

WORK SESSION MINUTES – WEDNESDAY, JULY 6, 2022

STATE OF KANSAS)
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CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met in Work Session on Wednesday, July 6, 2022 at 5:00 P.M. The following Board Members were present: Mary Gonzales, President; Rose Mulvany Henry, Vice President; Thomas Groneman, Secretary; Robert L. Milan, and David Haley. Jeff Bryant was present via Zoom.

Also present: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jeremy Ash, Executive Director Electric Operations; Jerin Purtee, Executive Director Electric Supply; David Mehlhaff, Chief Communications Officer; Chris Stewart, Director Civil Engineering; Dennis Dumovich, Director of Human Resources; and Robert Kamp, IT Project Manager.

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

Ms. Gonzales called the meeting to order at 5:01 P.M.

Roll call was taken, all Board Members were present with the exception of Mr. Haley, who arrived at 5:09 P.M.

Item #3 – Approval of Agenda

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

Item #4 – Board Update/GM Update

Mr. Johnson gave the Board an update on his Unified Government (UG) Efficiency Taskforce meeting. Ms. Lori Austin, Chief Financial Officer/Chief Administrative Officer, also attended the meeting and presented an overview of BPU’s budget to the Taskforce. They also presented the Strategic Plan as well as Organizational Chart.

Item #5 – Contributions to the Community

Mr. Johnson presented a PowerPoint to the Board which outlined contributions that BPU provided to the UG as well as the community. Areas of support included; Payment in Liew of Taxes (PILOT), electric and water usage, infrastructure maintenance and billing services. (See attached PowerPoint).

Mr. Johnson answered questions from the Board.



KCBPU

Contributions to the Community

July 06, 2022

Presentation Agenda

- Payment in Lieu of Tax
- Electric and Water Usage
- Infrastructure Maintenance
- Billing Services
- Miscellaneous Support

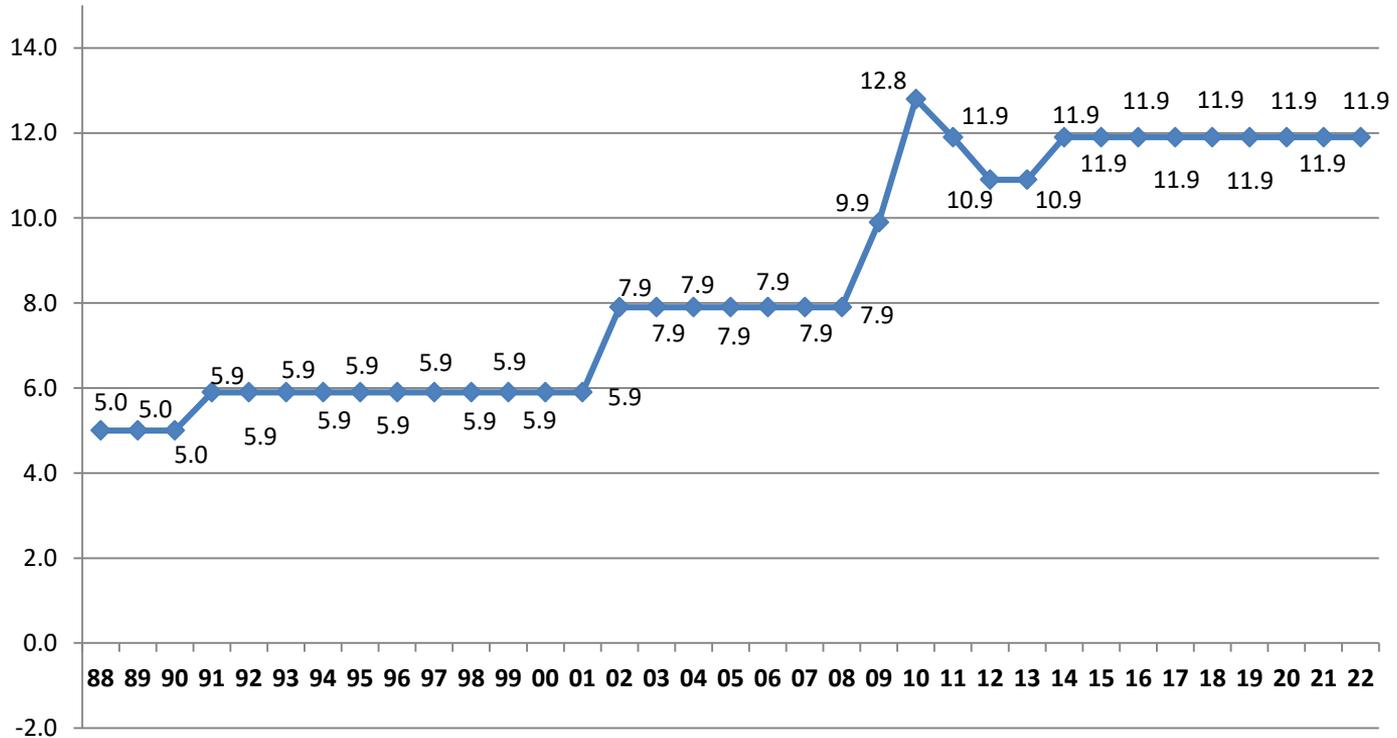
Payment in Lieu of Tax

- Payment in Lieu of tax is collected by the BPU and transferred to the Unified Government (UG) each month
- BPU is exempt from property taxes
- IOUs pay a franchise fee to local governments for the use of their right-of-way
- IOUs pay property taxes on the property located with the community

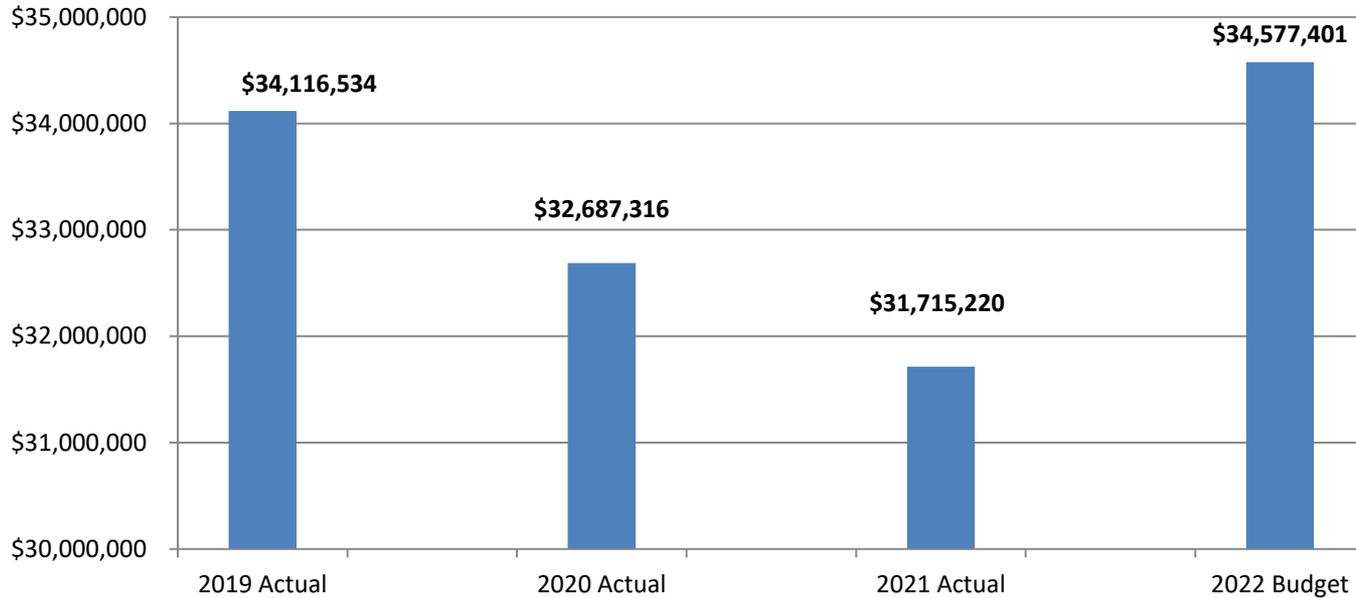
Payment in Lieu of Tax

- The rate for the Payment in Lieu (PILOT) of tax is set by the UG annually as part of the UG budget process
- The PILOT by Charter Ordinance can range from 5% to 15% of the gross revenue collected by the BPU
- Currently it is set at 11.9%
- The national average for APPA members is around 6%
- The PILOT amounts to 10% of the revenue collected by the BPU and 22% of the UG City budget

Historical View of PILOT



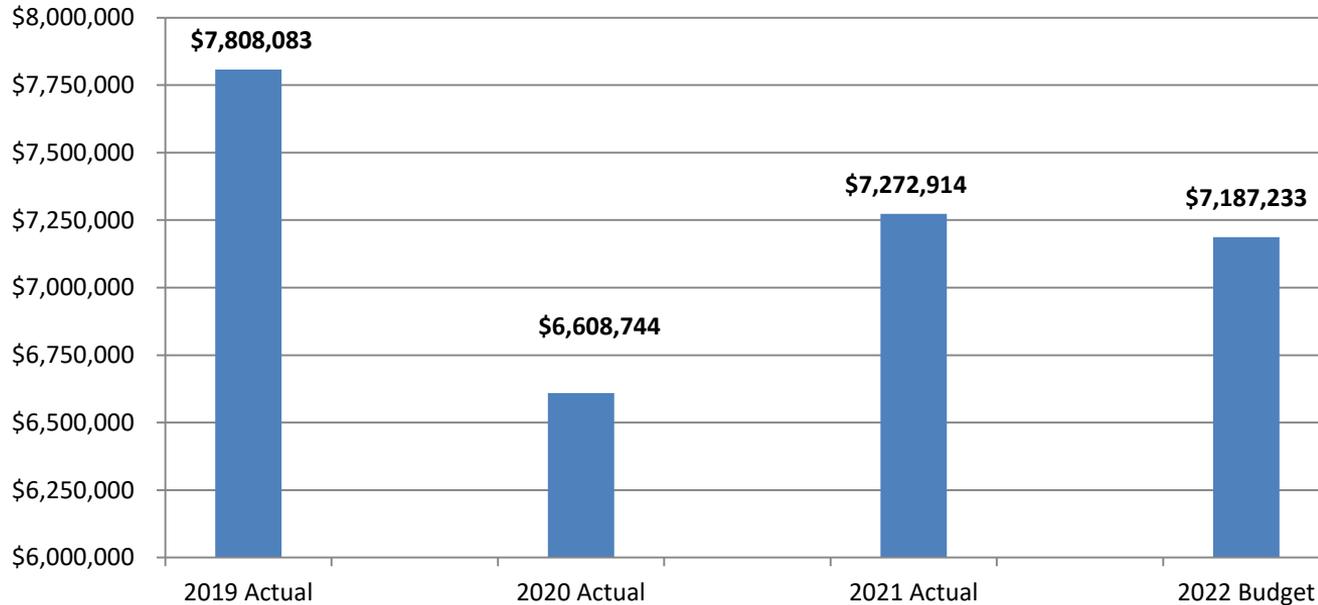
Payment in Lieu of Tax



Electric & Water Usage

- The BPU provides free electric and water services to the UG for a majority of its facilities in Kansas City Kansas.
 - Most UG facilities are metered and the charges are calculated at the retail rate. The UG does not receive a billed.
 - The non-metered services (traffic signals, street lights, non-metered lighting) are accounted for by applying the ERC rate. The UG is not billed.
- The water pollution facilities do pay for their electric usage via a reduced rate ~ ERC + ESC.

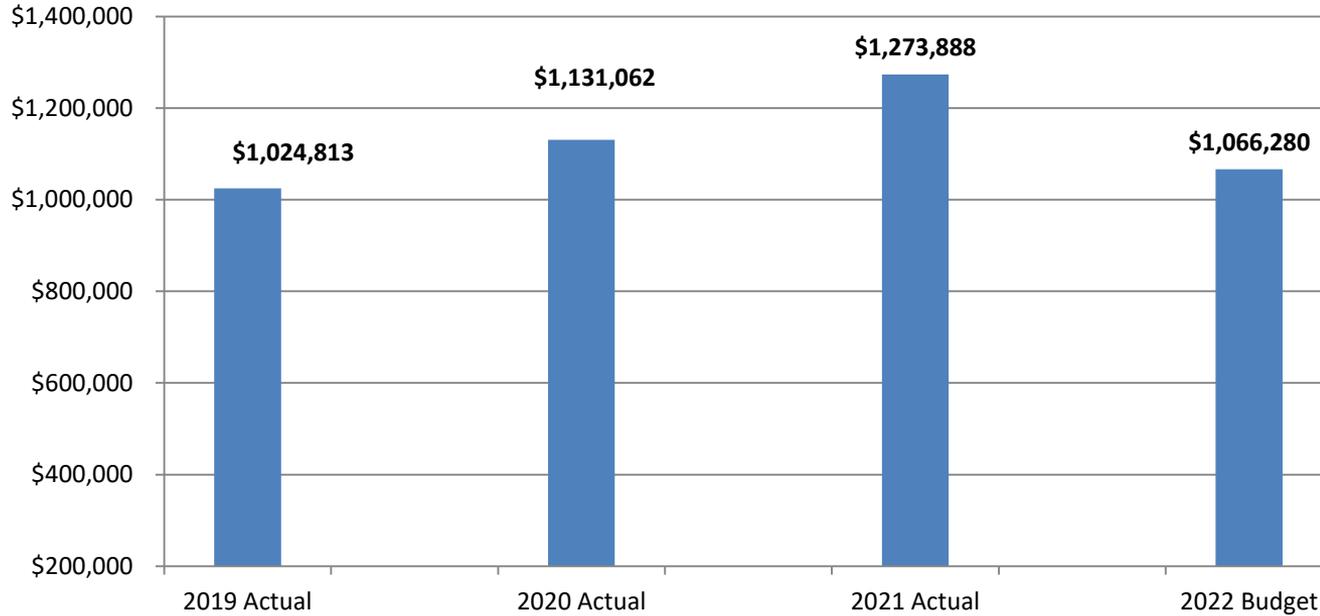
Electric & Water Usage



Street Lighting & Signals

- There are approximately 20,000 street lights that BPU maintains for the UG in KCK
- There are approximately 304 traffic control, flashers, and pedestrian crosswalk signals that BPU maintains
- BPU provides this service free of charge for the UG and the citizens of KCK per Charter Ordinance

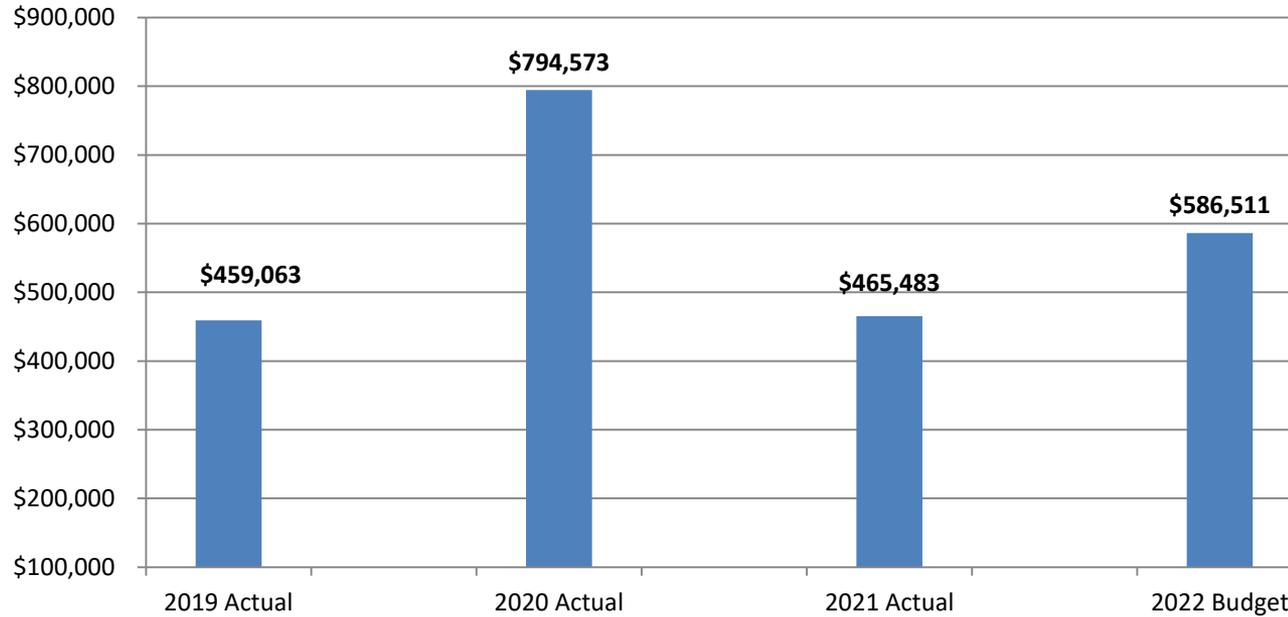
Street Lighting & Signals



Fire Hydrant Services

- There are approximately 6,800 fire hydrants and valves that BPU maintains for the UG in KCK
- BPU provides this service free of charge for the UG and the citizens of KCK

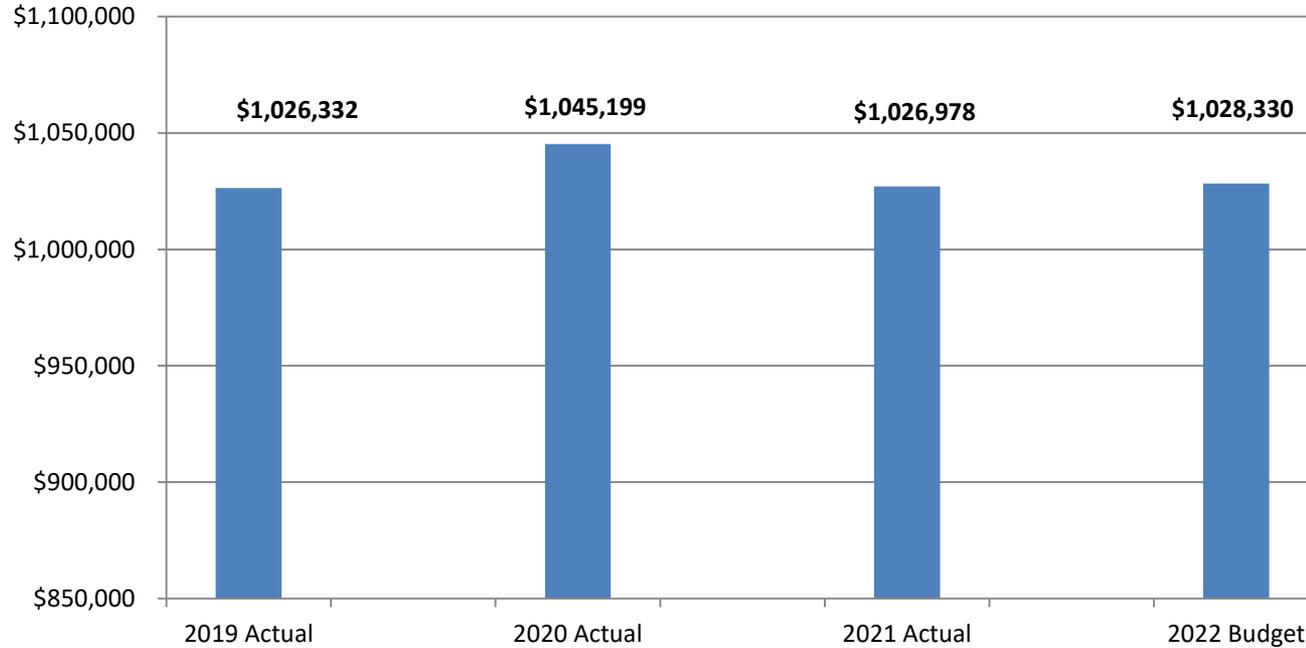
Fire Hydrant Services



Billing Services for UG

- Billing services for the UG are based on a percentage of BPU Customer Service's division budget
 - Customer Billing
 - Collections
 - Call Center
 - Cash Operations
- The UG does not have a billing system, Customer Service Department, or process for collecting on services provided

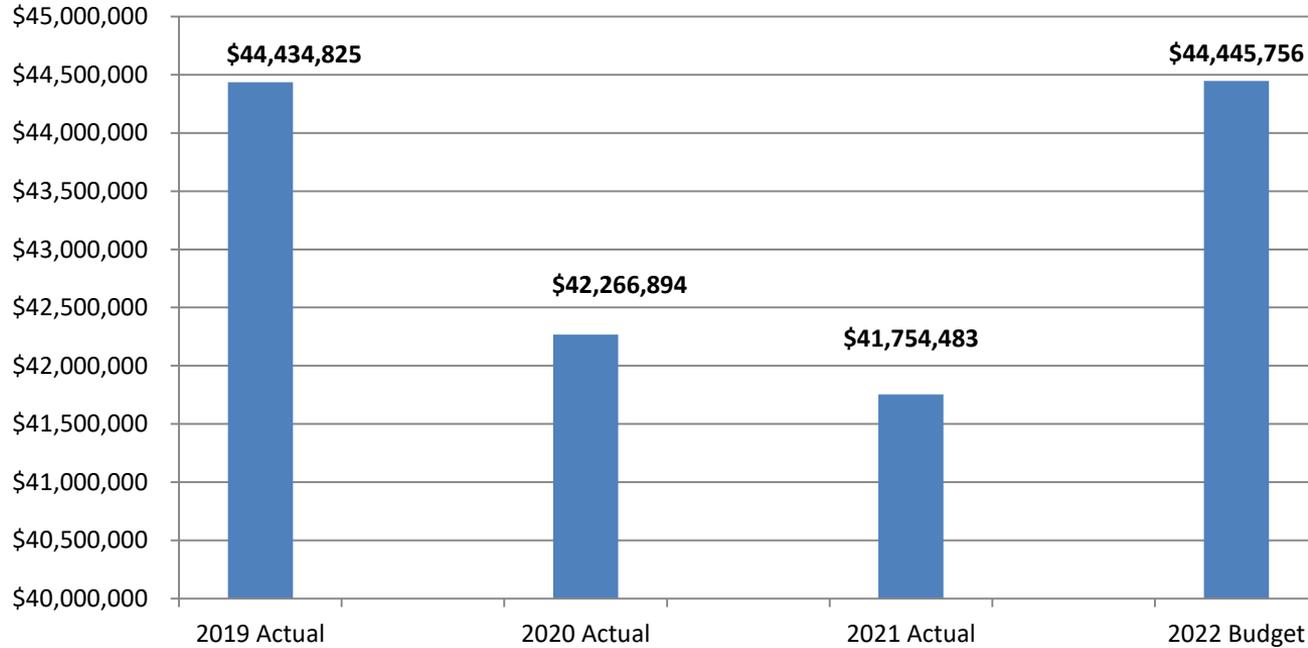
Billing Services for UG



Total Payments & Contributions

- The total payments & contributions to the community goes into supporting the UG operations
 - The UG is the responsible party for describing how these contributions benefit the community
- There are other miscellaneous BPU expenses that support UG operations that is contained within the BPU capital budget
- The BPU provides community support through its electric and water policies (e.g., economic development, etc.)

Total Payments & Contributions



Thank You

Questions?