity to have more time to review items instead of having to have an immediate vote. The Board decided they wanted more time to review and consider the resolution and asked that it put on the September 21st agenda.

Mr. Johnson and Mr. Green also spoke about BPU’s lead and copper inventory and the unknowns regarding changes to the Lead and Copper Rule that would be coming in 2023.

- iv. *Miscellaneous Comments:* Mr. Johnson updated the Board on the planned Nearman Power plant outage.

He also reported to the Board that the lunch and learn held with potential vendors on doing business with the BPU and the Purchasing department regarding doing business with BPU went well.

He confirmed that the Board would begin the September 21st Work Session at 4:00 P.M. in order to continue their Strategic Plan discussion.

REGULAR SESSION –WEDNESDAY, SEPTEMBER 7, 2022

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He announced that at the Kansas Section of the American Water Works Association (KsAWWA) conference, Mr. Milan received the “Gold Drop Award”, a lifetime membership award given to members that had served for 30 years or longer in the water industry.

Item #9 – Board Comments

Mr. Haley thanked staff for the evening’s informative presentations as well as the Groundwork Northeast Revitalization Group for their exceptional presentation detailing what they were doing. He asked if the Board meetings were recorded and on the website. He was told that they were recorded and the recordings were available, but were not on the BPU website. He also spoke about the possibility of looking at separate bills that segregated the UG’s charges on one and the BPU’s charges on the other.

Mr. Groneman thanked all for the evening’s presentations. He reiterated the Board’s need to not receive presentations at the last minute and then have to act at the same meeting. He stated he would like time to look and think about agenda items. He also congratulated Mr. Milan on his award.

Mr. Milan said that the KsAWWA conference was very informative. He also gave kudos to the utility on receiving an “A” rating by national rating service companies Fitch Ratings and S&P Global Ratings.

Ms. Gonzales congratulated Mr. Milan on his award.

Ms. Mulvany Henry had no comments.

Item #10 – Adjourn

A motion was made to adjourn at 8:05 P.M. by Mr. Groneman, seconded by Mr. Milan, and unanimously carried.

ATTEST:

APPROVED:

Secretary

President

**General Manager /
Staff Reports**
Agenda Item #VI



WATER OPERATIONS UPDATE

Sept 21st, 2022

Water Operations Team

- Water Distribution
 - Acting Distribution Director
 - Marshall Robinett

- Water Production
 - Director Water Processing
 - Steve Nirschl

- Water Engineering
 - Project Engineer II
 - Brandon Sisk



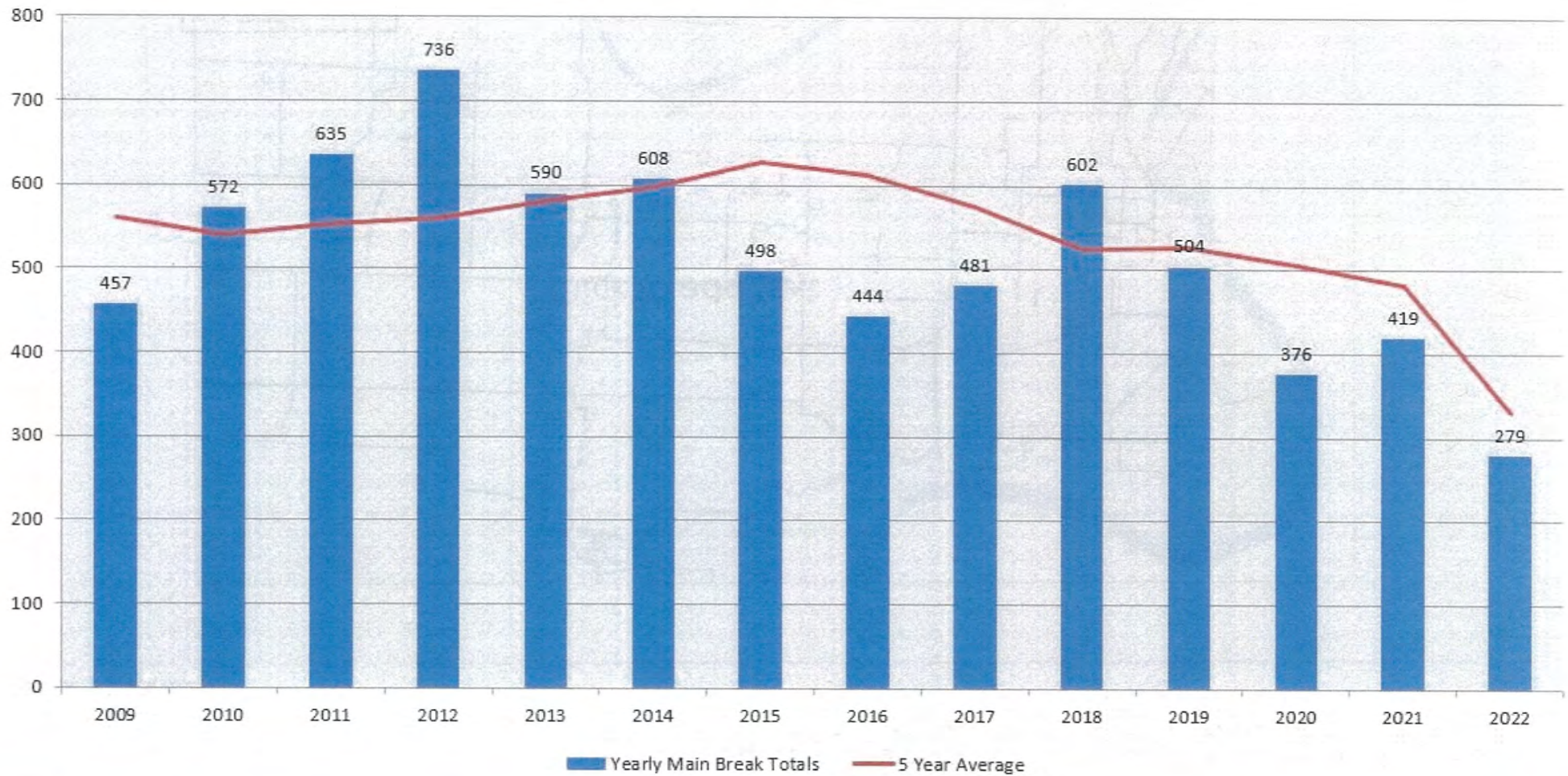
WATER DISTRIBUTION

Water Distribution Recap of 2022

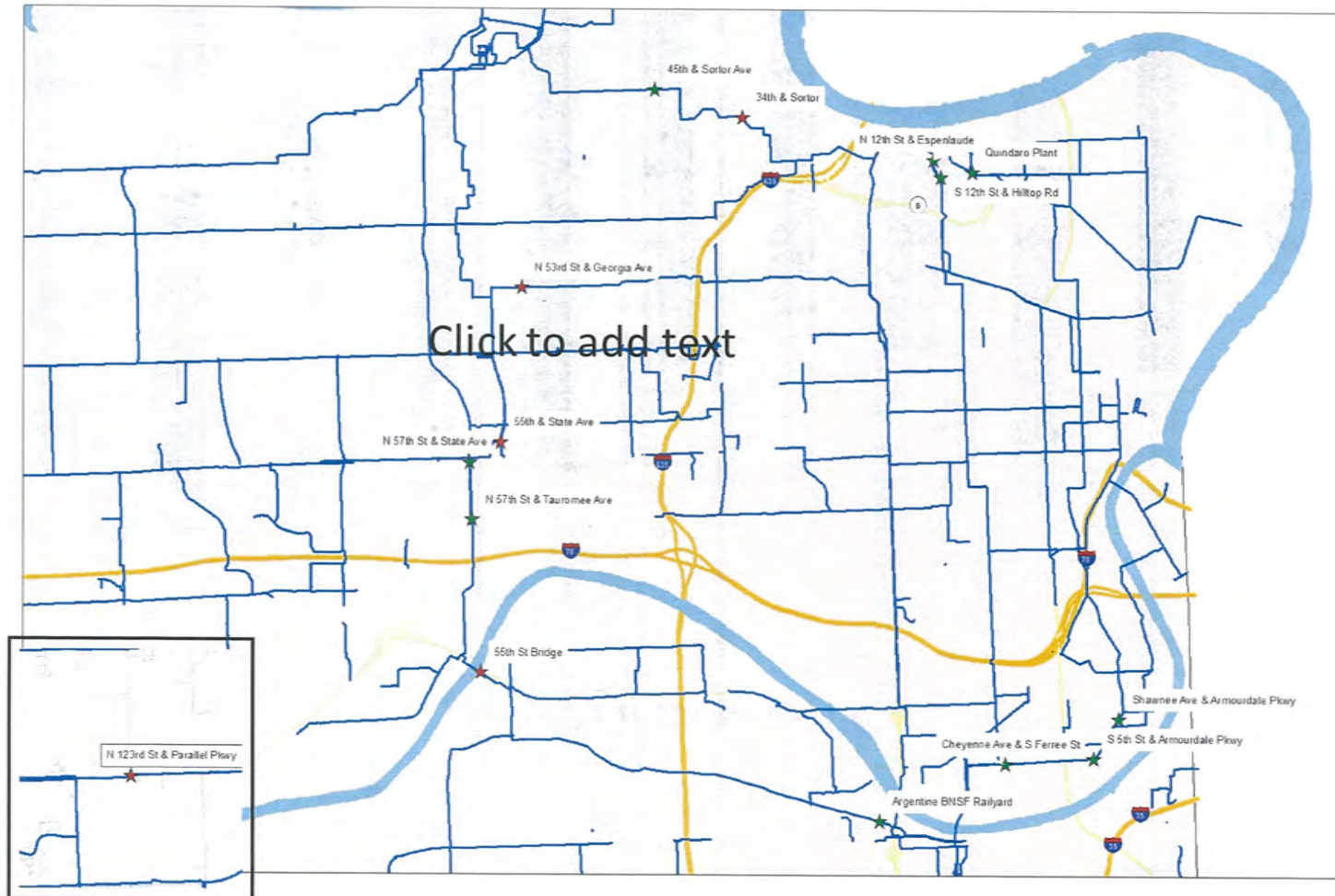
- **2022 Leaks**
 - Main Leaks - 279 YTD
 - 17% below the 5 Year Avg.
 - 26% below the 10 Year Avg.
 - Valve Leaks - 26
 - Fire Hydrant Leaks - 34
 - Abandonment Leaks- 20
 - Service Leaks - 189

Water Main Leaks/Breaks

Main Break Totals



Transmission Main Leak Map



Transmission Main Leaks

- Repaired
 - 30" and 24" CI Main Leaks
 - Cheyenne and Ferree
 - S. 5th and Armourdale Pkwy
 - Shawnee Ave and Armourdale Pkwy
 - 12th and Espenlade Ln
 - 12th and Hilltop
 - 30", 36" and 48" PCCP Main Leaks
 - 45th and Sortor
 - 57th and Tauromee Ave
 - Argentine BNSF Railyard
 - Diaper repair due to damage from contractor
 - Valve Replacements
 - 57th and State Ave
 - Quindaro Plant
- Active
 - 48" PCCP - 34th and Sortor
 - 42" PCCP - 53rd and Georgia
 - 24" PCCP - 123rd and Parallel
 - 24" Steel - 55th Street Bridge
 - 36" Valve - 55th and State Ave

Transmission Main Pictures

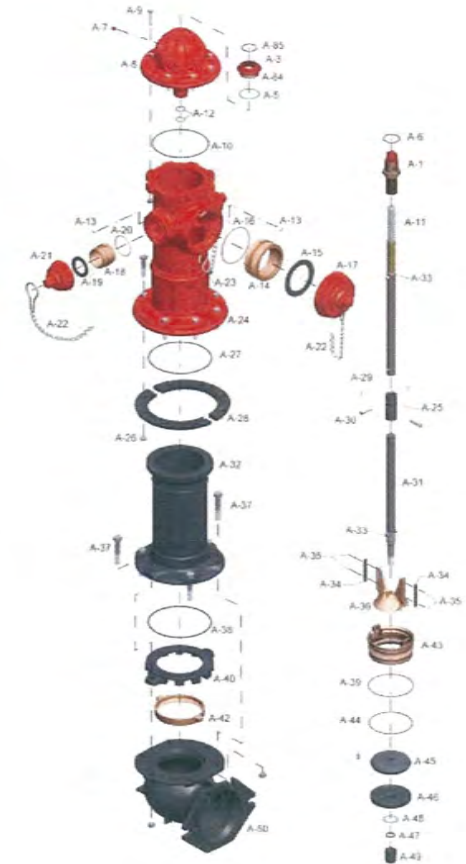


Transmission Main Pictures



Hydrants Work Orders

- **Completed Work Orders**
 - Installed - 13
 - Repaired - 257
 - Replaced - 82
- **Open Work Orders**
 - Repair - 69
 - Replace - 6



Main Replacement

- **BPU Crew Water Main Projects**
 - 98th St and Swartz Rd
 - 1,500 Ft of 6 Inch Pipe
 - Lake Ave and Lloyd St
 - 500 Ft of 2 Inch Pipe
 - Lake Ave and Fisher St
 - 200 Ft of 2 Inch Pipe
 - 12th St and Greeley Ave
 - 500 Ft of 2 Inch Pipe
 - 8th St and Waverly Ave
 - 600 Ft of 2 Inch Pipe
 - 62nd St and Troup Ave
 - 600 Ft of 6 Inch Pipe



Parallel Pump Station

In service 1963

Five pumps provide total potential capacity up to 36 MGD

- VFD and motor failures occurring in 2022
 - After risk analysis, purchased a soft starter and rented a VFD for temporary use
 - Upgrades scheduled to begin in 2023
 - Repair/replacement includes motors, VFDs, and switch gear



Milan Pump Station

In service 2004

Four pumps provide total potential capacity up to 40 MGD

- **VFD failures occurred in 2022**
 - First failure occurred in May
 - Ordered 1 VFD in May
 - Risk Analysis resulted in decision to replace remaining VFDs
 - Analysis determined that the remaining VFD's were obsolete and unable to be repaired.
 - 3 remaining VFDs ordered and scheduled for delivery 1st quarter 2023

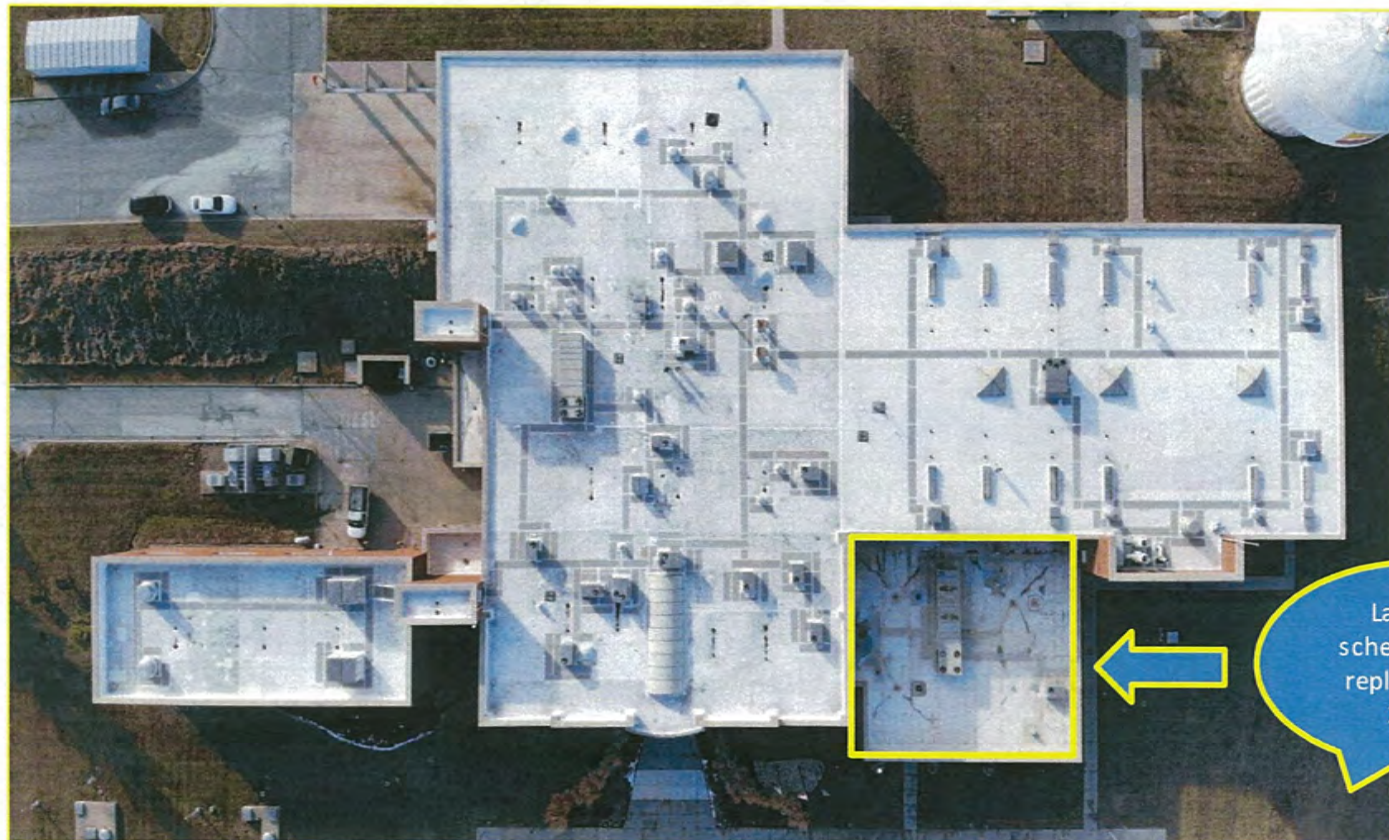




WATER PRODUCTION

Replaced NWTP Roof on Operations, High Service, Filter Buildings.

- Total Roof Replaced 49,075 square feet



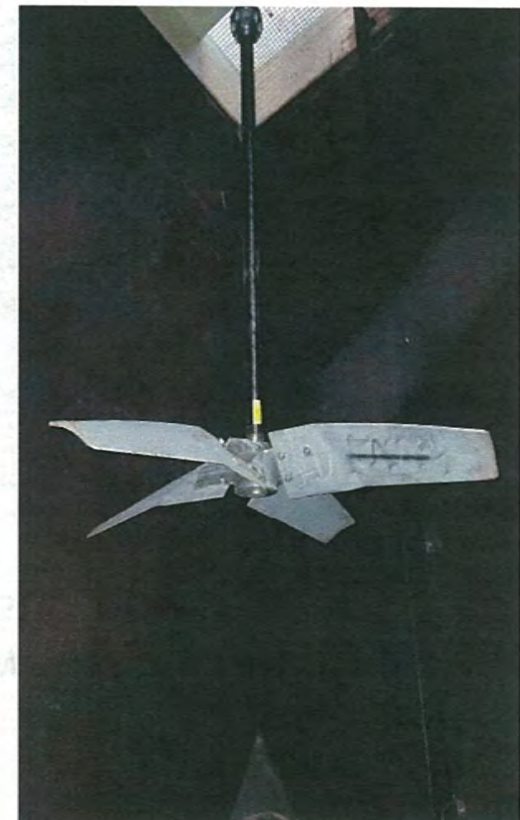
Replaced Variable Frequency Drive in High Service Pump Station

- New VFD Drive Panel
- VFD with 26 MGD pump



Replaced Mixtec Injection Mixer

Gearbox failed on original unit



Replaced 36-inch section of wastewater outfall pipe

**Old waste-water outfall steel
concrete lined pipe**



**New waste-water outfall pipe
fiberglass resin pipe**



Air Wash Blower 2 Rebuild

Old blower unit before rebuild

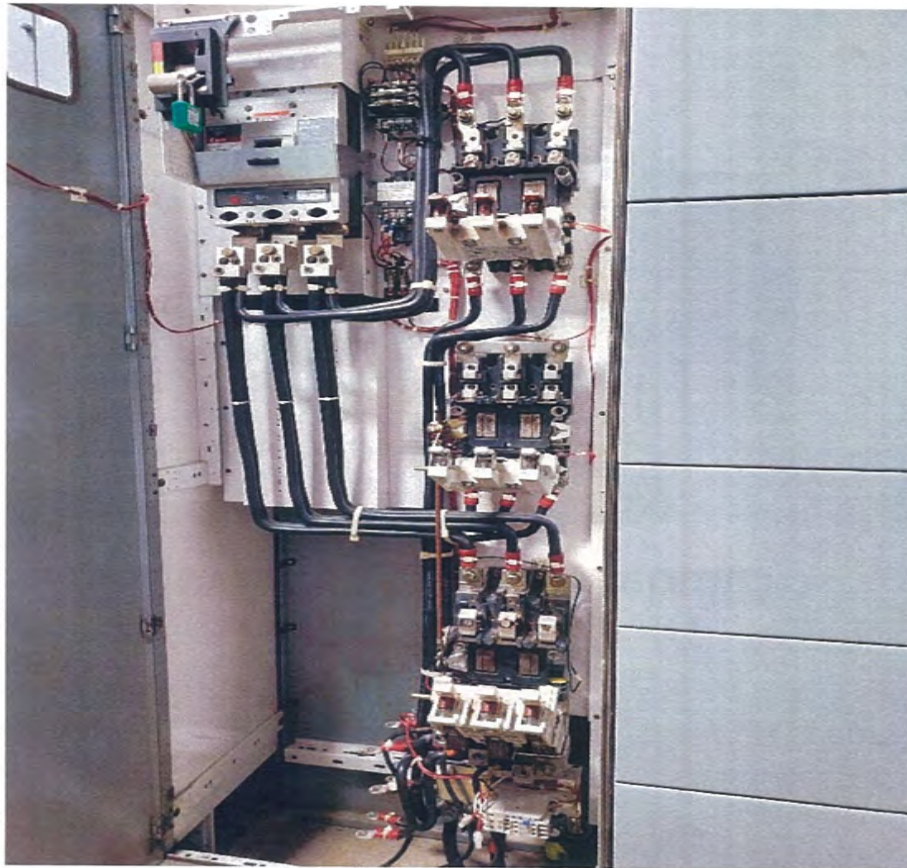


Rebuilt blower unit

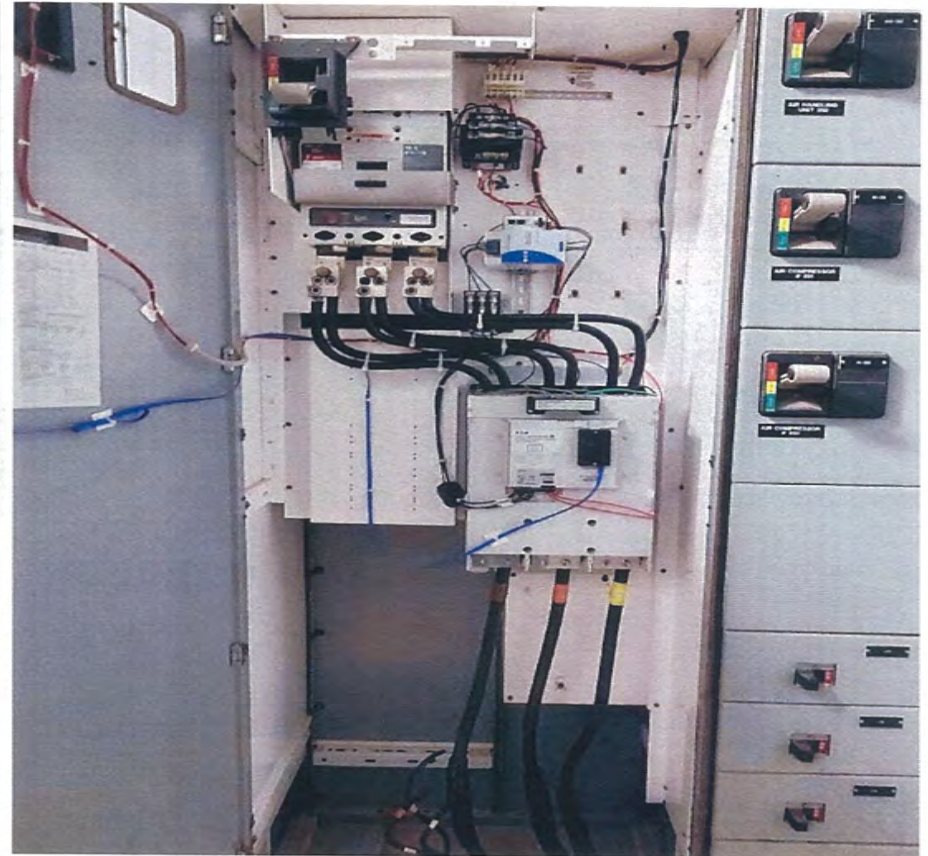


Air Wash Blower Reduced Voltage Starter

Old 480 volt combination starter



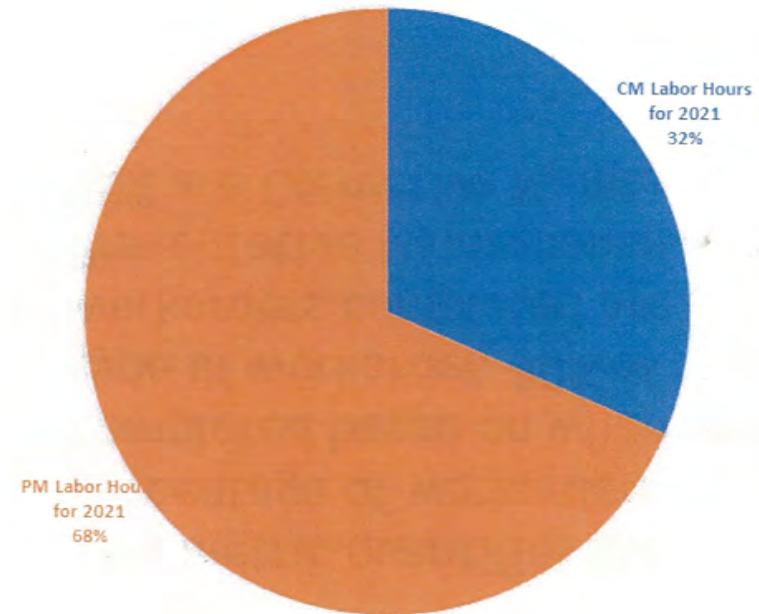
New 480 reduced voltage starter



Water Processing Maintenance Hours %

WATER PROCESSING MAINTENANCE
HOURS %

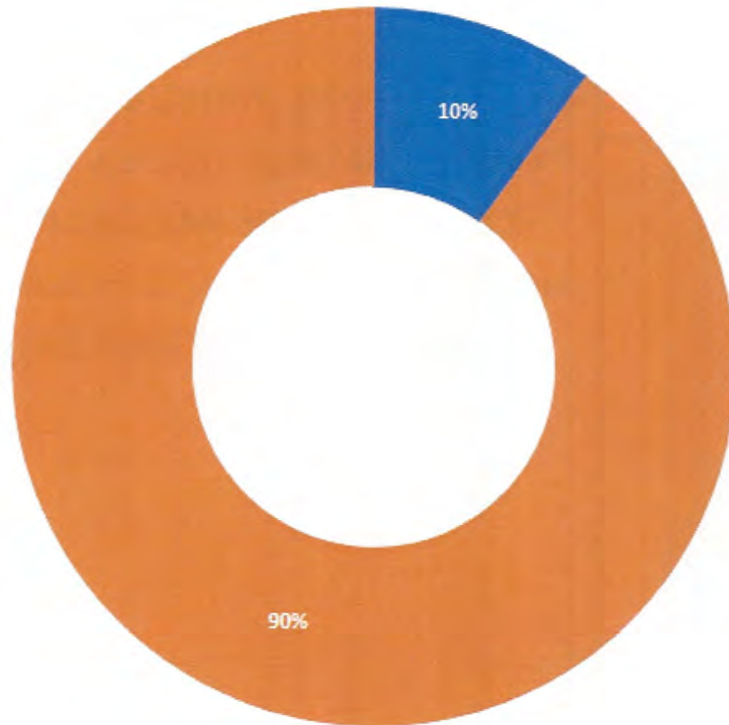
- This metric shows the percent of Time spent on Corrective Maintenance 32% Versus Preventative Maintenance 68%



Water Processing Completion Rate by Workorder Type

WATER PROCESSING COMPLETION RATE BY
WORKORDER TYPE

■ Corrective Maintenance ■ Preventative Maintenance



- This metric quantifies the percentage of workorders completed based on when the type of workorder. 90% of the workorders completed are Preventative Maintenance and 10% are Corrective Maintenance.

- Lead and Copper
 - Required sampling every 3 Years (Last Monitored 2023)
 - BPU is required to sample (60) Lead and Copper designated sites
 - New Requirements coming 2025, new sample sites will be determined
 - Required to test all Schools - (59) Total
 - Required to test all Licensed Child Care Facilities - (141)
 - Required to test 20% over 5-year period
- UCMR 5 will begin 2024 - 2025
 - 29 PFAS synthetic chemicals and lithium

- Aging Infrastructure - Keeping up with building and equipment.
- Future Regulations - Keeping up with regulations, PFAS, Lead & Copper, Disinfection By Products.
- Thanks - Very thankful for all of the assistance from the various departments. Water Engineering, Water Distribution, Water production Staff, Environmental, Power Plant Roving Crew, and Painters.



Argentine Reservoir Update

Argentine Reservoir Project Background

- 12 MG Open Reservoir constructed circa 1920
- 4 MG Reservoir constructed in 1947
- Roof Installed on 12 MG in 1957
- 4 MG replaced in 1995
- 12 MG Reservoir removed from Service in 2011
- Demo Started June 2022
- Scheduled Completion Nov. 2023



12MG Demolition Progress



12MG Demolition Progress



Current Progress



- Demo of 12MG Reservoir is 95% complete with only debris removal remaining and the demolition of surrounding structures
- Dirt work has commenced to haul away excess dirt from the site and excavate down to the required elevation for the new reservoir floor.



Questions

Thank You





KDHE LOAN UPDATE

September 21, 2022



Update Project Cost & Amended Loan Amount

Projects to Complete under Original \$25,000,000

	<u>Original Cost Estimate</u>	<u>Current Estimate</u>	<u>Difference</u>
•7 MG Argentine Reservoir - \$10,000,000	\$10,000,000	\$14,500,000	\$4,500,000
•Replace 24 inch Main at 12 th Street & Kansas River - \$2,500,000	\$2,500,000	\$6,500,000	\$4,000,000
•Electrical Improvements at NWTP & Pumping Stations - \$1,500,000	\$1,500,000	\$2,500,000	\$1,000,000
	subtotal	\$23,500,000	

Projects with Amendment

•T-Main 90 th and Parallel to I 435 & France Family Drive - \$2,000,000	\$2,000,000	\$4,000,000	\$2,000,000
•Replace Aging Distribution Mains - \$ 9,000,000 - 15 miles	\$9,000,000	\$12,000,000	\$3,000,000
Total Project Cost Summary	\$25,000,000	\$39,500,000	\$14,500,000



ENR Building Cost Index Increase

Jan 2021 to Jan 2022 - 14 %

Jan 2022- Sept 2022- 8 %

22% increase in 21 months; 1 % per month on average

12 inch Ductile Iron Pipe Cost

April 2021 - \$28.75 per foot

June 2022- \$69.00 per foot

Pipe Prices have increased 2.5 times since the estimate

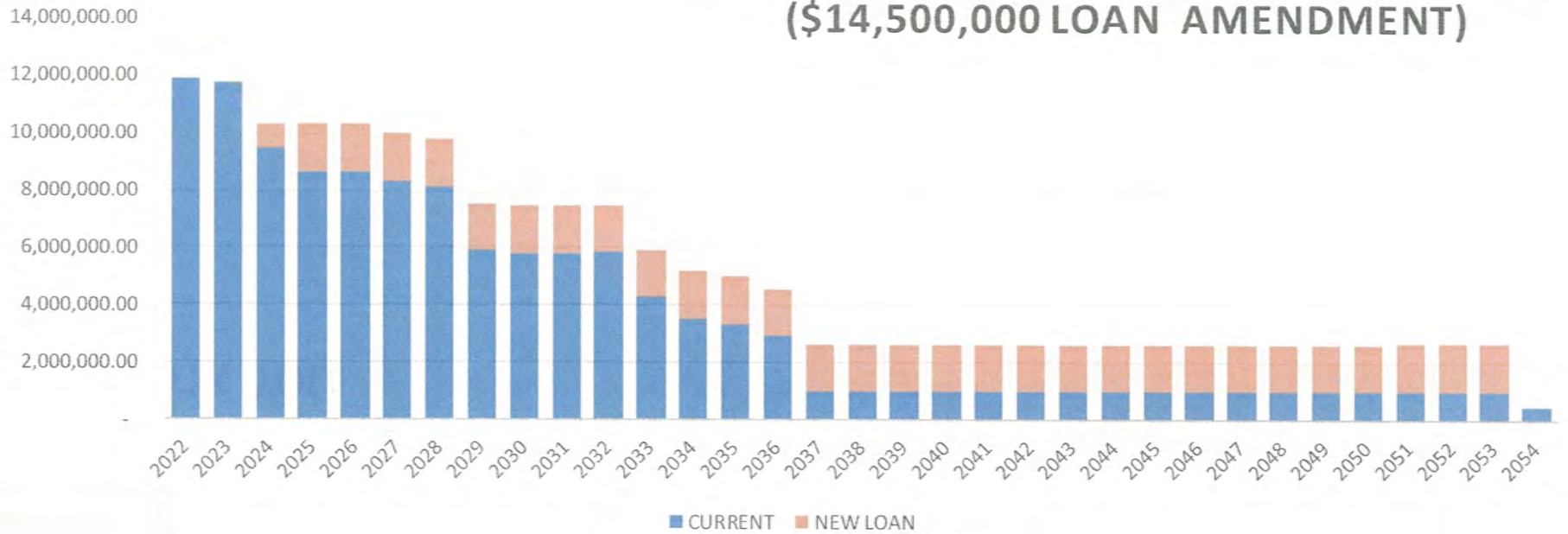


Revised KDHE Loan Parameters

- \$39,500,000 Principal
- 30 Year Loan
- Projected Interest rate - 1.50 %
- Projected First Payment - 8/1/2024
- Number of Payments - 60 (twice per year)
- Update \$39.5 Million Loan - Annual Payment - \$1,639,910
- Original \$25 Million Loan - Annual Payment - \$1,037,917.76

Debt Schedule Comparison

**CURRENT DEBT SCHEDULE VS PROPOSED DEBT
(\$14,500,000 LOAN AMENDMENT)**





Questions

- Thank You



