



AGENDA GARDNER CITY COUNCIL

City Hall – 120 East Main Street -- Gardner, Kansas
Monday, March 30, 2020
7:00 p.m.

****If you wish to provide written public comment regarding any items below by email, please provide them by noon on March 30, 2020 to cityclerk@gardnerkansas.gov. The meeting will be open to the public ****

*Watch this meeting live on the City's YouTube channel at <https://www.youtube.com/user/CityofGardnerKS> *

CALL TO ORDER

PLEDGE OF ALLEGIANCE

NEW BUSINESS

1. Consider rate/billing options for electric utility customers

ADJOURNMENT



In compliance with the Americans with Disabilities Act, the City of Gardner will provide reasonable accommodations for all public meetings. Persons requiring accommodations in attending any of our public meetings should contact the City Clerk's Office at 913-856-0945 a minimum of 48 hours prior to the meeting.

COUNCIL ACTION FORM

NEW BUSINESS ITEM No. 1

MEETING DATE: MARCH 30, 2020

STAFF CONTACT: AMY FOSTER, BUSINESS SERVICES MANAGER
GONZ GARCIA, UTILITIES DIRECTOR

AGENDA ITEM: Consider rate/billing options for electric utility customers

STRATEGIC PRIORITY: Infrastructure Management and Fiscal Stewardship

DEPARTMENT NAME: Finance and Utilities

Background:

On January 22, 2019, the City Council adopted Ordinance 2597, an ordinance revising Title 13 Utilities, Chapter 13.25 Electric Rates of the Gardner Municipal Code.

On January 1, 2020, the adopted electric rates went into effect.

After customers received their first bills under the new rate structure, it was brought to the attention of staff and the Governing Body that the new rates had resulted in higher than expected bills for certain classifications of customers. The Governing Body directed staff to research options to mitigate these effects. Staff researched the following options:

- Option 1: Provide a one-month holiday to “all-electric” residential customers. This option involves not charging “all-electric” residential customers for their March consumption. The City would forego collecting approximately \$235,141. Staff would work with customers to reduce consumption before the next winter rates take effect.
- Option 2: Provide a one-month partial holiday to “all-electric” residential customers. This option involves not charging “all-electric” residential customers for their March consumption over 800 kWh. The City would forego collecting approximately \$131,661. Staff would work with customers to reduce consumption before the next winter rates take effect.
- Option 3: Provide a credit to “all-electric” residential customers if they paid more under the new rates when compared to the old rates for the months of January, February and March. This option will cost approximately \$97,987. This option would require that all 1,302 electric residential customer accounts be analyzed and recalculated for each month. Staff would work with customers to reduce consumption before the next winter rates take effect.
- Option 4: Repealing ordinance 2597 in its entirety and provide a credit to “all-electric” residential customers (same as the option 3 credit). This action will cause rates to return to previous levels. This option would cost \$97,987 and require that all 1302 “all-electric” residential customer accounts be recalculated for January and February. Returning to the old rates would decrease the rates for “all-electric” customers and increase the rates for all other residential customers.

- Option 5: Amend ordinance 2597 to phase in the new electric rates for “all-electric” residential customers. A two-year phase in would result in approximately \$448,189 in lost revenue. The four-year phase in would result in approximately \$775,078 in lost revenue.
- Option 6: Amend ordinance 2597 to create a rate of \$0.05 per kWh for consumption over 800kWh for “all-electric” residential customers and credit “all-electric” residential customers for the amount paid over the new proposed rate for January, February and March. This option would result in approximately \$270,388 in lost revenue annually.
- Option 7: Provide a one-month holiday to electric residential customers. This option involves not charging electric residential customers for their March charges. The City would forego collecting approximately \$733,573, which includes service charges, power cost adjustment and consumption.
- Option 8: Provide a one-month partial holiday to electric commercial customers. This option involves not charging electric commercial customers for the first 5,000 kilowatt hours of March consumption. The City would forego collecting approximately \$56,828.

Attachments included:

- Ordinance repealing Ordinance 2597 (if option 3 is selected)
- Ordinance amending Ordinance 2597 (if option 4, 5, or 6 is selected)

Suggested Motion:

Authorize the City Administrator to execute one or a combination of option 1, option 2, option 7, and/or option 8.

Or

Adopt Ordinance No. 2655, an ordinance repealing (or amending) ordinance 2597, an ordinance revising Title 13 Utilities, Chapter 13.25 Electric Rates of the Gardner Municipal Code

ORDINANCE NO. 2655

AN ORDINANCE REPEALING ORDINANCE 2597, AN ORDINANCE REVISING TITLE 13 UTILITIES, CHAPTER 13.25 ELECTRIC RATES OF THE GARDNER MUNICIPAL CODE.

WHEREAS, it has been determined that Ordinance 2597 needs to be repealed

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF GARDNER, KANSAS:

SECTION ONE: The Governing Body of the City of Gardner, Kansas hereby repeals Ordinance 2597, and ordinance revising Title 13 Utilities, Chapter 13.25, Electric Rates, of the Gardner Municipal Code in its entirety.

SECTION TWO: All other ordinances not in conformity herewith are hereby repealed or amended to conform hereto.

SECTION THREE: The Governing Body directs that any excess electric utility charges collected by the City under the rates set forth by and as a result of the prior passage of Ordinance 2597 as compared to the previous, reinstated electric rates, if any, shall be credited to the customers' utility account with all deliberate speed.

SECTION FOUR: This ordinance shall take effect and be in force upon its passage by the City Council and publication in the official City Newspaper as required by law.

PASSED by the City Council this 30th day of March, 2020.

SIGNED by the Mayor this 30th day of March, 2020.

CITY OF GARDNER, KANSAS

(SEAL)

Steve Shute
Mayor

ATTEST:

Sharon Rose
City Clerk