

REGULAR MEETING
January 4, 2021

The Independence City Council met for a Regular Meeting, January 4, 2021, at 6:00 p.m., virtually held via Microsoft Teams.

Lupe Moe, member of the Church of Jesus Christ of Latter-Day Saints, provided the invocation followed by the Pledge of Allegiance.

Mayor Eileen Weir, Presiding Officer of the City Council, called the meeting to order. Upon roll call, the following members of the City Council were present: Mike Huff, John Perkins, Brice Stewart, Karen DeLuccie, Daniel Hobart and Mayor Eileen Weir. Councilmember Mike Steinmeyer (*appeared by voice only due to the State of Emergency*). The following members of the City Council were absent: None.

PRESENTATION RESOLUTION:

Councilmembers Huff and DeLuccie moved to approve Bill No. 21-700.

Bill No. 21-700, entitled, [Res. #6630]
“A RESOLUTION RECOGNIZING KIM SLAUGHTER, UTILITY CLERK WITH THE WATER DEPARTMENT, AS THE EMPLOYEE OF THE MONTH FOR JANUARY, 2021.”

Upon roll call, the vote was: Ayes – Councilmembers: Huff, Perkins, Stewart, DeLuccie, Steinmeyer, Hobart and Mayor Weir. Noes – None. Absent – None. The Mayor declared the bill approved.

REPORTS AND RECOMMENDATIONS OF THE CITY MANAGER:

Councilmember DeLuccie requested that Item No. 2 and Item No. 3 be pulled for separate consideration.

Councilmember Stewart requested that Bill No. 21-701 be pulled for separate consideration.

Councilmembers Huff and DeLuccie moved to approve the AMENDED CONSENT AGENDA minus Item No. 2, Item No. 3 and Bill No. 21-701 to be considered separately.

1. Approval of minutes for the Regular Meetings on December 7, 2020 and December 21, 2020.

Upon roll call, the vote to approve the AMENDED CONSENT AGENDA was: Ayes – Councilmembers: Huff, Perkins, Stewart, DeLuccie, Steinmeyer, Hobart and Mayor Weir. Noes – None. Absent – None. The Mayor declared the motion carried and the CONSENT AGENDA was approved.

In response to Councilmember DeLuccie, the Director of Finance and Administration, Bryan Kidney, stated that the contract is the proposal in this case. Mr. Kidney stated up to this point, Lockton has been a commission-based provider and moving forward they will be flat fee based. Mr. Kidney stated that the fees total \$120,000. Mr. Kidney stated that part of their fee comes from one of our liability companies, which makes up the additional amount. Peter Simonson with Charlesworth Consulting stated that Mr. Kidney is correct that they are converting from a commission-based structure to a hybrid structure. Mr. Simonson stated that while it states the commission doesn't cost the city anything, we do pay the commission as part of the insurance premiums. He stated that under the new hybrid structure the city will save approximately \$75,000 a year. Mr. Simonson stated that since the city has paid commissions on their existing policies, the actual payments to Lockton will not begin until April 1, 2021.

In response to Councilmember DeLuccie, City Manager, Zach Walker stated that he does not have the budget in front of him at this time, but that the Risk Management Fund is an Internal Service Fund in our City Budget. Councilmember DeLuccie stated that she wants to see an actual contract.

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Councilmembers DeLuccie and Hobart moved to continue Item No. 2 until a contract has been drafted and provided to Council for review.

In response to Councilmember Perkins, Mr. Kidney stated it should not be a problem to get a contract together and brought back to Council. Councilmember Hobart asked that we have a clear picture of the fee schedule when the contract comes forward.

Upon roll call to postpone Item No. 2 the vote was: Ayes – Councilmembers: Perkins, Stewart, DeLuccie, Steinmeyer, Hobart and Mayor Weir. Noes – Councilmember Huff. Absent – None. The Mayor declared the motion approved.

2. Council action is requested to accept Lockton Companies proposal with a one (1) year agreement, with four (4), one-year renewal periods for Property and Casualty Insurance Agency/Brokerage Services with Lockton Companies for the Finance & Administration Department.

In response to Councilmember DeLuccie, Jim Nail, Director of Power and Light, stated we order several hundred thousand dollars' worth of cable and this is well within the overall materials budget for the Transmission and Distribution Department. Mr. Nail stated that this would be in the budget under Warehouse Inventory Purchases found on page 141.

In response to Councilmember Hobart, Mr. Nail stated this item falls in line with the current budget.

Councilmembers DeLuccie and Huff moved to approve Item No. 3.

3. Council action is requested to enter into contracts with Graybar Electric and American Wire Group for aluminum and copper cable for the Power and Light Department. These are one-year contracts with four, one year renewal options. Upon roll call, the vote was: Ayes – Councilmembers: Huff, Perkins, Stewart, DeLuccie, Steinmeyer, Hobart and Mayor Weir. Noes – None. Absent – None. The Mayor declared the item approved.

Councilmember Stewart stated that he's been looking for a way to balance purchasing from local businesses as well as being responsible with tax payer dollars spent. Councilmember Stewart stated that he found this information from another municipality and thinks it is easy to understand and to the point.

Councilmembers Stewart and Perkins moved to approve Bill No. 21-701.

Mayor Weir stated that she has some concerns about how this is specifically written. The Mayor stated that we always try and support our local economy and our businesses located in Independence. Mayor Weir stated that she wants to support Independence businesses and Independence workforce, to get more residents to work within the city. The Mayor stated that she does not feel that this resolution precisely accomplishes that. Mayor Weir stated that she is reluctant to do something that is based on a mathematical formula because it is very easy to manipulate. Mayor Weir stated that she agrees with the intent of this resolution but feels as though this resolution should be revised before she can be in support of this.

Councilmember Perkins stated that he believes we are all in agreement to try and do what we can with purchasing products and services from local businesses first. Councilmember Perkins suggested looking into whether a certain percentage of their workforce which would be hired from local residents that can be built into companies that would do some kind of service type of work instead of dollar amount. Councilmember Perkins asked if Council would consider a postponement of this item for reconsideration.

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Councilmember Hobart stated he would be in support of postponing this item. Councilmember Hobart stated that he agrees we all want to help local businesses and would like Council to go about it wisely and effectively. He stated that this resolution is a good conversation starter.

Mr. Kidney stated our current policy does have a preference for local labor in contracts that exceed \$300,000. Mr. Kidney stated that this item would be an addendum into the policy on top of the existing policy. Mr. Kidney stated he likes that this will make staff on the procurement side go through a process to consciously think of a local business before they finish the procurement. He stated that this will be a reminder to departments to actively seek out local businesses first.

Mayor Weir stated that we changed the contract amount to \$300,000 from \$500,000 a few years ago and that was a really positive step. The Mayor thinks this is a good item that just needs a little more time spent to better clarify the item.

Councilmembers Stewart and Perkins moved to postpone Bill No. 21-701.

Upon roll call to postpone Bill No. 21-701 the vote was: Ayes – Councilmembers: Huff, Perkins, Stewart, DeLuccie, Steinmeyer, Hobart and Mayor Weir. Noes – None. Absent – None. The Mayor declared the motion approved.

Bill No. 21-701, entitled, [postponed]
 “A RESOLUTION UPDATING THE PROCUREMENT POLICY FOR THE CITY OF INDEPENDENCE, MISSOURI.” -
Requested by Councilmember Brice Stewart

PUBLIC HEARINGS:

Mayor Weir opened a full public hearing for an application by Racan, Inc. for an Unlimited Retailer of Intoxicating Liquor and Sunday Sales License for 17001 E US 24 Highway. Community Development Director, Tom Scannell, provided background information on this item.

In response to Councilmember Hobart, Mr. Scannell stated that we have not received any calls from residents near this location that has been notified. Councilmember Hobart stated that he is troubled by how close this location is to Hawthorne and other residents.

In response to Councilmember DeLuccie, Mr. Scannell stated that notice went to the property owners who are within 185 feet of this location, including the surrounding streets and some commercial companies listed in Kansas City and Louisville. There being no additional speakers, the Mayor declared the public hearing closed. *Full Public Hearing.*

Councilmember DeLuccie stated that she used to live in the area and there is a large hill used by many youths in the community for sleigh riding and there is a community garden at the base of that hill. Councilmember DeLuccie is concerned that many residents would not have been notified because the Boy Scouts of America own the hill and residents live behind that area. Councilmember DeLuccie stated that the neighborhood is struggling for survival and she does not think this will help them, she will be voting no.

Council action is requested regarding the application received from Racan, Inc.; for an Unlimited Retailer of Intoxicating Liquor and Sunday Sales located at 17001 E US 24 Highway. ***This application requires a two-thirds majority vote for approval due to residential property being located within three hundred (300) feet of the establishment.***

Upon roll call, the vote was: Ayes – Councilmembers: Huff and Steinmeyer. Noes – Councilmembers: Perkins, Stewart, DeLuccie, Hobart and Mayor Weir. Absent – None. The Mayor declared the item failed.

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Mayor Weir opened a full public hearing to receive input for a proposed Resiliency and Cash Balance Policy. Mr. Walker provided background information on this item. Jason White spoke in opposition of this item at this time and made alternative suggestions, such as to apply surplus to outstanding debt. Mr. White also stated that PUAB should provide an annual report that is not being received. Mr. White also stated that PUAB should be holding these public hearings as well, instead of at Council Meetings. In response to Mayor Weir, Mr. Walker stated that what we are considering tonight is a policy around how much excess reserves IPL should hold. Mr. Walker stated that this will provide a target amount as well as a range of how much IPL should have on hand to meet our needs. Mr. Walker provided other background on the upcoming IPL items on this agenda. Mr. Walker stated that over the next three weeks there will be a number of items coming forth that will get our Electric Utility Fund cleaned up and the excess funds on hand will be applied in a manner that is consistent with the new Cash Policy and the Charter.

In response to Councilmember Hobart, Mr. Walker stated all of these items are interrelated with one another and fall in line with the Charter. Mr. Walker stated that Bill No. 21-702 would set the Cash Reserve Policy. The next item on the agenda tonight, requested by the PUAB, would further tighten up that margin of error within that target cash reserve amount, giving us a quantified number to define the meaning of excess. The last item on the agenda tonight would start to prioritize how we begin to apply the amount that is above and beyond the Cash Reserve Policy. Mr. Walker stated that the last item will talk about applying things toward debt service reduction and looking at production issue.

Councilmember Hobart stated that he does not see in the Charter where it allows us to write checks back to rate payers. Councilmember Hobart stated he sees where we can apply the profits to rate reductions, but not as a rebate or a refund. In response to Councilmember Hobart, Mr. Walker stated that we have never found ourselves in the position where we have been able to do something like this. Mr. Walker stated that we have not had the opportunity to get an advisory opinion about how the Charter language would be interpreted. His recommendation to Council would be to get an advisory legal opinion to move forward more confidently. Mr. Walker stated voting in favor of this bill is saying this is the Council's policy interpretation of what reasonable surplus is for IPL. Mr. Walker stated the items to follow will be to prioritize where the excess funds about the surplus amount would be applied.

In response to Councilmember Hobart, Mr. Walker stated this will show percentages instead of figures. This would be at 15.8% with a plus or minus of approximately 10 points on either side. Mr. Walker confirmed that this percentage calculation is recommended by PFM as well. Mr. Walker stated that PUAB has been supplied the same presentation that Council received at their last Study Session meeting. Mr. Walker confirmed that 6 combustion turbines are on near their end of life. Mr. Walker stated that according to our Master Plan done two years ago, those turbines had 5-9 years of life left. Mr. Walker stated that setting a Cash Reserve Policy will allow us to see what surplus funds we have, then prioritizing how you are going to apply the excess funds to debt service, then use the new cash flow to start targeting and addressing what the Energy Master Plan prioritized next. Mr. Kidney stated that this resolution is how to calculate the annual target. This will give the Council and City Manager direction on how to calculate and adjust the target amount within the budget process. Mr. Kidney stated that at the January 11, 2021 Study Session there will be a presentation regarding future generation and the turbines. On January 19, 2021 there will be a resolution brought before Council to defease some bonds as well.

In response to Councilmember Huff, IPL Director, Jim Nail, stated that he is familiar with these resolutions and future plans and he attends all PUAB meetings as well. Mr. Nail stated that he does believe these items are in the best interest of IPL and he supports these items. Mr. Nail stated that the PUAB is in support of this item and future items as well. Mr. Nail stated that he feels PFM did a great job providing valid and clear information.

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Mayor Weir stated that the presentation provided by PFM provided four options: to defease the 2010 Bonds, to defease the 2012 A Bonds, address capital improvement needs and targeted rate adjustments. The Mayor said that these are not currently prioritized, but that there seems to be a general consensus that defeasing the bonds and getting rid of debt is the best idea. Mayor Weir stated that she has also not seen anything in the Charter referencing a refund or rebate to the rate payers and she believes that could be problematic. However, she stated that with the current state of our economy due to the pandemic, we may be able to consider a one-time temporary rate adjustment.

Mayor Weir stated she believes what we are seeing tonight is a demonstration of an agreement with the PFM study, the PUAB recommendations and the staff recommendations through these next three items. The Mayor stated that this resolution will establish a policy to direct us moving forward. Mayor Weir stated that in the coming weeks, Council will see a presentation at the next Study Session and the item coming before Council following that presentation will allow the Council to give specific instruction on the excess revenue we currently have should be applied to debt, capital improvements and rates.

Councilmember Huff stated that the Charter says rate reduction, and how its done is immaterial to him. He stated if a rate reduction is done, it is not supposed to impact the General Fund. The idea of doing a rebate check was brought up so that it didn't affect the General Fund. Councilmember Huff stated that he has been told that the Charter is 60 years old, and he thinks that if the Charter needs to be updated then Council should update it.

There being no additional speakers, the Mayor declared the public hearing closed. *Full Public Hearing.*

Councilmember DeLuccie stated that this resolution directs the City Manager to implement a cash balance policy for all the utility funds, not just IPL, and all the information that has been provided is for only IPL. Councilmember DeLuccie stated that in 2017 Council decided a targeted cash reserve policy was 67 days, or around \$26 Million. Councilmember DeLuccie stated that she feels like out of the blue, we are taking the word of a company that could not answer questions she asked of them and moving our cash reserve policy from 67 days to 209 days. Councilmember DeLuccie stated that the 67 days was to maintain our ability to operate the utility, not to ensure financial stability, timely completion of capital improvements or unexpected expenditures. Councilmember DeLuccie stated that the budget passed by Council last summer approved \$5.2 Million for capital improvements and \$10.5 Million for debt service. Councilmember DeLuccie stated that the Charter does not talk about cash reserve policy for the electric utility being the way we ensure financial stability.

Councilmember DeLuccie stated that not one single citizen spoke at the PUAB when this was presented and feels as though Council is not holding a true public hearing because this meeting is virtual.

In response to Councilmember DeLuccie, Mr. Kidney stated that this would include all utilities, not only electric. Mr. Kidney stated the direction would be to have the Council look at a risk-based fund balance methodology. Mr. Kidney stated at this time the information provided is for IPL, and the Water and Water Pollution Control information will be provided next month because those two studies are not complete at this time. Mr. Kidney stated that the resolution before Council will establish how to calculate the fund balance for each year.

Chris Lover, with PFM, stated that the study for Water Pollution Control is approximately 90% complete. Mr. Lover stated that a similar methodology is being applied across all three utilities so that there is some consistency. Mr. Lover stated that in the packet of information provided, there is a few pages titled Utility Cash Reserve Policy for Electric which is a summary of how they came to the \$67 Million target.

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Mr. Lover provided more information regarding the difference between the 67 days and 209 days, stating it is not as diverse and different as the prior plan when you break it down.

In response to Councilmember DeLuccie, Mr. Lover stated that depreciation accrual represents your capital improvement plan. Meaning you are looking at your asset depreciation over time. Mr. Lover stated they have included a \$10-\$14 Million range for depreciation. Mr. Lover stated that some of our assets have depreciated higher than \$20 Million, so their recommended range is actually well below the observed annual depreciations have been, currently at \$12.6 Million. Mr. Lover stated that amortization of bonds is considered part of the debt service and the amount suggested at this time is \$11.8 Million. Mr. Lover stated that \$67 Million is the recommended target level for the risk that we have looked at for IPL. Mr. Lover stated that they did review the Charter, but primarily they are looking at what the risks are facing the utility in order to operate a stable utility so that there is enough cash at the utility so you do not have to suddenly turn to your rate payers with a 10-15% rate increase to address any problems that might arise down the road. Mr. Lover stated that at this time he does not have a number for the Water utility because the study is not yet complete.

In response to Councilmember DeLuccie, Mr. Walker stated that this resolution will set the methodology about how you will calculate this for the three utilities on an annual basis.

In response to Councilmember Perkins, Mr. Kidney stated the documentation of this policy is more of a summary of the methods to do these calculations and Mr. Kidney provided an explanation of the summary page shown.

Bill No. 21-702, entitled, [failed]

“A RESOLUTION DIRECTING THE CITY MANAGER TO IMPLEMENT A RESILIENCY AND CASH BALANCE POLICY IN THE CITY’S UTILITY FUNDS USING RISK-BASED METHODOLOGY TO ENSURE THE CITY UTILITY’S HAVE FUNDS AVAILABLE TO PROVIDE FOR LONG-TERM FINANCIAL STABILITY AND SYSTEM RELIABILITY; AND AMEND RESOLUTION 6201.”

Upon roll call, the vote was: Ayes – Councilmembers: Perkins, Hobart and Mayor Weir. Noes – Councilmembers: Huff, Stewart, DeLuccie and Steinmeyer. Absent – None. The Mayor declared the bill failed.

NON-ORDINANCE ACTION ITEMS:

In response to Councilmember DeLuccie, Mr. Walker stated he does not believe this item is necessary with the failure of the last item.

Councilmembers Hobart and Perkins moved to postpone Non-Ordinance Action Item No. 1 indefinitely.

Upon roll call, the vote was: Ayes – Councilmembers: Huff, Perkins, Stewart, DeLuccie, Steinmeyer, Hobart and Mayor Weir. Noes – None. Absent – None. The Mayor declared the motion approved.

1. Council action is requested for consideration of Establishing Priorities of Independence Power and Light Financial Surpluses. - Requested by the Public Utility Advisory Board. *(Postponed from 12/21/20)*

In response to Councilmember DeLuccie, Mr. Walker stated that his recommendation would be to postpone this item indefinitely as well.

Councilmembers DeLuccie and Hobart moved to postpone Non-Ordinance Action Item No. 2 indefinitely.

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Upon roll call, the vote was: Ayes – Councilmembers: Perkins, Stewart, DeLuccie, Hobart and Mayor Weir. Noes – Councilmembers: Huff and Steinmeyer. Absent – None. The Mayor declared the motion approved.

2. Council action is requested for consideration of the Development of Future Electric Source. - Requested by the Public Utility Advisory Board. (*Postponed from 12/21/20*)

INFORMATION ONLY:

1. The City Council is expected to convene in an Executive Session at 5:15 pm, Monday, January 4, 2021, via Microsoft Teams, on matters of litigation, as permitted by Sec. 610.021(1).
2. COVID-19 Semi-Monthly Update.
3. The City Clerk's Office is in receipt of the Marketplace Shopping Center Community Improvement District Annual Report ending June 30, 2020.

COUNCILMEMBER COMMENTS:

In response to Councilmember Huff, Police Chief Brad Halsey stated that there is not a clear answer to why the issues are happening at the Independence Center. Chief Halsey stated that a large part of this it is being driven by social media and apps that cannot be tracked. Chief Halsey stated that the last time there was a large gathering at the Independence Center, this also occurred at other shopping centers across the United States. Chief Halsey stated that the owner has owned the mall property since 2019 and they are making measures and strides to work on added security. The owner wants to make this work. Chief Halsey stated that in the next few weeks the Police Department will be having a formal meeting with the owner of the property when he is in town. Chief Halsey stated that last weekend there were police officers put on overtime, which consisted of 10-12 officers. Officers were posted at each entrance and if a juvenile came in, their ID would be checked, and they would be turned away from the mall if they were not accompanied by an adult. Chief Halsey provided an update regarding the incident that took place at the mall this today.

Councilmember Huff stated that he wants to make sure we are doing all we can to keep citizens safe. Councilmember Huff suggested considering a single entrance to the mall instead of multiple. Chief Halsey stated that safety is also his main concern and he is working with mall management to see what options might be available. Chief Halsey stated that it is important for all businesses on the 39th corridor to be on the same page as well. If minors are removed from the mall, then congregate across the street, the issues continue. Chief Halsey stated that he has a lot of hope and confidence that working with the owner of the mall and surrounding businesses will help solve some of the issues.

Councilmember DeLuccie stated that she has concerns with City Hall only being open to the public two days a week and stated that our phone system is also currently not working. She stated that she tried to call City Hall today and received the recording that stated information about COVID limiting our availability and was never able to be connected to a live operator. Councilmember DeLuccie stated that we need to solve the issue with our phone system and we should open City Hall more than two days per week.

Councilmember DeLuccie stated that she would like information listed in the fiscal notes for each item on the meeting agendas. She stated that she does not appreciate having to go find out somewhere else what the item will cost the citizens.

Mayor Weir stated as a reminder, due to the increase in community spread of COVID-19 under the State of Emergency, we made a declaration to close City Hall to the public all but two days per week and to require our staff to work remotely as much as possible so that we can contain the community spread of COVID-19.

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Councilmember Hobart thanked PFM, the PUAB and city staff that worked to put together the proposal to try and help IPL become current and move forward. Councilmember Hobart stated this is a huge issue concerning our community and big decisions. Councilmember Hobart stated that he and DeLuccie hold themselves to a high standard of decision making which is crucial in their chosen profession. Councilmember Hobart stated all the work that has been put into the item brought forward tonight gives him great hope that this will be a good place to start the discussions moving forward even with the item failing tonight. Councilmember Hobart wished everyone a Happy New Year and thanked Chief Halsey for the hard work being put in around the Independence Center issues to make that area safe.

Mayor Weir stated that we all hold ourselves to a high standard in decision making regardless of our chosen profession. That is why we are all here and all elected to represent the citizens in our complex city with three public utilities. Mayor Weir stated a lot of work went into the items brought forward this evening and there is certainly more work to be done. Mayor Weir stated she has spent the last couple weeks trying to absorb and evaluate this information and make good decisions. The Mayor stated these discussions will continue to be held.

The Mayor stated that unfortunately our circumstances around public health, which we have fought very hard to make great stride in, requires that we continue to the virtual meeting format. Mayor Weir stated that she is as eager as anyone to get back to regular meeting formats, but we made a determination that the health of our community is going to come first and this is what the Charter provides for us to make decisions during this time. The Mayor stated that many staff members were able to use some of their earned time off over the holidays after not being able to use it earlier in the year because of the pandemic. The Mayor stated this may have caused some disruptions in service, but she thinks we can all provide staff a little grace in that regard.

Mayor Weir stated that we will continue the Council Strategic Planning, and this will be scheduled for later this month. The Mayor stated that many things tonight will be discussed during that planning time as well. Mayor Weir stated she is looking toward this year with optimism. Mayor Weir is proud of the strides we have made in 2020 and accomplished many things for our city. Mayor Weir stated we will continue to work and make these difficult and necessary decisions for our community.

At 7:55 p.m., there being no further business, the Mayor declared the meeting adjourned to a Regular Meeting at 6:00 p.m., January 19, 2021, in the Council Chambers.

Presiding Officer of the City Council
of the City of Independence, Missouri

ATTEST:

City Clerk