

STATE OF KANSAS)
WYANDOTTE COUNTY)) SS
CITY OF KANSAS CITY, KS)

SPECIAL SESSION, THURSDAY, JULY 13, 2023

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in Special Session, Thursday, July 13, 2023, with ten members present: Bynum, Commissioner At-Large First District; Burroughs, Commissioner At-Large Second District; Townsend, Commissioner First District; McKiernan, Commissioner Second District; Ramirez, Commissioner Third District; Johnson, Commissioner Fourth District; Kane, Commissioner Fifth District; Stites, Commissioner Seventh District; Davis, Commissioner Eighth District; Garner, Mayor/CEO, presiding. Markley, Commissioner Sixth District; was absent. The following officials were also in attendance: Alan Howze, Acting County Administrator; Bridgette Cobbins, Assistant County Administrator; Angela Lawson, Interim Chief Counsel; Brett Deichler, Unified Government Clerk; Monica Sparks, Deputy Unified Government Clerk; Debbie Jonscher, Interim Chief Financial Officer; Reginald Lindsey, Budget Director; Mike Grimm, Research Manager; Jeff Fisher, Executive Director of Public Works; Jeff Miles, Director of Water Pollution Control; LaVert Murray, Economic Development Advisor in Mayor's Office; and Irene Caudillo, Chief of Staff in Mayor's Office.

BPU Board Member present: Rose Mulvany Henry, Robert Milan, Sr. (arrived at 5:05 p.m.), Jeff Bryant, Mary Gonzales, Tom Groneman, David Haley. **BPU Staff Members present:** Bill Johnson, General Manager; and Randy Otting, Director Accounting for BPU.

Mayor Garner said this is a Special Session and is actually a joint meeting of both your BPU Board Members as well as your Unified Board of Commissioners to talk about some important issues that we know are of deep, not only concern, but of relevance to our Unified Government and Board of Public Utilities and really hits on a lot of topics that are of interest to our ratepayers, our residents, and our taxpayers. We're happy to host this meeting.

I'd like to recognize Board Member Jeff Bryant. He brought this forward to me when he seen me out as well as some of our commissioners had been asking for this meeting and so the Mayor's Office made sure that we got with staff to facilitate this meeting. We believe that this is the first meeting of its kind since 2009. We're talking several years that we have not had this

meeting and so it's long overdue and I'm sure it's welcomed for a lot of people and so we're going to begin.

Mayor Garner said before I call the meeting to order I want to announce that we do have individuals attending remotely as well as on-site. All participants joining by phone, should please mute your phones when not speaking to avoid background noise. During the meeting, make sure you announce yourself by name and title every time you speak so the public that is participating knows exactly who is speaking. This is critical given the number of remote participants and is also current guidance from the Kansas Attorney General. I would also like to remind, especially here on the 5th floor, that you please be sure to speak loudly and clearly into the microphone to ensure that your comments are being captured by the Clerk for an accurate record of the meeting.

Mayor Garner called the meeting to order.

ROLL CALL: Kane, Stites, Davis, Bynum, Burroughs, Townsend, McKiernan, Ramirez, Johnson, Garner.

ROLL CALL of BPU Board Members: Milan, Mulvany Henry, Bryant, Gonzales, Groneman.

NOTICE OF SPECIAL SESSION of the Unified Government of Wyandotte County/Kansas City, Kansas, to be conducted in a hybrid format on Thursday, July 13, 2023, at 5:00 p.m. in the fifth floor conference room of the Municipal Office Building for a joint meeting with the Board of Public Utilities.

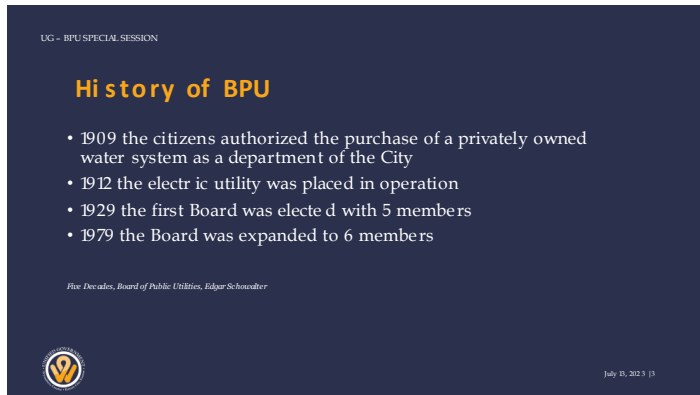
CONSENT TO MEETING of the governing body of Wyandotte County/Kansas City, Kansas, accepting service of the foregoing notice, waiving all and any irregularities in such service and in such notice, and consent and agree that we, the governing body, shall meet at the time and place therein specified and for the purpose therein stated.

Mayor Garner said the meeting order will be of such that we're going to have presentations from both boards. I ask that the elected officials refrain from asking questions and let the presentations

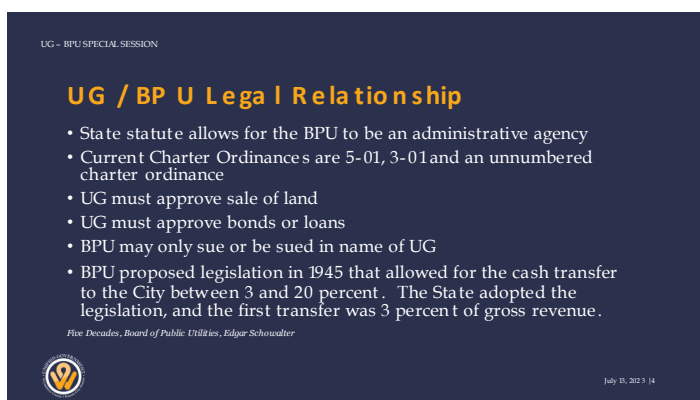
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proceed forward. At the end of the presentations, we will open it up for questions of both Boards, I believe starting with the Board of Public Utilities and then the Board of the Unified Government Commissioners will handle questions as well and that should conclude our meeting.

I'm going to turn it over now to Angela Lawson, our Interim Chief Counsel, for the Unified Government.

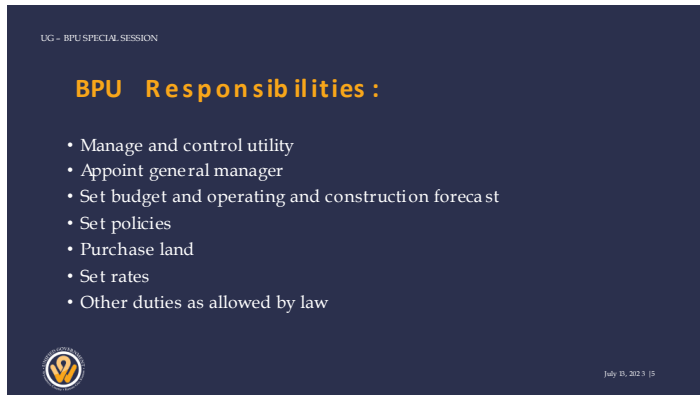


Angela Lawson, Interim Chief Counsel, said I will be very brief. The brief history of the BPU, in 1909 the citizens authorized the purchase of a private-owned water system and that was placed as a department of the City. In 1912 the electric utility was placed into operations partially to support the water system. Then, in 1929 the first Board was elected with only five members and you didn't gain the sixth member until 1979.



The BPU is basically a statutory organization. State Statute allows for it to be an administrative agency of the Unified Government. We have currently chartered out of most of that framework and replaced it with our own Charter Ordinances, three of them, that govern the utility and the relationship between the BPU and the utility. The UG must approve sale of land although the BPU

can purchase land. The UG must approve bonds or loans. BPU may only sue or be sued in name of the Unified Government. Then, this was very interesting to learn, the BPU itself proposed legislation to the State in 1945 that allowed for the cash transfer that we know of as PILOT and the State adopted this and it was set in place to be flexible every year so that a new amount could be adopted based on economic circumstances. The first transfer was 3% of gross revenue.



The BPU is responsible for managing and controlling the utility, appointing a General Manager, setting the budget and operating and construction forecast, setting policies and procedures both internally and externally, purchasing land, setting the rates for the utilities, and then other duties as allowed by law. Those were the main ones. That was my little history lesson.

Mayor Garner said I will now turn it over to Alan Howze who's the Acting County Administrator and he will facilitate the Unified Government of Wyandotte County/Kansas City, Kansas portion of this presentation.

Alan Howze, Acting County Administrator, said we appreciate the opportunity to be here and we're excited about this because we all do serve the same residents, the same businesses, and there are a number of areas of cooperation perhaps that the public doesn't see, but that are going on in a day-to-day basis between the BPU and the UG. There are a lot of open lines of communications between the two organizations. We have just a brief presentation here on a couple of items and I want to thank staff that helped to prepare these items.



The BPU does provide a number of support areas to our Public Safety agencies whether that's the placement of cameras or kind of as needed services upon request for traffic accidents and other things, so there's a lot of public safety work that the BPU provides. BPU maintains the city traffic signal network so all of our streetlights are maintained by the Board of Public Utilities and there's a lot of close coordination on the management of those things, cameras, traffic network, the fiber network that go back and forth between the two organizations.



I'll touch on streetlights. This comes up from time to time and, again, one of those interesting areas where the UG owns the poles. BPU owns the equipment on the poles. BPU gets the revenue from the pole attachments and manages those pole attachments from other utilities and then the UG pays the BPU \$100K annually for the streetlight inventory and the management of that. It was noted by our staff that if we had—if we were set up like other cities where we had a private utility, that \$100K number would be well north of that both for the electrical—electricity that's consumed with it as well as the management of those.

UG - BPU SPECIAL SESSION

UG Facilities

- UG and BPU have been converting to LED as streetlights go out and when improving corridors like Leavenworth Rd
- Energy efficient equipment is installed when B&L makes improvements to facilities and when constructing new facilities



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UG Facilities, one of the questions was how is the UG and the BPU working to conserve energy. They have been working together on the conversion of LED streetlights as streetlights go out whereas corridor improvements are made such as the Leavenworth corridor. Those are getting swapped out for LED and then as building improvements are made by our Buildings & Logistics team, they are also taking into account higher efficiency equipment and improvements to the building envelopes to reduce the energy—usage and energy footprint for those UG facilities.

UG - BPU SPECIAL SESSION

Water Pollution Control

- WPC pays the BPU for water and electric: 2022 Actuals - \$640K
- WPC is a large user and pays BPU wholesale rates
- BPU does not pay the UG for sewer
- WPC pays a PILOT to the City General Fund

Sewer Fund	2022	Actual	2023	Budget
Total Revenues	49,020,303		50,930,000	
Total PILOT		5,800,000	5,800,000	
Percentage of	11.8%		11.4%	



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Briefly on Water Pollution Control, which is a large user, probably the biggest user of electricity in the Unified Government. They pay the BPU for water and electric, so we provided the 2022 Actuals for that, which is about \$640K. The Water Pollution Control gets the BPU wholesale rates, again, as an industrial customer basically. BPU gets sewer services free of charge from the Unified Government through Water Pollution Control and then the Water Pollution Control also pays a PILOT to the City General Fund as another utility under the umbrella of the Unified Government. You can see the numbers there in terms of the actual amount of the PILOT from Water Pollution Control and what that shows as a percentage of overall revenues for Water Pollution Control. I just wanted to share that as well.

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UG - BPU SPECIAL SESSION

City General Fund Revenue from BPU PILOT

- 2022 revenue to City General Fund = \$36.2 million
- BPU PILOT is 22% of total City General Fund revenues
 - Equates to ~half of Police (\$67M) or Fire budget (\$73M)
- BPU PILOT General Fund revenue equals approximately 21 mills
- Estimate of the UG City General Fund PILOT revenue increase if proposed BPU rate increase is approved = ~\$500K increase in 2024
- City General Fund provides funding for core city services
 - Police
 - Fire and EMS
 - Public Works
 - Transit
 - Parks and Recreation
 - Neighborhood Resources Center
 - Municipal Court



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There were some questions around the PILOT revenue and certainly wanted to share this. The 2022 revenue to the City General Fund from the BPU PILOT, and just want to differentiate that the BPU PILOT goes to the KCK City General Fund, and it doesn't go to the County. That was in the amount of \$36.2M in 2022. That accounts for 22% of the total City General Fund revenues and just to kind of give a sense of scale on that, that's about half of the overall Police & Fire budgets each of which are around kind of the \$70M mark, so a substantial contribution.

Then, the question was asked, what does that translate to in terms of mills and so our Finance team calculated that back out and it's about 21 mills to get the equivalent of that \$36M.

The question was also asked, what would be the impact of PILOT revenue if the proposed rate increases at the BPU go through. While rough estimates put that in the \$500K range and increased PILOT revenue that would show up in 2024 if those proposed rates were put into place.

Also, just to lay out what the City General Fund serves, what services those funds, because it's kind of amorphous when we talk about the City General Fund, but those are really the core city service, Police, Fire, EMS, Public Works, Transit, Parks & Rec has a portion of that, the NRC, Municipal Court, so there's a core set of municipal services that are funded out of the City General Funds.

UG - BPU SPECIAL SESSION

Valuation of BPU Properties

- All BPU property is exempt due to status as a public owned utility
 - Approximately \$60,000,000 in appraised value for real estate
 - Does not include any machinery, equipment, or other assets; transmission lines, poles, substation and generation equipment water plant distribution lines or equipment
 - For public utilities, the value of real estate does not directly correlate with assessed value and/or tax amounts
- Is there an estimated tax burden if BPU properties were not publicly owned?
 - Public Utilities are valued by State of Kansas Property Valuation Division (KSA79-5a01)
 - Value is determined by capitalizing net operating income then assessed at 33 %
 - Assessed value is then allocated by pro-rata share of original cost of assets located in each jurisdiction.



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The question was also raised around valuation of BPU properties and what would the revenue impacts, in a sense, be if BPU was a privately owned utility, so on the books today, there's about \$60M in appraised value for the real estate. The footprint for the Board of Public Utilities, just note, that most—that does not include any of the machinery, equipment, the other sort of assets that go into the day-to-day work of the BPU, that's really just the real estate physical footprint there. Also, worth noting, an important piece of this is that public utilities, that value of real estate is not directly correlated to the assessed value to the tax amounts.

Under the next bullet there, under Kansas State Law, public utilities are a different category. They're not treated as residential, certainly they're not treated as commercial. They're in their own category as publicly owned utilities and their value is determined by the State of Kansas and not by the local taxing jurisdiction or by the Appraiser's Office locally. I just wanted to provide a little clarity on that as well.

UG - BPU SPECIAL SESSION

Utility PILOT Payments

- Several publicly owned utilities pay a PILOT to the general fund as allowed under law
 - Drinking water
 - Electric
 - Wastewater - flat rate of \$5.8M set in 2022
 - Stormwater - 5% of total revenues



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Lastly, there are several publicly owned utilities, as noted, that pay a PILOT to the General Fund as allowed under law, so this is water and electric certainly through the BPU PILOT. Wastewater and stormwater also pay the PILOT back into the General Funds.

Mayor, that was all the information that we had. We tried to answer some of the questions that were raised by commissioners and Board Members through that presentation and happy when we get to that section to try and answer any other questions. We do have experts on staff that are available to answer questions as well.

Mayor Garner said I'll now turn the meeting over to the Board of Public Utilities for their presentation and I'll allow Ms. Mulvany Henry, the Board President, to make some opening remarks and facilitate that.

Rose Mulvany Henry, BPU Board President, said I just want to make a couple of introductory remarks tonight and I want to thank our Board of Commissioners, I want to thank the Mayor for making time tonight and getting this meeting together. It's been a long time, we all know that. You know, just as you all are, we're approached by our residents in this community all the time, inside of our board meetings, outside of our board meetings and they're pleading with us for help. We struggle with that, as I know you all do, and I think tonight is really, really good. It's like a giant step forward to try to work together as two elected bodies that have responsibilities for different things in this community to try and offer some solutions that might actually get the help that our residents have been asking for. So, again, I just want to thank you guys for making the time tonight. We appreciate it. Bill, I'm going to turn it over to you.

Bill Johnson, BPU General Manager, said I'd also like to thank the Board for being here in full attendance and also thank the Board of Commissioners for being here and welcoming us to be in your building here. Like President Mulvaney and the Mayor said, it's been a long time since we've met as two elected bodies and the information that I put together with staff is basically designed just to share information. I mean we're here just to inform you on some of the things that we're hearing from the public, as Rose said, and also provide some of the facts to what we're having to deal with over at the Board of Public Utilities. I hope that this is what we accomplish tonight is just sharing some information that we have, we know about, what we're dealing with every day and, hopefully, somewhere down the road there's a solution we can offer to the community.

Just like Alan, I was asked by our Board and by the commissioners to come up with the list of items to go on the agenda tonight and actually that list went longer than this and we had to

kind of draw the line, but I'd be happy to certainly answer questions later if there's anything that we don't cover that you may have a particular interest in.

I don't want to read them all. You've got handouts too, so I'm trying to be mindful of time to go through, but basically people are asking us about the bill, they're asking us about the rates, they're asking us about why are we joined the way we are, and certainly the Unified Government is asking us more about BPU finances, how do we operate and things along those lines. So, hopefully, I can answer a lot of those questions along the way today.



Customer Billing Concerns

Concerns expressed by our BPU customers:

- Why are BPU and UG charges combined on one bill?
- Why can't I only pay for BPU charges and not get shut off?
- My trash is not getting picked up, why am I still getting billed for it.
- How are my UG charges calculated?
- Where does the money for the PILOT go?
- Why are the UG rates going up?

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Here's just a small sample of questions that come before the Board, come before our Customer Service Department, and I certainly have heard a lot of these questions myself. Why are BPU and the UG charges combined on one bill. My entire career at the BPU, which exceeds 40 years, I've always known BPU to bill for part of the services that the Unified Government offers to this community, so it dates back prior to that and I can't tell you when and how it started, but we've been doing this for a while.

There's been other things that the Unified Government has come up with that has added more line items on the bill and then what we also did was try to come up with a new bill design to help explain all these charges and separate things out further for the benefit of our customers and try to help them understand where the charges are coming from, what's generating the charges, and then in our conversation here's where the money's going, here's what services is paying for as we provide services back to the community. We've kind of drawn the line on that for the Unified Government because I don't work for the Unified Government directly. I know BPU is an administrative agency of the UG, but I can't say where all the money goes, so on the bill, which

you'll see later, we try to provide some explanation to the public as to some contact information to the public as to where they can maybe get those answers.

The second one is why can't I only pay the BPU charges and why do I get shut off if I don't pay part of it like trash and other things. Our answer is our bill is designed to be paid in its entirety. The question, I think at the last Board meeting or the meeting before was, and this is common, that my trash is not getting picked up. I'm having to physically carry my trash to other parts of my neighborhood to get the trash picked up. In fact, I just sent an email to a UG staffer yesterday from an influencer in our community asking me the same question.

Why am I—how are the UG charges calculated. Again, you know, we ask the public to call the UG, here's the number, here's direct contact to have them explain that.

Where does the money for the PILOT go. Same answer. Then, why are our rates going up. I will get into that in the next slides, but you'll see why those slides are there because they're asking why are the rates going up.



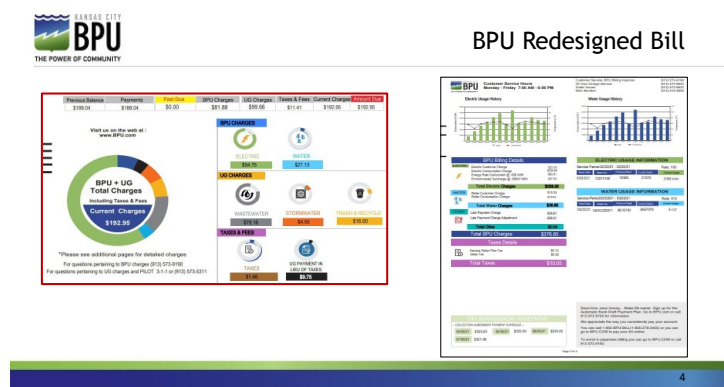
UG Charges on the BPU Bill

Listed below are items that appear on the BPU bill:

- > BPU Electric Charges
 - > With Riders
- > BPU Water Charges
- > UG Waste Water Charges
- > UG Storm Water Charges
- > Trash
- > UG PILOT
- > Taxes

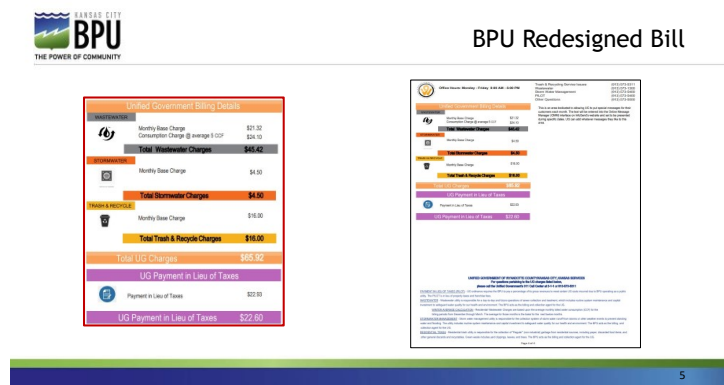


Here's the charges that actually appear on the bill. We have a set of charges that belongs to the Board of Public Utilities which are electric charges, the riders that go with those electric charges, water charges. They're all in blue. In red are the charges that appear from the Unified Government asked us to bill for and then the green is obviously taxes and PILOT is paid within the taxes.



A couple of years ago, two or three years ago, we actually redesigned our bill as a way of trying to make it easier for the customer to understand the bills they are receiving.

Here's the front page and behind this front page in which you'll see on the front page, is a combination of BPU and UG charges, total charges, and it's broken down by BPU—you look at the picture on the left, the top section is BPU under blue, under yellow or gold, they are UG and then the taxes are below that. The second page shows some of the usage intervals and all of the BPU charges broken down individually.

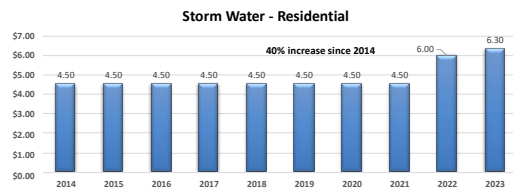


Then we get to the Unified Government section. It's all itemized based on each service provided and the charges that go with those services and then there's some contact information that also goes along with that as well.



Historical UG Rate Changes

Historical view of the Unified Government Storm Water Fees



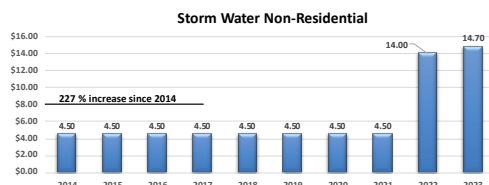
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The answer to the question why are the charges going up and this is the public coming to us asking us to explain this. I think it's important for us to now talk about, you know, make some historical reference as to what those charges have been over the last 10 years. As you can see for stormwater for residential, it stayed flat for a number of years and then the last two years the rates have actually gone up. Over that time, looking since '14, there's been about a 40% increase.



Historical UG Rate Changes

Historical view of the Unified Government Storm Water Fees



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For non-residents, same thing, the stormwater fees went up the last two years. Prior to that it was flat for a number of years and the end result of that, it was about a 227% increase since 2014.



Historical UG Rate Changes

Historical view of the Unified Government Waste Water Fees



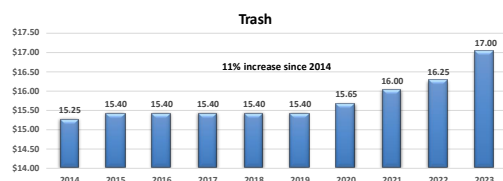
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Wastewater, it's been a gradual increase over time and this is for class 1A and 1B. I think the increases have gotten bigger as time has gone by and since 2014 it's been a 66% increase.



Historical UG Rate Changes

Historical view of the Unified Government Trash Collection Fees



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Trash has been relatively flat for a number of years and in the last four years it's been a gradual increase in the fees that we're charging for and then since 2014 there's been an 11% increase in trash. I put that on there again because they're asking us to explain what's going on with these rates, why are the rates going up and really none of us on this end of the table are in a position to really answer those questions. For tonight's presentation, it's important for all of us in the room to understand here's the things that we're being asked to explain.



Billing Suggestions

Suggestions:

- Conduct benchmarking survey to see how other cities in Kansas and Missouri are charging residents for similar services
- Make use of electronic systems the UG already has in place
 - Use myWYCO/iKan app that is already in place for real and personal property taxes
 - Consider adding waste water, trash, storm water
- Consider making use of walk-in UG payment centers
 - 7th and Ann
 - 82nd and State Ave

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So, billing suggestions, our Board has asked me to put this together again and then part of the conversation that we have and the things that the public are asking us is to separate the bills totally. Have the UG bill directly and having BPU bill directly so there is total separation and I think we're all in favor of that, at least at the Board of Public Utilities.

You know, I start thinking about how can the Unified Government possibly make that happen. I know there's probably things that you think you may have to put in place and there may be things you have to put in place, but you do currently have a website app that you use for real and personal property taxes. When I look at other cities, other communities, they are also billing for these services when they send the bills out for property taxes, so Kansas City, MO, Overland Park, all the other ones have a whole separate way of billing the communities because Evergy—it's serving those cities and they do not provide these services for the local government. WaterOne in Johnson County provides the service for most of Johnson County and they do not provide the service there for the local government, so that's one.

You do have two walk-in payment centers. One at, I think, it's 7th & Ann and 82nd & State. I just put that on there if it makes sense. If it doesn't make sense, you know, what we're trying to do is go more electronic, that cuts the cost down for our community. You know when you start manually handling transaction, paperwork, and stuff like this, all that does is drive our cost up and it really don't improve customer service to any degree that I can think about, only for a very, very small segment of our population.

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BPU 2023 Proposed Rate Changes

The financial drivers creating the need to increase rates:

- Maintain Debt Service Coverage
 - Allows for borrowing using bonds and loans to pay for long life assets
- Provide for funding to implement 5-year capital improvement plan
- Meet financial metric targets throughout the study period
 - Proposal - 2.5% Electric increase to base rate in 2023 & 2024
 - A 2.5% Electric base rate increase generates approximately an additional \$3.7 million in revenue per year
 - Proposal - 6.0% Water increase to base rate in 2023 & 2024 & 2025
 - A 6.0% Water increase generates approximately an additional \$2.6 million in revenue per year

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Here's BPU rate request. We're still currently conducting our meetings with our Board. We've gone through public hearings. Commissioner Stites came over, listened to part of it, and thank you for that, but basically, why are we raising rates. You know we also have to maintain adequate debt service coverage for the purpose of being able to pay for our debt. Our rating agencies mandate us to maintain adequate credit rating and it just makes good sense not to have the amount of money in reserves to be able to operate our utility sufficiently.

We also have to fund our 5-year Capital Projects just like the Unified Government has a Capital Project Plan that gets very expensive for the UG to maintain. It's also very expensive for the BPU to maintain and those plans are part of every budget. We look at our 5-year forecast on where we need to go. All of those are tied to a 20-year Master Plan that we update periodically, so we do a lot of forward-looking and then we also have to make adjustments throughout that five years because the things that we're looking at next year and the year after may change based on economic development decisions we have to make based on other equipment failures and other things that come along. So, we're constantly having to deal with changes, but we have to also forecast where we think we're going to go.

The rate increase itself, we're proposing a 2.5% increase for electric and a 6% increase for water. I'll state here that we haven't raised water rates in 10 years. We've also been dealing with running a utility on 10-year old rates and doing everything we can to squeeze as much out of our operation to sustain our ability to operate and serve our community. We haven't raised our electric rates in five years, and like on the water side, we've been trying to draw out efficiency at the same time without bringing in additional revenue.



Actions Taken to Avoid Rate Increases

- For the past five years, with reducing revenues, the following plans were implemented to reduce costs.
 - Reduced staffing levels by 10%
 - Reduced budgets between 2018 and 2022 by \$42 million
 - Deferred approximately 40% of our capital construction projects
 - Implemented 3 moratoriums - longer than any utility in the region during COVID pandemic (over a span of 18 months)

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So, actions that we're taken, I'm just going on what I just got through talking about, we've actually reduced our staffing levels over the last five years by 10%. Prior to that, we had reduced staffing levels and in the years before that we reduced staffing levels, so we've been on this trend of making ourselves more efficient, using more technology, just doing and measuring our operations against other utilities. We do a lot of benchmarking. We do a lot of understanding of how do we—what others are doing and how do we take those lessons and apply them to our utility.

We've also reduced our budget since 2018 by \$42M. This is our way of just trying to get leaner and without passing on higher and higher costs to our community. We've deferred about 40% of our capital projects. This is something that you know, you can't maintain this. This is going to catch up with you and then you're already behind on our schedule going into the pandemic, the supply chain issues, all the inflationary prices that we're currently facing. That was an issue back then and a lot of this—some of this is being forced, but some of it is being done for just financial reasons for us to try to manage our way through where we are.

Then, we also saw a huge dip in our revenue due to all the support that we provided to the community during the COVID pandemic. We were the longest utility in the region with having moratoriums in place and those moratoriums were in and out of service over an 18-month period. Nobody else went that long.



Why is Rate Increase Necessary

- Market increases since last electric rate increase in 2018 / (5 years)
- Market increases since last water rate increase in 2013 / (10 years)
 - ENR Building Cost Index - Increased 41 % over 10 years
 - Contractor bid price increased 70 % over 10 years
 - Overall material and service increases (see next slides)
- Evergy and other utilities are raising rates for the same reasons
 - Evergy raised rates in Missouri
 - Evergy is in process of raising rates in Kansas
 - WaterOne is raising rates in Kansas

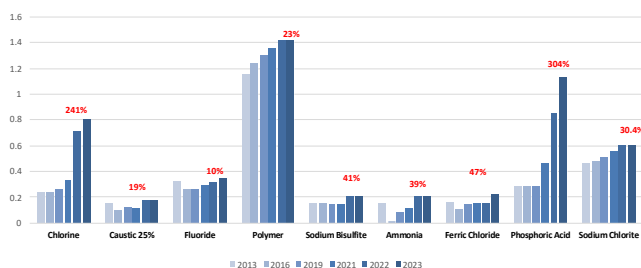
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I talked about the time period since we've had rate increases. The Building Cost Index over the last 10 years has been 41%. Some of our contractor prices and this is just some of them, some of them are exceeding 70% price increases over 10 years. Materials, we'll get into those in a few minutes. You'll see how sharply those material increases have been that we've been trying to manage.

Also, we're not the only one having to face the challenges we are. Evergy has already raised rates on the Missouri side. Today they are having meetings in Johnson County, they're having meetings throughout Kansas because they are in the process of having public meetings. They have a case in front of the KCC to raise rates on the Kansas side and WaterOne is also doing it. Those are just all of us in the local region that are having to try to manage our way through what we're dealing with.



10 Year Trend - Chemicals



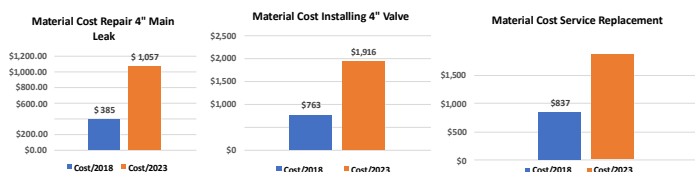
14

Here are some 10-year increases on chemicals and a lot of this was presented to the public in our public hearing, so this is something our public can see, but you can see the stark increases on some of the chemicals that we use just to treat our water system.

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Supplies & Material Costs



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These are just general supplies or on the water side as well or just materials for installing infrastructure and in this case a four inch main, a four inch file, and just a service line or replacement. You can see the stark increases in materials that we have to purchase and then allow those prices—are oftentimes passed over to our customers or sometimes we just absorb those costs.



Supplies & Material Costs

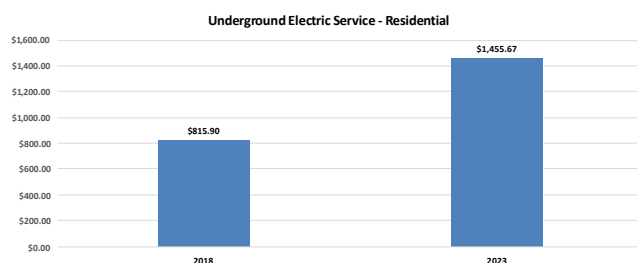
Overhead Electric Service Categories	% Price Increase since 2018	Underground Electric Service Categories	% Price Increase since 2018
Polemount Transformers	100%	Padmount Transformers	175%
Wood Poles	56%	Conduit	349%
Concrete Poles	49%	Rebar	88%
Wire and conductor	61%	Enclosures	58%
Insulators	66%		
Crossarms	101%		

16

Here's a little bit of increase on the electric side. The biggest challenge for us is getting transformers. The whole country is dealing with shortages of transformers and supply chain issues and all of us are talking to our federal representatives and senators. We're talking to, in our case, America Public Power, Edison Institute for industrial and utilities and private utilities and we're trying to impress upon them that this shortage is going to really put utilities in a tough position, not only to replace the stuff that we're out of and the stuff that's damaged during storm periods, but also gives us—it affects our ability to be able to support economic development projects too. So, you know, we need these things in the pipeline. We need to be able to maintain our shipment of supplies and materials. These are some of the increases that we've had since 2018 on the electric side.



Supplies & Material Costs



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Then, of course, like on the water side, this is the cost for us just establishing service, so this is a typical underground residential service and the price is almost double over that time period.



BPU Proposed Rate Changes

The BPU electric rates have not increased since 2018 (5 years)



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When you look at our rates and you talk about how does BPU compare within the area, the light yellow, and I know it's hard to see, yep, light yellow is where we currently set today. The orange color is what the rates and how we would compare if the rates get approved by our Board of Directors, so we're still very competitive, we're kind of right in the middle, we're not anywhere near the high end, but I would say we're not on the low end either.



BPU Proposed Rate Changes

The BPU water rates have not increased since 2013 (10 years)



19

On the water side, same thing. Here's how we compare to other water systems in the area. We're pretty much in the middle. The light yellow is where we currently set. The orange is where we would be if the rates got approved next week.



Contributions to the UG

BPU contributions to the Unified Government/community - 2023 BPU budget:

- **Direct Payment and Expenses - \$38,984,164**
 - PILOT - \$37,029,230
 - Street Lighting and Signals - \$1,312,439
 - Fire Hydrant Services - \$642,495
- **Other UG Services - \$8,599,829**
 - UG Facility Energy and Water Charges - \$7,565,529
 - Billing Services - \$1,034,300
- **Total Payments and Contributions - \$47,583,993**

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I want to talk about what we call either contributions to the Unified Government or contributions to the community and a lot of those payments are direct payments that go to the UG in the term of—and that's \$47.5M annually. This is all based on our '23 budget. I know Alan gave some numbers earlier that were '22 Actuals. These are projected numbers for this year, so I just want to make that distinction. The direct payments for PILOT, \$37M, is what we're projecting this year. Streetlights, fire hydrant maintenance, you can see those and then the facilities, energy and water charges is what the Unified Government would pay if the Unified Government was actually paying a bill to BPU. Then, for us just to get the bill out, this is a percentage of what we would charge the Unified Government if the Unified Government was paying for those services.



APPA Member Comparisons

2023 Public Power Statistical Report:

- > Median PILOT and Free and/or Reduced contributions by public power utilities to cities as percentage of its gross operating revenue, 2020.
 - > Median utilities with revenues of \$100 million and higher - 6.9%
 - > BPU - 2023 budget - 14.56%
- > Median Payment in Lieu of Taxes alone by public power utilities - 6%
- > Percentage of all municipal utilities providing free or reduced service - 42%
 - > Percentage of municipal utilities providing reduced rates for street lighting - 33.5%
 - > Percentage of municipal utilities providing reduced rates for traffic signals - 13.4%

21

Here's some Public Power Statistics from American Public Power and the question that went out was give us—they collected information on PILOT free and reduced services. On an average the median income—the median level for utilities at \$100M in revenue or higher total, those utilities were paying 6.9% of their operating budget—or operating revenue to their local government. BPU pays 14.56% of our operating revenue to the Unified Government, so that's over twice as much as within the national average, so the median utilities our size, in our size category.

Payment In Lieu Of Tax, that's about a 6% average across all utilities and percentage of municipal utilities providing free or reduced service is about 42% of all utilities in the United States provide free or reduced services. Remainder, 33% provide reduced services for streetlights, 13% for traffic signals, which you can see the vast majority of the Public Power Utilities in the country do not provide those services.



BPU Compared to an IOU

Current Status (2023 BPU budget)		Under IOU Service (2023 BPU budget)	
UG Currently Collects		UG Would Collect	
Property Tax from BPU Facilities	\$0.00	Property Tax from BPU Facilities	\$0.00
PILOT from BPU Revenue (@11.9%)	\$37,029,230.00	PILOT from BPU Revenue (@11.9%)	\$0.00
Franchise Tax from BPU (@ 3%)	\$0.00	Franchise Tax from BPU (@ 5%)	\$15,558,500.00
	\$37,029,230.00		\$15,558,500.00
BPU Currently Collects		Costs Transferred to UG	
UG Electric/Water Services (WPA & Golf Payments)	\$528,000.00	UG Electric & Water Service	\$7,565,529.00
UG Billing	\$0.00	UG Billing	\$1,034,300.00
Street Lights & Signals	\$0.00	Street Lights & Signals	\$1,312,439.00
Hydrants	\$0.00	Hydrants	\$642,495.00
	\$528,000.00		\$10,554,763.00

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I was also asked, what if BPU—KCK was served by a private utility and so IOU as an investor on utility, sometimes called private utility. There's a huge one in the area. I'm not going to call them by name, you all know who they are. So, currently on the left side, BPU pays out about \$37M and

that was from the previous slide in contributions and we collect about \$528K back from the Unified Government both from the Water Pollution and from the Sunflower Hills Golf Course, so \$37M and some change and then we get \$528K back.

Now, if this was a private utility, and I would like to make this caveat now, I didn't capture what the sewer charge or the stormwater charge would be in here. I'm just looking at comparing where we are today in terms of what we offer and what we pay and then what comes back. Alan did include that, so as we update this, we'll have to also include what BPU would pay in terms of stormwater and wastewater. I also just want to make sure that's clear.

Just comparing apples with apples here, we would not pay property taxes because Evergy doesn't pay property taxes anywhere and by State Statute I've learned that the Board of Public Utilities cannot pay property taxes even though we say we're paying—making a Payment In Lieu Of Tax, we can't pay property taxes either and we can't—and they will not—you'll not be mandated to pay property taxes as well, so they do not. They would not pay a PILOT to the Unified Government, but they would pay a franchise fee at 5% and that would be about \$15.5M.

At the same time the Unified Government would have costs that they would have to pay to invest their own utility and if everything was equal, nothing changed, then you would pay the \$7.5M in utility services at full retail rate, but also pay for—and part of that, that we bill for you, if they're doing that type of service or if you do it yourself, it'll at least amount to that much or more because I don't know that we're charging you all that we've charged because part of the rates have gone up over time. So I do need to make sure that we go back and revisit that one.

Streetlights and hydrants will also have to be paid for just like all the other cities are doing, so that difference would be somewhere around \$5M of net benefit for the Unified Government as opposed to \$36 something million, so that's quite a difference between the benefit that BPU provides to our local government to benefit the BPU provides to our community. What we're trying to do is let people understand the value of BPU in KCK/Wyandotte County.



Benchmarking Suggestions

Review of Contributions:

➤ Conduct benchmarking survey to see what other KC metropolitan cities are collecting in terms of free or reduced services from their local electric utility. To my knowledge, none of these cities are receiving any

- Bonner Springs
- Edwardsville
- Kansas City Missouri
- Overland Park
- Independence

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We also, like I said earlier, we do a lot of benchmarking. I personally do a lot of benchmarking. I've also checked on the cities listed here in the local area to see if they're receiving any additional benefit from the private utilities that serve them and they are not, so they're having to pay for all the other things that was on the previous slide. The only thing that they collect is a 5% PILOT, the 5% franchise fee, I'm sorry, but they're not getting any additional services from those industrial utilities, so they're having to bear all that cost themselves.



Payment in Lieu of Tax

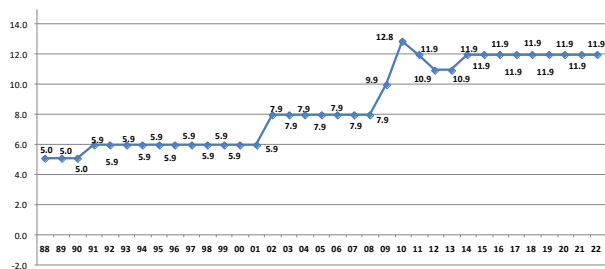
- As part of the Charter Ordinance, the PILOT is assessed against BPU gross revenues.
 - The UG sets the rate for PILOT on BPU customers each year.
 - Payment in Lieu of tax is collected by the BPU and transferred to the Unified Government (UG) each month
 - BPU is exempt from property taxes
- Investor Owned Utilities (IOU) pay a franchise fee to local governments for the use of its right-of-way
- IOUs in Kansas are not required to pay property taxes within communities they are serve

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Payment In Lieu Of Tax. I think we know by definition what that is. I'll just cover it. Most of this, investor owned utilities pay a franchise fee and then I've also addressed the third line for property taxes which they are not required to pay.



Historical View of PILOT



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Here's a look—this is information we've already provided to the Unified Government. It shows historical view of PILOT going back to 1988 and you can see where it started at 5%. Prior to that what Angie had talked about, it was actually down to 3% and then it's kind of gone up over the years. I'll get a little bit into the periods around 2009 to 2012 when these two elected bodies last met and some promises that were made back then, but there was also some promises that was not kept. That will come in the next slide, next few slides.



PILOT Comparisons

Comparable PILOT data with other municipal utilities

- Board of Public Utilities, Ks. - 11.9%
- City of Springfield Utilities, Mo. - 3% (electric) / 4% (water)
- Independence Power & Light, Mo. - 9.08% (electric)
- Rochester Public Utilities, Minn. - 5.3% (electric) / 3.1% (water)
- Lansing Water & Light, MI. - 6% (electric) / 6% (water)
- Lincoln Electric, NE. - 5% (electric)

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I also looked at—again, talking to other peer utilities like ourselves, City of Springfield pays a PILOT rate of 3% on electric, 4% on water. Independence on the Missouri side pays slightly over 9% on the electric side. Rochester, Minnesota pays 5.3% on the electric side, 3.10% water. Lansing, Michigan 6% electric and 6% on water. Lincoln Electric 5%. I've listed these because these are all Public Power Utilities in cities, they're all close to our size, they all have—except Independence, they all have Board of Directors, they're similarly situated as BPU, they serve communities, they all have union labor. So, when we compare ourselves against each other, we're

getting very close to comparing apples with apples and our costs are sometimes a little bit different in terms of what those communities have to pay.



PILOT Suggestions

Suggestions:

- If the UG continues to charge a PILOT then examine how other cities function while receiving less PILOT from their local municipal utilities
- Consider a long term plan for reducing PILOT to the national average of 6%
- Consider lowering the 15% cap on the PILOT to 10%
- Consider forgoing the windfall effect when BPU raises electric and water rates
- If the proposed BPU rate increases would get approved, it would generate the following:
 - UG would gain an additional \$749,700 increase in PILOT payments
- See handout memo....UG committed in 2009 to reduce PILOT from 12.8% to 9.9% after 2 years

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Here's some suggestions. If the UG continues to keep the PILOT in place, then certainly I would say map out a long-term strategy for how do we strategically get there over time and get somewhere close to the national average of 6%. I know that's going to be a challenge for the UG. I know that's not going to happen tomorrow, but I would say, how do we get there because these other communities are there.

Then, I think the cap on the PILOT should go from 15% down to 10%. This is Bill Johnson's personal opinion. I haven't asked the Board where they would like to see this. I'm just stating what I think makes sense and then you'll see why later when I get to the last line and then forgo any windfall effect that may take place when BPU raises rates. This has been an ongoing conversation for many, many years between the General Manager at BPU and the County Administrator for the Unified Government. The rates are already higher.

When we raise rates, you get the windfall effect because it's a percentage of our revenue. When our revenue goes up, we get that windfall effect, so you can cap that or agree not to accept it, then that gives this community some rate relief as well. So, how much is that, about \$749K is what we're projecting for both electric and the water side of what that increase would be if the rates go in as we've asked the Board to approve. We're not there yet, so that's where it'll be.

In your handout, and I don't want to take your attention away from here, but in the handout I did give you a memo from the 2009 joint meeting where the Unified Government made a commitment to raise the PILOT—when they raised the PILOT from 9.9% to 12.8%, that after

two years they would go back to 9.9% and keep it there. That's the commitment that was never kept.



BPU Energy Management

- Over the past decade, BPU has managed its own consumption by doing the following:
 - Each BPU facility is assigned a budgetary expense based on its electric and water usage
 - Installed LED lighting and/or sensor controls in a number of locations
 - Upgraded HVAC systems in various locations
- Suggested Actions for UG Energy and Water Usage
 - BPU could provide the UG with greater visibility of all of its electric and water usage
 - The UG would then be in a better position to create energy and water savings

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Over the past decade BPU has managed its own consumption and this whole question came around in the form of how does BPU and how does the Unified Government manage its energy usage and I can't tell you what's going on at the Unified Government. I can only make some suggestions. What we've done is for every one of our departments we've assigned a budgetary number to a line item in all of our budgets that goes back and charges every place that have facilities with an electric and water charge in part of our budgeting exercise.

The other thing we've done is replaced a number of LED lightbulbs within buildings. We've upgraded HVAC systems to try to make ourselves more efficient that way. So, some of the suggestions that, I would say is, I know we give information to the UG. I guess I'm interested to see if that information is sufficient, because if it's not, then we can probably do a better job and give you greater visibility of what that usage is and that'll give you an ability to be able to see how you can better manage services on this side.

Then, also, whatever projects you have, whatever programs you have in place, you know how effectively are those working and if we can help with any of that, we've got engineers, we've got other people that can look and give you estimates, make run calculations to say if you do this and here's what the impact may be.



BPU Financials

- 2023 Summary of BPU Financials
 - Value of Assets - \$1,069,848,798 (less depreciation and construction)
 - Electric Utility - \$793,561,935
 - Water utility - \$283,139,964
 - Total Debt - \$885,115,696
 - Electric Utility - \$754,160,051
 - Water utility - \$130,955,645
 - Combined Revenues - \$335,537,381
 - Electric Utility - \$288,232,658
 - Water utility - \$47,304,723
 - Credit Ratings - Moody's = A2 and stable / Fitch = A and stable / S&P = A and stable

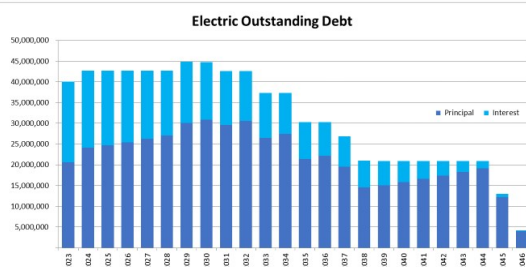
29

It's also been asked for what does BPU financials look like, so I'm starting with the value of our assets less depreciation. I'm not saying this is the valuation of all the assets as they went into service. It's just where we set today after a lot of those assets have depreciated, so it's just north of a billion dollars in assets. I've broken them down by the electric and water utility. The total debt that BPU owes today is north of \$885M, so there's not a lot of margin between the value of our assets and the debt that we owe. Our revenues are \$335+M and I've broken that down.

The other thing that's important is even though we have healthy credit ratings on the bottom, part of this is based on BPU's inability to manage its way through. A number of issues have come up and we meet with our credit rating agencies every year. We just had a call from one yesterday, but also part of that is BPU taking certain action either in increasing revenue or taking other action and reducing costs to kind of make sure that we are continuing to be stable in our financial position.



ANNUAL ELECTRIC DEBT SERVICE



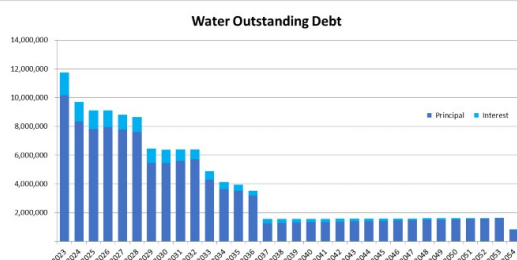
30

Looking at our debt service, you can see here how it looks over time, so there is a drop-off that's expected. We did go out just a few years ago when the markets were more favorable and

refinanced a lot of our debt and we accomplished about \$33M worth of savings on our debt because interest rates were down and now the interest rates are starting to go back up. So, every chance we get an opportunity to look at this debt, go back to the market and refinance that debt, we'll do that as a way of saving money as well.



ANNUAL WATER DEBT SERVICE



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Here's the debt for water. You can certainly see a steeper drop there and we have been successful with managing our way even though there's not a lot of cash, even though there's not a lot of cushion there, we still try to manage and work our way through what we need to accomplish year by year.



Economic Development

- For decades the BPU has partnered with the UG and WYEDC to pursue economic development projects
- The BPU offers a short-term economic development rate when applicable based upon application
- The BPU board has a small economic development fund to assist developers who meet our policy objectives
- By policy, BPU invests millions of dollars to extend infrastructure to accommodate growth

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I was asked the question about economic development. We're getting closer to the end, but the question about economic development, so for years the Unified Government, sorry the BPU, has partnered with the Unified Government and Wyandotte Economic Development Council and this has been ongoing way before my time as GM. We're still working with the Unified Government on projects as they begin to service, and with WYEDC too, and I think there's some opportunity

there further. It's all of us getting on the same page on how and where we want to see planning go. I know Planning has taken on an exercise of its own trying to figure out how to pull all these different Master Plans together and then what does that look like over the next few years as we do move forward.

I am very appreciative that this Mayor has made a commitment that BPU would be brought in very early in a lot of these planning decisions when it comes to economic development because that was not always the case even though we were saying we wanted to be there. Things have gradually gotten better on that front, but I don't want to also miss what Alan said earlier, for most of the time, and nobody's perfect, brothers and sisters don't agree all the time, sisters and brothers and brother's don't either, but for most of the time day in and day out, staff between the BPU and the Unified Government work very well together and we get a lot accomplished by working well together. I want both elected bodies to fully understand that we don't really have any issues on the staffing level. You know from the administrative management side down throughout the workforce, but there are some complicated things that we all need to face as elected officials. It's me and the County Administrator, because there's a lot of challenges out there facing the Unified Government, there's a lot of challenges out there facing the Board of Public Utilities and where do we go forward with working better together.

We do offer up some economic development incentives where it makes sense. I mean we don't have a lot of money just to throw at projects. We want to make sure that we're making smart decisions on what we invest in so that there is a return on that investment and that it does serve the community as well as we possibly can when we do make those. Normally when those projects show up, a lot of times they show up in areas where we don't have infrastructure, so BPU has had to make huge investments, millions of dollars, just to extend infrastructure out to get the locations where we don't—so this community can enjoy the economic development projects when they show up here and then they start producing revenue for us or paying taxes for the Unified Government or employing people in our community. I mean that's the end goal that we all want to get to, so we do work well together there and this utility does make some huge financial commitments. I don't have any numbers. I just want to make that statement. If you want to revisit that later, we can certainly do that.



Community Assistance

- As part of the BPU mission statement, the utility assists customers in a number of ways
 - BPU is one of the top 10 organizations in the metro when it comes to employees donating to the United Way
 - BPU offers two utility assistance programs to help customers pay their bills => since 2009, BPU has paid over \$2.3 million in direct support
 - BPU offers the widest range of bill pay options in the area
 - BPU offers the most flexible payment arrangements in the area
 - BPU Golf Tournament has donated over \$740,000 to children's charities

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We also work very hard to assist our community and I would say we go farther into assisting in our community than anybody, any other utility around here. COVID, the example I gave earlier, one example, in terms of employee giving and what we do in the community, you know, BPU is not a large organization, but if you look at all of the organizations that provide support through United Way efforts, we're in the top ten. We're actually number 10, so I would like to see us stay there if not move up, at least stay at 10 and don't drop out, so our employees does give a lot of their order in dollars to United Way and then utility also matches that. This is through Board support, we've matched that for a number of decades. I can't go back to the beginning. I didn't have time to research that. I don't know if all the information is there or not. Since 2009 we paid out over \$2.3M in direct support for helping people—to help people pay their utilities and these are all monies coming out of the BPU budget. So, if there is any other thing that can be done there, we certainly welcome that. I would say that when the COVID money came in, the Unified Government did make a commitment to send \$600K to United Way and that money was eaten up in no time, so thank you for that commitment there.

We have the widest range of pay options. I know the question came up earlier and I didn't answer it, but why is our lobby not open. We have invested in so many other different ways that the community can pay and financially it'll cost this community four or five times more money to operate that way as opposed to what we're currently doing. I'm more frugal than that. I don't want to waste taxpayer money, ratepayers monies, and I'm also looking for ways of how do we operate and get our customer service even in a better position than where it is today, so those payment arrangement options exceed anything else that we can compare ourselves to.

We have the widest flexible payment arrangements in our policies and are on our website so you can see what those policies are and what they state. There's more people in our community

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that takes advantage of payment arrangements and even breaking payment arrangements and then we reissue payment arrangements and reissue payment arrangements, so we're really extending ourselves there.

Finally, on this sheet, this is another thing that BPU does quite well over the years, we've got a golf tournament at Dub's Dread that has been going on for a number of years and we actually have given quite a few dollars to local childrens charities and the other contributions we make go to charities in our community through United Way. This is another way of supporting that beyond United Way.



Recommended Next Steps

- The UG and BPU should get back to our Joint Quarterly Meetings
- Both elected bodies should meet at least annually (or semi-annually) to work on a path forward
- Both entities should work toward paying for the services they use
- Continue to work on strategies to improve our communications to those who we serve

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Here's the last slide, recommended next steps. I think it's important for us to get back on schedule with our quarterly meetings and the quarterly meetings—high level quarterly meetings where the two At-Large Commissioners, a Board President, Vice President, General Manager, County Administrator, the Mayor and whatever staff that we bring based on what's on that agenda and how do we have those conversations between both bodies.

Then, for this group, I think it's important that all of our elected officials meet either on an annual basis or semi-annual basis to try to figure out where do we go after this conversation tonight and then anything else we need to work on together, how do we do that with our elected officials working together on that.

The other thing is we should also look at how do we pay for our services. You know whatever services we need to pay to the United Government we need to pay on. Whatever your services, the Unified Government should pay the BPU—I feel the Unified Government should pay those because every other city is doing that and when you don't pay, that means that cost is going to other people in the community who would have to subsidize that. We hear that from our

industrial customers, we hear that from our residential customers. If the Unified Government was 10, would our rates be as high and the answer is no, so more consideration. Again, this is just information I'm passing along. Don't take it any other way please.

Then, continue to work on strategies on how we can better communicate everything we want to do and how can we agree on how we're going to serve the community, the people that we serve.

This is the end of the presentation. I want to end it on that note. I think the challenges are in front of us, but I think the ability to do better is right here in this room, around the table.

Mayor Garner said thank you Mr. Howze and thank you Mr. Johnson for those presentations. We're going to transition now. We're going to start with the Board of Public Utilities elected body and I'm going to turn it over to the President and I will let you facilitate the Q&A with your Board to either the Unified Government staff or to our commissioners on any questions of interest that you may have.

Ms. Mulvaney Henry said I will open it up to the rest of the BPU Board Members if you all have any questions based on the presentation earlier that Mr. Howze presented and Angela presented or anything that came up in between.

Jeff Bryant, BPU Board Member, said not so much a question as a statement first. Thank you Mayor, Commission, and staff for meeting tonight. I miss this room, so it's nice to be back. Mine would be a suggestion to at least look at, and it's something that would require a charter ordinance change, would be unbundle the residential, commercial, and industrial rates for the PILOT so that each one can be set at a separate level because two things you can do with that. Number one, you can lower the residential so that we're not burdening our citizens as much. Number two, if you unbundle the commercial and industrial as business ebbs and flows in our community, you can adjust those rates to follow where the growth is so you can garner the best amount of revenue as possible for the city. That's all I have.

Ms. Mulvaney Henry said, Commissioner Bynum, did you want to address that one? **Commissioner Bynum** said the PILOT Review Committee that I created that the Mayor asked

me to create, included Rose Mulvaney Henry and several community members. We had great help from both BPU staff and UG staff and we brought the recommendations forward to a Special Session of the Unified Government on May 18th. One of the recommendations we brought was the charter ordinance change to unbundle the rates for the various levels of BPU service, so we're actually revisiting that right now to review that ordinance again. We brought that forward in February and held it so that the PILOT Review Committee could finish their work and bring forward the recommendations. We're actually looking at it again right now because it is budget season for us and anything like this that we would do would have a budget implication. So, it's a great idea.

David Haley, BPU Board Member, said certainly I appreciate the overview brought by County Administrator Howze and our GM, Bill Johnson. I learned a lot, we learned a lot. Just a 15 second comment and then the question. I remember in '97 I had the honor of advancing to the General Election for Mayor/CEO for the first time on the Unified Government—Unification of Government and the question came up then, why didn't we unify or bring into consolidation the BPU, our utility. It was a big issue during consolidation. It was the one component when our County and City were merged that was not taken into account. The statement that I made then to a former media outlet, the *Kansan*, that was there, I said had that not been done—I said as the candidate, that the BPU could potentially become a “slush fund for the administration of the new consolidated government.”

I'm so pleased that we're here today talking about this, 25 years or more later, because the perception among so many of the constituents that each of us serve is that the UG is utilizing our utility, which our UG owns actually. It's one of the greatest assets, I think, that we have is one of the points of pride. Certainly for me as a member of this community, is it's owned—our utility we can go through these details and we can decide among ourselves how we rectify the perception and perhaps the reality that the only benefit that we have by owning a utility as a Unified Government is to use it to fill the gaps as a, not a slush fund, but something a little better stated.

I'm so happy we're here tonight and the presentations were both flawless, even Angela's background educated me a little bit better. Let me finally say, you know, I know each of you sitting around the table. I've known you individually, I worked with you and we have worked together. I mean you commissioners and those on the Board and the staff, we've been doing this

a long time and I know that all of you want to see us ease the perception and the hard reality on our taxpayers, our ratepayers, our citizens whether they're real or not, but what we simply can't afford anymore. I hope that we reached the point that you, certainly the commissioners, who control the destiny of how we do this, will consider bifurcating the bill to do some transparency, some truth in what are taxations for those funds that are being drawn in the name of BPU charges for which we collect as we're required to do under the charter because we weren't consolidated in. Please commissioners, we're all serving the same constituency to at least find a way to have that bifurcated bill and to lift the disconnects for those unpaid taxes that we, the tax collector on the BPU have to do, and to give a little more time because we have to pay that back into the General Fund.

That's my only ask really through all of this because all of us have heard the concerns that we have within that. Finally, I'll say there was a measure in the legislature, Senate Bill 154, I know because I introduced it, that would cap all of the municipal charges at 15%. That would be the PILOT, the ones that were eliminated—that were delineated, sorry, it would be 15%. We got a hearing on that. It would be 15%, everything, the PILOT and those charges, it would cap at that. Actually, that would be somewhat fair and maybe that will one day be something that the state can do to add to it, but I would hope that we could reach that—do that among ourselves that we can reach that and certainly bring greater equity. I appreciate Mr. Johnson going through the differences and what are collected through the BPU and those other utilities that are in the area and we reach toward those goals ourselves. Again, bifurcate the bill and not be so onerous during that time. Again, thank you Madam Chair and members for hearing me out. I hope we do reach some resolution. I'm glad we've had this time.

Robert Milan, Sr., BPU Board Member, said to be really clear, but going back to consolidation in 1997, the City, I kind of got—paying a little tax at that time was 5.9%. Today it's 11.9. The records show very clearly the PILOT funds are well needed, but it usually is government trash collection, sewer charge, wastewater. I have no problem with that service. It's what we need in the community. The problem is all of the systems do not pay a part of that Payment In Lieu Of Taxes. We have 65,000 customers that has an account with BPU of 160,000 population, so that means 90% of the persons are not paying private account with BPU. So, that means the rest of us that have an account is paying the difference. Keep that in mind.

Our recommendation is very clear. For the last 20 years Standard & Poor's, have all recommended and suggested the Payment In Lieu Of Tax to be around 7.49%. That may be a little unrealistic at this point based on another fact you saw tonight, Springfield and another place, but I advocate that we need to make sure the service this community needs, trash, sewer, stormwater is a needed item we need for the quality of life in this community. Therefore, let's take a look at how we can reduce a PILOT that can be responsible for everybody including those that have no account with the Board of Public Utilities. On the water side, we have 50,000 people that has the account, water bill only, that means there's 50,000 more who don't pay a dime, but they drink water, take a shower every day.

Keep in mind the presentation Bill made tonight is very clear, well done, appreciate it. So, I hope the UG takes advantage of the presentation tonight and do their best to accommodate what's been recommended.

Mary Gonzales, BPU Board Member, said I would say one of the largest complaints I've got recently is usually trash pickup and I see a few commissioners that I've sent emails to. I don't know how to solve that problem, but it's one that I hear a lot about. Another thing is, I think Bill mentioned, going forward, we need to really communicate and increase our communication and that is so key. When we have the public come to our meetings, there's still so much disinformation and misinformation about the PILOT, about the bill, who pays what and our public really sometimes is clueless. So, we need to work together on trying to educate our public a little bit better about what our services are and who's responsible for each.

I appreciate, Mayor, the opportunity. Mr. Kane and I were, and Mr. Milan, were about the only ones that were present before and we were hopeful in those. We were not happy to help with raising the PILOT for that period of time, but we were hopeful that the word be kept and it would be lowered again, which has never happened. That's not anybody's fault that's here because none of you were here, but that's my hope going forward, except for you Mike, that we can work together to make some resolve for our citizens because as everybody said, we all serve the same group of people.

Tom Groneman, BPU Board Member, said I would like to just thank the Mayor and the Commission for inviting us to come over and set in on this and have a meeting. I understand that

this is a very, very complicated situation and position between the BPU and the UG. There's a lot of moving pieces and every time that we do something or the UG does something, there are unintended consequences and so coming together like this to discuss these issues ahead of time or whatever is very important. I hope that we can get together in the future to continue to discuss ways to where we can make improvements.

Ms. Mulvany Henry said I'm going to make this very brief because I do want to give the commissioners some time to ask some questions. I just echo the, you know, what we're trying to accomplish here. We've got to separate these in some way. I know we've done our best to try to separate them on a bill. You know our public is confused and understandably so, I get it. The one thing I can think of is that folks who have to manage their budgets and their income on a week-to-week basis, you know, it's really hard to decide if you're going to pay your light bill or if you're going to pay something else. A light bill, it's your power, it's your water, it's everything and sometimes a \$500 bill or \$200 bill, it's too much. Even if we had different due dates for these things in a month, you know, I think that could provide some relief because it allows people to budget differently.

I remember being in college. I remember how I had to pay things. It wasn't always pretty, but you knew when this was due. You knew when that was due and you could budget for it that way. I don't know if that's going to solve the problem. I'm just trying to find some way to bring relief. I won't talk any longer, so Mayor, I'll turn it back over to you.

Mayor Garner said thank you Madam President and thank you to the BPU Board, appreciate your comments and, again, thank you to Mr. Johnson for the presentation.

I'm going to open up for our Unified Government commissioners. It seems like they're ready to go. I'm going to start with Commissioner Kane.

Commissioner Kane said I think we failed miserably in living up to the agreement we made some time ago and it's unfortunate. I do agree with Melissa, what she talked about is separating it and I talked to Rose today about sending the bills out at different times, which wouldn't be near as big as a burden. I didn't know we weren't continuing to have the meetings and I think it's very important that we get those meetings back rolling and that we have meetings where maybe it's just

us, the elected body, and without extra ears saying how can we improve what we're doing to help the community because it's been a long time, but we have met since 2009 or whatever, but it's been a long time since we have done it and we need to know—and your meetings are like ours. Tonight's open mic night and I'm sure some stuff will be said, but I think we're doing the right thing by meeting right now.

I appreciate the Mayor and Mr. Johnson getting this together. I'm not sure I agree with everything on all the slides, but the truth is the truth, right, so you have to work with that. That's the bottom line and figure out what we can do to help the community.

Commissioner Ramirez said thank you Mr. Johnson, Madam President, and BPU Board Members for what you do for our community and all the hard work that you do. I would go along and support bifurcating the bill between our charges and BPU charges so that transparency and as Madam President said, it will be easier for our constituents, our residents, to budget better and to be able to know beginning of the month are my BPU charges, beginning at the end of the month are my UG charges for sewer, wastewater, whatnot. So, I do agree and I think that is something that, hopefully, we can build consensus with them, amongst the colleagues, that we can give some direction to Administration to look into the idea of the cost and what that would look like and how we could transition to that and what that would look like. So, hopefully, we can work to that amongst ourselves and build that consensus.

To attack the bigger issue of reducing the PILOT, I support reducing the PILOT, but in a strategic way. Later tonight we're going to be hearing a proposal for us to—we're forced to cut \$15M from our budget, but also let's reduce our PILOT. We can't have our cake and eat it too. If we want to provide real relief, it needs to be thoughtful and strategic. We can't just be throwing things at the wind and see what catches. We have to work together and find ways, and amongst the BPU Board and the UG Commission, to find ways to make it work. I want PILOT relief. That's the one thing I hear a lot is the PILOT relief, PILOT and tax relief. Let's do it, but in a way that's meaningful and in a way that is not going to hurt either organization because we're in this together.

We serve, as many BPU members said, we serve the same people, the same constituents, the same families that are hurting every day and we know that, but we need to be mindful. As a lot of us say, we hear, our constituents want more, but yet they want lower taxes. We have to find

the careful balance and the careful balance is not just throwing things to the wind and seeing what catches.

So, yes, I agree we need to lower the PILOT, we do, but in a thoughtful, strategic way where it's a win-win for everybody. We can still provide the services that we can to our constituents, BPU can still provide the services to their constituents and the constituents can enjoy those services, not—I'm trying to say this in a better way, not mounted services. Services that are actually genuine and services that they deserve to have. I want to continue to have the conversation, continue to work with our staff, work with BPU staff to find ways where we can reduce the PILOT and provide that relief to our constituents.

Commissioner Townsend said good evening Madam President and the Board of Public Utilities. Thank you Mayor for getting us back on track with having this meeting. Since I've been here in 2013 there have been several other meetings such as this. Sorry to say, COVID intervened. Mayor Holland convened this joint meeting several times during his term and like I said, I think COVID intervened during Mayor Alvey, so I'm glad to see this one take place.

I have to commend Mr. Johnson on—Mr. Bill Johnson of BPU, there's several in the room tonight, on his presentation which was quite needed, so I'm going to have to go back and hear this again. One of the things that this environment provides an opportunity for me to ask, and Mr. Johnson has already spoken to it, is customer service access. For many years people were accustomed to going to the BPU office at 7th & Minnesota and I've heard over and over from my constituents that they miss that opportunity to talk face-to-face about their bills.

During the quick notes I took, I understand that since COVID, you're saying that there has been a lot of cost savings by not having that open again. I don't know if you have a figure on that savings, but the counterbalance is what the public, the constituents are not feeling in terms of being able to talk to someone there to work out whatever problems they have. I'm particularly addressing those people who may be super seniors. What if they don't have an advocate or some needs sister, child, friend that can aid them and they are not going to be in the group that's punching apps and that type of thing. So, do you foresee reopening that or another center where the public can come in and talk face-to-face and I'll take an IOU, if you don't have it here, on how much money we're saving because we are here talking about savings.

Mayor Gardner asked, Mr. Johnson, do you want to respond?

Mr. Johnson said to be honest, Commissioner, I really don't see a fiscal way of getting there and I think that we all need to remind ourselves that the price of utilities, the price of local and city/county government is doing nothing but going up and I think my responsibility is how do we provide the best service we can possibly provide at the cheapest price we can provide it. In going that direction, I don't see the customer service benefits and I certainly don't see any savings behind that. All I see is us going back into the past doing what we used to do decades ago and us all eating that cost when it's not going to make that big of an impact on our community. We've made a lot of investments in technology and that's why we've been able to reduce our overall head count and we're also eating the cost of all those electronic transactions. Then, even by us doing that, our cost for what we're providing this community is cheaper than the rest of the communities utilities around here. So, we're doing more and offering better service. We're charging less for that, so I don't want to start going backwards and opening up things and driving our costs up higher to where we're matching the other utilities around us. Then we measure ourselves in customer service, we're not getting where we need to get to.

I appreciate the thought and those are conversations we've had at the utility. There's other ways of getting to customer service. Our telephones, you can do everything by telephone, you can do everything by website. You can do a lot of things by kiosk. There's a lot of different ways you can make and communicate and either start—you don't have to come into the lobby. You don't have to talk to anybody to start service. That's where we are today.

Commissioner Townsend said I appreciate your forthrightness that it is unlikely that we're going to go back to the days of the lobby at 7th & Minnesota, but I will say that for the constituents that I've talked with, they miss that opportunity. I know everything in terms of how we all serve the community, we can't judge only in dollars and cents and I'm a dollars and cents person because my comrades here know I'm going to ask about how much it's going to cost, what are we cutting, what are we giving up. But I do know there's a feeling that we are missing the customer service mark, so if we're not going back to the face to face, that leaves us with the phone service basically, correct, for people to ask questions? **Mr. Johnson** said correct.

Commissioner Townsend said okay. I know I have something else percolating, but I'll let it go for now. Thank you to all and this is a hard job.

Commissioner Johnson said thank you Mayor. I appreciate you for bringing us all together. Thank you to Mr. Johnson, President Mulvaney Henry, and even to David Johnston in his absence. We need to continue to do this. Just a few weeks ago we were meeting with the other taxing jurisdiction, the school districts, etc. Again, you know, as we are the leaders of this community, it's vitally important that we remember that teamwork makes the dream work and even though we're thought of as two different teams, we really are just one and we're affecting one customer.

First of all, out of curiosity, Mr. Johnson mentioned the debt service coverage that BPU is required to maintain. What is that particular debt service coverage? **Mr. Johnson** asked, could you repeat the question please? **Commissioner Johnson** said the debt service coverage that you're required to maintain, it's on page 11. **Mr. Johnson** said Randy, can you answer that please? **Randy Otting, Director Accounting for BPU**, said it's 1.6. We have a goal of 2 of meeting that, but we kind of grade ourselves against other like utilities and that's kind of where they are. **Commissioner Johnson** said that's the one, 1.6 and where are we right now? **Mr. Otting** said I have to—we're above that. I don't know specifically, but we're above that. **Commissioner Johnson** said really that's all that matters, that you meet it. I appreciate that.

I know Commissioner Bynum is going to talk about PILOT proposal, so I'm going to defer to her on that and just tell you upfront, I'm probably firm and in agreement with whatever it is she's going to say about that.

I would say that we, as a Commission, need to take page number 27 and make that our overall goal. I like all of them, in particular, lowering the mill—the cap from 15% to 10%. This idea of the windfall effect, thank you for having the insight to realize that. That is something we need to really capitalize on if in fact BPU goes and increases their rates. We need to have the mindset right now as a Commission for the UG that we need to figure out how we can make that as a benefit to our constituents, so as already identified, about \$750K may come as a result of BPU rate increases. I know that may not be a lot holistically to our constituent base, but that is something that we should strategically be aware of as coming down the pike as a Commission and be ready to take some action that could be beneficial to our community at all.

Then, I think—oh yes, I want to tell you all thank you to the BPU Board for having the Eco Devo fund. I think it was \$250K, whatever the number is, thank you. Is it \$500K now, even better. Thank you all for having that fund because it does make a difference to our community, so with that, Mayor, I'm done.

Commissioner Stites said first off, I want to say thank you for this meeting being brought together. I've been here now for 18-19 months and I've been asking for this consolidated meeting for that whole time, not just with BPU, but all taxing entities that we have within Wyandotte County because it seems like that we get the—commissioners, we get attacked as our taxes. You're raising our taxes, you're raising our taxes when we're just one—42% of the taxing dollar out there and if we don't have everybody in the room together trying to solve the problem like we are tonight and trying to pull the rope in the same direction, we're never going to get there because you have a community college that's out there, and you guys know the seven, right, and we have to be working together.

I'm going to tell you right now, make no mistake, there was a reason that past administration didn't have these meetings because they didn't want to have transparency. They didn't want to have collaboration. The 12.8% and then the constituents were promised that it would go back down to 9.9%, they were lied to and they have been lied to and continued to be lied to this whole time. Why it didn't go back, that's terrible. We treat our constituents terribly.

Mr. Milan, if you would and I apologize, I wasn't for sure exactly what you were saying on the 65,000 folks. If you would, would you be able to say that again, if you would, because I didn't quite understand it.

Mr. Milan said my reference is very simple. The population is 162,000 people, is that correct, our customers that has an account with BPU is 65,000 out of the population of 162,000, so do the (inaudible). That means 100,000 people don't have an account with us, who are they paying. We are paying for those people, we're taking care of those people, but unfortunately, don't have an account with us. That's my point. We have 63,000 persons that has a water bill with us, 30,000 do not have an account for a water bill. That's the difference.

Commissioner Stites said so am I right in saying this, that people that live in Bonner Springs that don't have an account, we're providing them a service, what is that service? **Mr. Milan** said not every day, take a salary—**Commissioner Stites** said they pay the PILOT on that water. **Mr. Milan** said no. **Commissioner Stites** said yes. When they buy bulk water, they are charged. When Bonner Springs purchases bulk water when they are in an emergency situation and they purchase bulk water, they pay the PILOT. Am I correct in saying that?

Mr. Johnson said we collect the PILOT on every active account we have. The amount of accounts that we have in our system will never match the total population of our community,

but are there people out there that could be account holders, I can't answer that question. **Commissioner Stites** said okay and that's where I was trying to get to.

As far as the breaking it down from—the rates from commercial, industrial and residential, I think that's probably something that I would be in favor of and bifurcating the bill makes sense. It makes it cleaner, it makes it more understandable for the folks out there. Unfortunately, I believe that it's going to be an additional cost that comes on to the UG side, that's the unfortunate part, right, it's going to be a cost to us. I don't know what that amount is going to be, but I think anything that we can do that helps make things more transparent to our constituents is good.

Commissioner Bynum said Board Members of the BPU, as I had stated earlier, I led a committee that did include your Board President, Rose Mulvaney Henry. However, I owe you an apology for not making sure that the rest of you knew the details of the recommendations that we brought forward and I have that PowerPoint of that presentation that we gave that night, so I will make sure that you have that as well. I thought that since you weren't present for that, I'll recap it super quickly. Our recommendation was that we're going to try to mirror the Kansas Homestead Tax Rebate Act, so we're going to put forward—the Commission will have to adopt this, but we're going to put forward 65 or over under the threshold income set forward by the Kansas Homestead Act, which is this year \$37,750 and within the ordinance draft that we're creating set to index annually with inflation and cost of living or disabled—**Ms. Mulvaney Henry** said or a veteran. **Commissioner Bynum** said or a veteran, but if you're disabled, then you're going to qualify for a zero PILOT. The PILOT will be gone from your bill. This is an attempt to address that most vulnerable resident who we know struggles and then also contained within a future draft for the charter ordinance change would be a PILOT reduction scenario.

In addition to that, what we're bringing forward this month to our Standing Committee member Groneman, is ordinance changes that revise our local ordinances around the sales tax and utility tax rebates and we're going to have those mirror those parameters as well, so that's coming forward first. We're going to revise our two local ordinances to make them match Kansas Homestead with these parameters, 65 or over, \$37,750 or disabled, and just to make that all the same set of guidelines and that also increases the number of folks that might be eligible for the

sales tax or utility tax rebate program which, frankly, is just another way for us to help provide a measure of relief.

Then, with the charter ordinance we're asking for the no PILOT for that category of folks and then the stairstep reduction of the percentage that we've been speaking of. So, I just wanted to share that with you so you knew.

The second thing I want to say is I'm interested in the conversation about the UG charges that are on the BPU bill. The challenge to me is that those are user fees, so just like lights and water are user fees, so is trash and recycling, wastewater, sewer, these are user fees, so these are charges for the use of those items. The challenge to me becomes—we understand why they're on the BPU bill because it's very convenient and it's a way to make sure that those user fees get paid. To me the challenge becomes if not in that way, and again, it's our challenge to deal with, but if not in that way, then in what way shall we collect for trash and recycling, shall we collect for the sewer fee, shall we collect for wastewater and water pollution control? In what way shall we do it and is there a way for us to do it that is more equitable. Is quarterly easier on a taxpayer than once a month? We don't want to do it in May and December because they already owe their real estate taxes then, so do we do it in March and October. I mean I'm just spit balling, but to me this is part of the challenge we face with finding a way to charge and collect those fees outside of the utility bill. That's all I wanted to say about it. I'm completely open to continuing to discuss how to do it. I just think it's a challenge.

Ms. Mulvaney Henry said I hear you and I think that everybody here believes that we should continue these discussions. Ultimately, I'm guessing we're going to have to have a subset of maybe both of these groups that a task force, if you will, that irons this out and figures this out and makes this workable if both bodies are onboard with it.

Commissioner Davis said just realizing, we're not going to start full Commission on time, but I'm going to try to get us there. Thank you all so much for coming. Thank you, Mayor, for setting this up and Madam President thank you. This has been a long, long time coming for us to have this discussion. My first point in discussion was as opposed to having these meetings, because I don't know about you all, but it's a little hot in here. Maybe having a delegation, a task force, that could then report to us quarterly and that can meet regularly to discuss these items in detail and then come up with recommendations both for the UG and for BPU.

There are some things that I think would be good for discussion and just for my own interests. Peer utility calls for water and electric rates would be of interest to me. I know that we spoke about kind of the PILOT and kind of what other utilities are paying, that equivalent of or what other local governments are collecting, that equivalent of. I would like to see kind of the peer rates.

I also think that at some point getting the perspective of our Public Works Department. They do a lot of work that's very closely in line with the infrastructure of the Board of Public Utilities. We had mentioned the wastewater and stormwater fee, there are reasons why would have been being a consent decree from the federal government as to why we have to increase those particular rates and we've tried to do those increases as responsibly as possible, but also realizing that we really have a consent decree that we have to abide by. Again, that's our responsibility to handle, not yours, but there is logic behind these things. It's not just us wanting to take money from our constituents, we are trying to provide a better service.

I know that there was a conflict around admin calls for the BPU particularly, your salary and benefits, Mr. Johnson, which again I think for the ratepayers these are just things that I have heard was something that was of a concern. That we pay our County Administrator a salary that is lower than the BPU Manager and, again, that's you all's responsibility to figure out, but those are particular concerns that I hear from my constituents.

Other contributions from the BPU, you know, when it comes to lawsuits and things of that sort, the staff time from our Legal Department to represent you all, I don't know if there is a way for us to calculate that or that particular contribution. You don't necessarily have to answer that as well, but these are things that the task force could consider. I don't necessarily need answers. I know we have a meeting coming up after this.

The last thing I'll say about trash, I am all for, and I said this I think it was during an Executive Session, but it has come to the point where I think we need to start finding a way to give ratepayers back their money. I have so many constituents, like everybody else here, that gets complaints, complaints, complaints. If we are not writing that check over and we are withholding dollars for services not provided, let's give a refund that month or quarterly refund so that folks can, at the very least, get that money back for service not provided. That's a larger conversation for us to have. Hopefully, that task force could address it, but thank you all so much and I hope we do this again.

Mr. Johnson said, Commissioner Davis, you raised a good point that we here at the utility about salaries and I would like to address that. BPU is in a very competitive business, just like the Unified Government is, our peers are not other local governments. Our peers are other local utilities who we compete against. It's also the construction companies, it's also the engineering firms, Black & Veatch, Burns & Mac, those are who we compete with in the area. We have a hard time competing and we're not even paying to their levels and if we don't pay what we pay, we rob ourselves of the professional skilled workforce we need to provide the services.

Despite the fact that we may pay higher than the city government, every utility pays higher than a city or county government staff person. That's a given no matter where you go, no matter where you look, but the other part of that is I stood here and showed you how our rates compare to other utilities even with our salaries. Even with the public not understanding that, our rates are more competitive. That's what the community—public is actually paying those rates. I'll leave my answer there.

Ms. Lawson said I was going to inform the Commission that, with one exception, BPU pays for all of their outside counsel and they do fully fund a full-time upper level position, so they are supporting those activities.

Commissioner McKiernan said just real briefly, thank you all for being here. Everybody thank you for rolling up your sleeves because there's a lot of work left to be done. Just as you compete for personnel and high quality services with other utilities, we compete for personnel and high quality services with other local municipalities. We need to understand that same challenge is felt by both of our organizations. We want to attract the most highly qualified, the most capable, the most customer service able employees that we can and we all have competitors against whom we are bidding for those high quality services, so that is a universal.

I do want to say that I fully support splitting the commercial versus the residential. I'm on record with that. I think that we could easily work out a plan, not easily, but we could work out a plan to lower the PILOT, for example, a half percent a year for six years and get it down to 8.9%. I will remind everybody on the Commission of something we already know. Every 1% of PILOT is \$3M of income. We have to identify what services and/or what personnel we are going to eliminate so that we can reduce our expenses. That is the sticking point here.

Board Member Gonzalez, regarding trash, I agree, it's horrible, but I'll make a prediction. Let me pull my crystal ball out, the next contract that we sign for trash services, we'll probably pay 50% more per household per month and we will not get the opportunity to have unlimited pickup in front of every house. So, while what we have could definitely be improved, I just have a bad feeling that somewhere down the road the price is going to go up and the service may go down.

Commissioner Burroughs said I want to echo my colleagues comments in reference to the appreciation for all of us getting together this evening. We are two of the most visible elected bodies in our community and the finger pointing goes both ways when these issues come before us and it's not necessarily by us that that finger pointing goes to the public when they don't get an answer that they like from the BPU, it's blamed on us. When they don't get an answer from us, it's blamed on you, so the blame game goes around on all of us and so I commend us all for being here having these soon to be some tough discussions.

The bifurcation of the bill, I'm okay with that as long as we recognize that it will be a decrease in revenue, but also we want to make sure that it's not such a shift that we start impacting the other industries because if we lose one major power user, it will have a tremendous impact not only on the utility and our revenue, but on the community's reputation as a whole as to how we are dealing with our industrial and commercial customers. I do recognize that and we do have an area in our community that we have high energy users and we have been a prudent energy provider to meet those needs or they would be looking elsewhere for those services. As we know, dollars speak louder than words and they'll go where it's a better rate or a better service, so I just would hope that we would do that.

I have one question. It's been brought up about the charter and about the gross revenues that the PILOT is assessed to and, Mr. Johnson, you talked about the community services and the charitable giving. What services and charitable giving in economic dollars, does any of that come off of the gross revenues prior to the monies that we get or is that in addition to what you pay the local unit of government? **Mr. Johnson** said everything that the Board of Public Utilities (inaudible) also the community come strictly out of the Board of Public Utilities revenue as an expense. The Unified Government does not participate in that. We pay our PILOT, we transfer all the other services through and it's then all transferred on a monthly basis, it's all based off the

gross revenue you've talked about. We've had some conversation around—is that all from billed revenue or collected revenue and I don't think it's clear there. The position I've asked the county to go, move towards is, only give the Unified Government what we call a percentage of what we collect, not what we bill because what we found out during COVID is, we were billing all these services and then we were also offering up a lot of support in late payments and waiving fees and giving payment arrangements. The money was coming in much lower because we're in a moratorium, but we were still making the Unified Government payments every month based off those billed services, not what we were collecting. We need to right size that and just give, you know, based off what we collect, not what we bill.

Commissioner Burroughs said thank you. Now you see where I'm going with this. In addition to not only the gross revenues that you send us, but the economic development funds that you put out in the community, the charitable giving that you give, all of that is in the gross revenues, so you're giving above and beyond that which impacts your budget. If we could somehow save you dollars that would allow us to meter how much light usage we use in our parks, how much water usage we use in our parks and/or our buildings, our government buildings, it would help in reducing our costs collectively across the board for both entities. That would be the prudent and efficient and effective thing to do in addressing our budget instead of just writing—continue to write checks, then hide behind an ordinance that says this is what you have to do that has very little clarity and it's a point of discussion.

That's really about the only comment I have and I'm pleased to see that I'm sitting among leaders who are willing to have these tough discussions and I look forward to doing my part too to do what we can to right size this and find a remedy for the public.

Mayor Garner said just in interest of time, just real quick, thank you all so much. Thank you to our commissioners. Commissioner Stites is correct. He had been advocating strongly to have this meeting as well as I know Board Member Bryant, so I'm glad that we could all get together and everybody made a commitment to be here tonight to have this conversation. Thank you to staff for pulling together the information for the questions from both our Commission as well as our BPU Board and for getting that information and for Mr. Howze and Mr. Johnson for making those presentations.

I agree and just real short in the interest of time, I've been a strong advocate of reduced taxes, property taxes and reduced fees when you talk about the BPU PILOT. One of the things that I had advocated for was to separate residential from business and I know there were some conversations about that, about how that could be done responsibly last year.

I want to thank Commissioner Bynum again. I know that Commissioner Davis had talked about a task force. There is a task force that is there being chaired by Commissioner Bynum that she has pulled together and her first item was to address what I had asked her to address, which was how to responsibly reduce the PILOT for our most impoverished residents here in Wyandotte County as well as our seniors. So, we know that she's actively working on bringing something to this Commission that hopefully will be of value to our residents.

Also, when you talk about outside of that, no cutoffs, I know there's a lot of conversations about separating the bills, just working with our Administrator, and I know Bill has been at these meetings with myself and our Administrator. We believe that we may have found a solution that the Administrator and Mr. Johnson have really kind of brainstormed that, hopefully, we can bring to the Unified Board of Commissioners to where, in a nutshell, it just basically means that if I'm a ratepayer, I will not get cutoff for not paying the UG's portion of my obligation. If I get cutoff, it would just be cutoff for my delinquency in my water and electric and whatever fees that are associated with BPU. We believe that we found something that may be responsibly implemented and so, hopefully, I'm excited at some point our Administrator will bring staff on that proposal forward.

I do believe that collaboration is key. I've heard this and one thing that I plan on doing is to keep these meetings going. All my professional career I've been a collaborator. That's where the real work happens. I believe that yes, promises may have been made in the past, and I think it's up to us, the leaders that carry on and future leaders beyond myself and all of us here, that we continue if there are commitments made to this community, those commitments and those promises made to the community, those expectations don't change within the community just because the leadership within the Unified Government or any of our elected officials change.

I think it's incumbent on us that we work together collaboratively to make sure that we do all we can to make sure that we meet those promises and that we try and do it in a responsible way to provide the best level of service and representation to our constituents.

Again, thank you all so much.

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Commissioner Bynum said I am so sorry. I know we are trying to wrap it up, but to your point about the task force or committee, and BPU Board Member Rose had said it earlier, I had been thinking earlier today that a lot of this work may require a task force or committee. I'm volunteering our committee, but at the time earlier today I was just thinking that if that were to come up, I would certainly volunteer to serve because I do think that staff and BPU representation and Commission representation should take that on or maybe we take it on within the higher management quarterly meetings that we had been having that you're requesting resume. Either one of those I think is good, but I do agree with maybe a smaller group continuing to work on the details, the hard details of how those things could happen. That's all I wanted to say.

Mayor Garner said I apologize if my communication with your task force that you've been (inaudible), that was kind of that thought process. With that to put that in motion and it seems like your first order of business was the PILOT, so I would just—if you would like to continue chairing that and bring forth recommendations with anybody you and BPU to have on that Board, I think that would a great value to both the Unified Government and the Board of Public Utilities, but more importantly, our residents. **Commissioner Bynum** said one commissioner and one Board member. **Mayor Garner** said, Madam Chair, I would leave that up to you. That's up to the Chair, if you can make that appointment, I don't want to micromanage it.

We do have a Commission meeting that is slated for 7:00. It does take about 15 minutes for staff to get set up and transition from this meeting to full Commission meeting, the technicalities and the logistics of that and this was an important meeting so I did allow to go over and I apologize to those residents that were expecting the 7:00, but nevertheless, we will re-adjourn our full Commission meeting at 7:15.

Commissioner Kane made a motion, seconded by Commissioner Stites, to adjourn. Mayor Garner said we have a motion, we have a second to adjourn. Clerk, roll call please.

Mr. Deichler said please note that I will also include the BPU Board Members in this.

Roll call was taken and there were nine “Ayes,” Kane, Stites, Davis, Bynum, Burroughs, Townsend, McKiernan, Ramirez, Johnson. Roll call was taken for BPU Board Members and there were six “Ayes,” Haley, Milan, Mulvaney Henry, Bryant, Gonzalez, Groneman.

MAYOR GARNER ADJOURNED

THE MEETING AT 6:58 p.m.

Brett Deichler
Unified Government Clerk

dt

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