



DRAFT

March 5, 2021

TO: Zach Walker
Adam Norris

RE: IPL Priority Listing, PUAB Submission

PUAB – IPL Action Plan

Memo dated October 5, 2020 from Adam Norris stated the PUAB proposed an alternative process to hiring DKMT to create a strategic plan for IPL. The process outlined by the PUAB is as follows:

- PUAB and staff collaboratively develop a list of priorities/goals before the end of 2020
(Incomplete)
- PUAB and staff will report regularly to the City Council to obtain feedback and ensure alignment and consensus with City Council policy objectives
- PUAB invited to review priorities, address questions, and create a draft plan
(Complete)
- Members of the City Council encouraged to communicate their priorities, areas of concern to staff to include in draft plan
(Incomplete)

City Council Level Advisement – PUAB Submission

Priority #1:

Address operating relationship between IPL and City of Independence **(Complete)**

References:

City Charter pg. vi: ELECTRIC UTILITY

The electric utility is operated as a regular department of the city government rather than by an autonomous administrative board. The integration of the utility in the city administrative organization avoids the wasteful inefficiency of separate management, the diffusing of responsibility, and the administrative difficulties arising from two distinct authorities which are inherent in an administrative board.

City Charter Section 3.3 City Manager: Powers and duties (2) Supervise and control, directly or indirectly, all administrative departments, agencies, officers and employees of the city. Section 3.12. Electric utility department: Created, director. There shall be an electric utility department,



the director of which shall be the electric utility director. Section 3.17. Municipally owned and operated utilities and enterprises. The electric utility shall not be operated for the benefit of other municipal functions, and shall not be used directly or indirectly as a general revenue producing agency for the city, but it may pay to the city an amount in lieu of such taxes as are normally placed upon private business enterprises.

City Charter Sections 3.12-3.18 (Incomplete)

The City Council and PUAB should conduct a joint strategic planning session in accordance with the Missouri Open Meetings law to memorialize an understanding of the interpretation of the Charter regarding Public Utilities

Bondurant Decision (Complete)

Summary of City of Independence vs Russell W. Pearson, et al. "Bondurant Decision" provided to PUAB and City Council by Lauber Municipal Law, LLC. The summary was presented to the City Council on February 22, 2021.

Priority #2:

Develop a plan for Future Generation Resources (In process)

City Council approved Resolution 6527 approving the recommendation of the Public Utilities Advisory Board to evaluate replacement of current energy production capacity within the Power and Light Department.

City Council directed City Manager to develop a Request for Proposal to consider all options for future generation. The PUAB should continue to be involved in the evaluation of options and public engagement such as utilizing its authority to conduct public hearings.

Priority #3:

Review and develop financial procedure and policies (Complete)

City Council approved Resolution 6631 directing the City Manager to implement a resiliency and cash balance policy using risk-based methodology.

City Council approved Resolution 6632 authorizing the escrow of funds sufficient to defease and redeem certain outstanding bonds.

The PUAB should continue to monitor and advise the City Council on adopted IPL financial policies.



Priority #4:

Develop a systematic approach to rate setting **(Complete)**

The statement made by the PUAB on how rates are set is inconsistent with current practices. The City Council provides the City Manager direction on budgeting. The adopted Independence For All Strategic Plan 2017-2021 includes multiple strategies to improve long-range financial and decision-making to ensure City finances are stable and sustainable.

Priority #5:

A systematic approach to cost reductions **(On going)**

Comparison of staffing, salaries and benefits has been completed through market rate salary study across all departments. Staffing is adjusted based on employee work agreements and changing functions of IPL. This is a management decision of the City Manager and not within the authority of the PUAB.

Further explanation is needed on how complaints regarding utility bills, billing errors, and estimated bills are related to cost reduction.

Priority #6:

Review Customer Service complaints resulting from inadequate meter reading **(On going)**

Cost of service, salaries, and overtime are evaluated through market studies directed by the City Manager.

The City Council has been advised that automated meter reading (AMI) is considered an industry best practice and could result in greater accuracy and improved credit rating. The City Council had not indicated a desire to pursue AMI since accepting the initiative petition opposing automated meter reading.

Utility Manager Level Advisement – PUAB Submission

Priority #1:

Move circuits underground

The City Council should consider this as part of the IPL strategic plan to pursuing this program and research funding options.



Priority #2:

Develop future leadership model

The City Council, PUAB and consultants do not oversee employee performance. Employee and departmental performance is the responsibility of the City Manager.

Succession planning and FERC accounting should be included in the IPL strategic plan.

The City Council Audit & Finance Committee continues to monitor the recommendations of the Management Analyst report. No recommendations have been provided to the City Council by the Audit & Finance Committee. There are several findings in the report that would benefit from a review by the City Council to provide direction to the City Manager.

Staffing and scheduling should be included in IPL Strategic Plan.

Priority #3:

Implement Data Driven decision making

The City of Independence is a What Works City through Bloomberg Philanthropies. This designation was achieved in 2015 through a competitive process and requires Independence to meet certain criteria. The IPL strategic plan should include metrics based on data similar to Independence for All and included in the performance dashboard.

Priority #4:

Customer service programming

Customer-focused is a pillar of Independence for All. IPL strategic plan should include specific tactics to meet the goals of Independence for All.

Priority #5:

Develop consistent, meaningful performance reporting

Performance metrics for IPL strategies should be added to the City's performance dashboard and monitored quarterly.

Priority #6:

Review terms of IBEW work agreement

Employee work agreements are negotiated between management assigned by the City Manager and employee union representatives. This is outside the authority of the PUAB.



IPL Strategic Plan Priorities – Mayor Eileen Weir

Based on recommendation by DKMT, the IPL Strategic Plan should include the following:

1. Governance
2. Management Oversight and Documentation of Policies, Programs, & Processes
3. Policies, Programs & Processes/Document Hierarchy
4. Services Provided between IPL and City (see Business Operations)
5. Financial Reporting (see Business Operations)