

**WORK SESSION MINUTES – WEDNESDAY, AUGUST 4, 2021**

STATE OF KANSAS        )  
  ) SS  
CITY OF KANSAS CITY )

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met remotely in Work Session on Wednesday, August 4, 2021 at 5:00 P.M. The following Board Members were on the teleconference: Robert L. Milan, President; Mary Gonzales, Vice President; Rose Mulvany Henry, Secretary; Thomas Groneman, Jeff Bryant, and Ryan Eidson.

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

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

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

Roll call was taken, all Board Members were present.

**Item #3 – Approval of Agenda**

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

**Item #4 – Board Updates / GM Updates**

There were no updates.

**Item #5 – Economic Development Fund Policy**

Mr. William Johnson, General Manager, reviewed the newly developed Economic Development Fund policy which would replace the resolution which had been in place since 2000. That resolution had been used as the primary guide for the Board to approve funding for economic development. Converting it into a policy would make it easier to keep reviewed and updated on an ongoing basis.

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When a project came up requesting funding from the Board, that request would now come in the form of a resolution and be reviewed at a work session. If the Board desired to move forward, the resolution would then be added to a future regular session agenda. (see attached)

Mr. Johnson and Ms. Patrice Townsend, Director Utility Services, answered questions from the Board.

**Item #6 – Economic Development Application -KCKCC**

Mr. Johnson reviewed with the Board, the latest projections and timeline regarding the Downtown Campus project and the potential benefits to the downtown area. He also made a recommendation to support the project, (see attached).

Mr. Johnson and Ms. Townsend addressed comments and questions from the Board.

**Item #8 – Adjourn**

A motion was made to adjourn the Work Session at 5:57 P.M. by Mr. Eidson, seconded by Mr. Groneman and carried unanimously.

ATTEST:

DocuSigned by:

*Rose Mulwany Henry*

Secretary

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APPROVED:

*Robert Milan Sr.*

President



# Kansas City Board of Public Utilities Policy

## Economic Development Fund

PA-100-003

### 1.00 OVERVIEW

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

### 2.00 POLICY

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

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

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

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

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

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

**2.03 Application Submittal:**

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

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

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

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

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

**2.04 Staff Recommendation for Consideration**

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

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

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

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

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

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

**2.05**      ***Consideration of Request***

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

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

Balance Sheet  
Income Statement  
Statement of Retained Earnings

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

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

**REVISION HISTORY**

***Revision History:***

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





# Economic Development Fund Request

KCKCC Community Education Center

August 4, 2021

# Downtown Campus Project

KCKCC has plans to build a downtown community college campus between 6<sup>th</sup> and 7<sup>th</sup> Streets along State Avenue.

- 130,000 sq. ft. community education center
- 57,000 sq. ft. building will be shared by 5 community partners
  - YMCA
  - Wyandot Behavioral Health
  - Swope Health
  - University of Kansas
  - A future partner to be named later
- A new downtown Community America credit union is part of this development

# Downtown Campus Project

The project sponsors are projecting the following economic benefit to the community.

- KCK student educational opportunities
- Newly created jobs in the downtown area
- Healthcare services provided to the community
- Electric utility revenue \*
- Water utility revenue \*

\* revenue projections will still need to updated

# Downtown Campus Project

The project sponsors are projecting the following economic benefit to the community.

- KCKCC
  - 800 students annually (up to 1,200 annually after 5 years)
- Jobs created
  - 151 employees on site
- Health services provided
  - 8,650 people served (up to 20,250 annually after 5 years)
- Credit Union
  - 5,000 (up to 10,000 annually after 5 years)

# Project EDF Request

Total estimated cost of the project to date:

- \$70 million

Money raised or committed by public/private donations to date:

- \$31.23 million

Total requested amount of economic development support from BPU

- \$3 million
- Either direct funding, in kind support, or combination of both

# Project Timeline

PROJECT TIMELINE	2021					2022					2023					2024													
	JUN	JUL	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	
FUNDRAISING GOAL \$20M: 33%	Jul. 2021																												
[EDA MFC Submission]			Oct. 2021																										
RAZE OLD BUILDINGS				Nov. 2021																									
[EDA- Negotiations - Final Award]					Dec. 2021																								
FUNDRAISING GOAL \$35M: 50%					Dec. 2021																								
[EDA Notice of Final Award]						Jan. 2022																							
BEGIN DESIGN 12 MONTH	Jan-22						3 mo - Program					9 months - Design																	
FUNDRAISING GOAL \$49M: 70%											May. 2022																		
FUNDRAISING GOAL \$56M: 80%	Dec-22														Dec. 2022														
CONSTRUCTION RFP 3 MONTH												Jun. - Aug. 2022																	
PERMITTING 3 MONTH														Sept.-Oct.			Jan.-Feb.												
FUNDRAISING GOAL \$63M: 90%																	Dec. 2023												
CONSTRUCTION- OCT 2022	Oct-22														20 months - Construction														
FUNDRAISING GOAL \$70M: 100%																												Jun. 2024	
OCCUPANCY	Jun-24																											JUNE 2024!	
CLASSES BEGIN	Aug-24																											AUGUST 2024!	

# KCKCC Site Plan



# KCKCC Site Plan





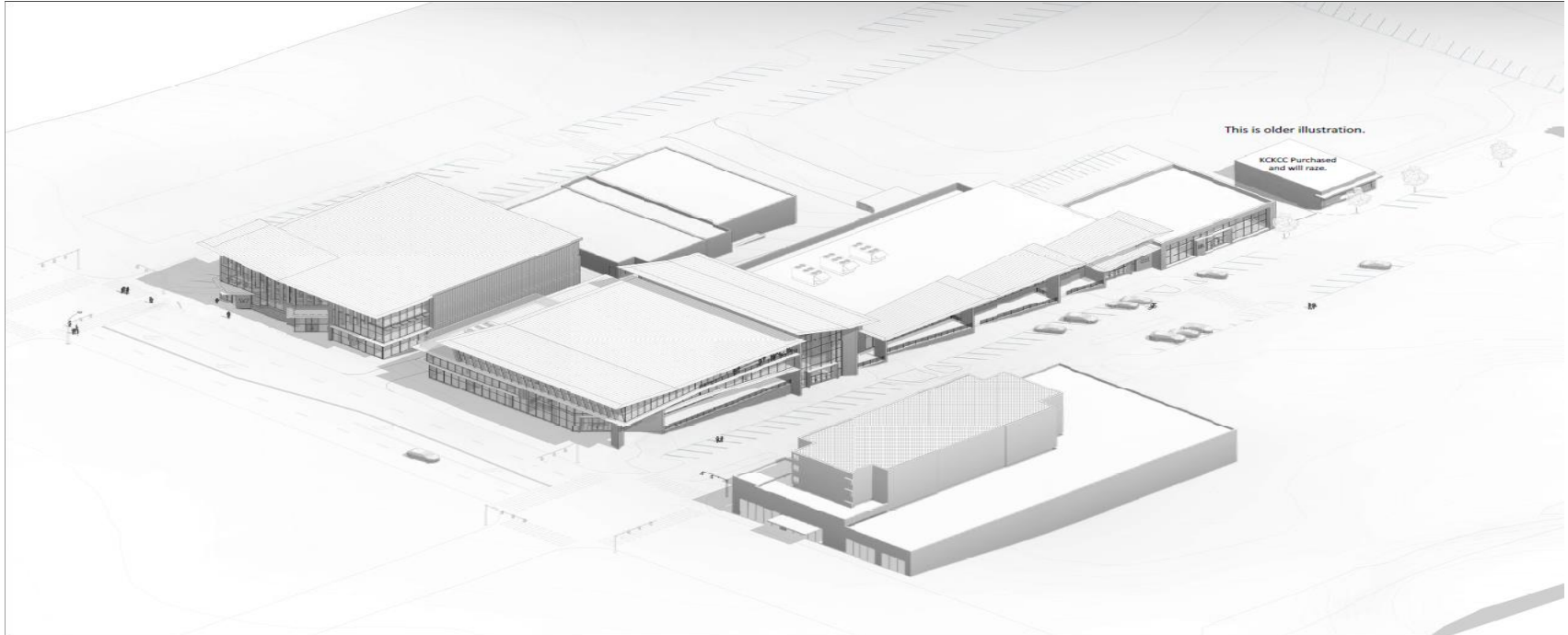
# KCKCC Site Plan



# KCKCC Site Plan



# KCKCC Site Plan



# GM Recommendations

## The following are recommendations from the General Manager:

- The project satisfies a number of requirements for the Economic Development Fund
- Staff will need to see final site plans and engineering requirements
  - We need to work with developers on the exact infrastructure needed
  - We will possibly need to invest in system improvements around the campus
  - The information gathered will be used to determine ROI
  - Follow up with the Board with an updated application and request for funding
- I do recommend supporting this downtown project to some degree
  - A recommended amount tonight is a little premature
  - We can reserve a yet-to-be determined amount of 2021 dollars for future consideration
  - Determine what support levels beyond 2021 as we consider other EDF requests
  - Depending on the amount granted, determine allocation to each partner or project as a whole
- Report final determination back to KCKCC and partners

Thank you

Questions?