

OSAWATOMIE CITY COUNCIL

AGENDA

September 8, 2016

6:30 p.m., Memorial Hall

1. Call to order
2. Roll Call
3. Pledge of Allegiance
4. Invocation – Joel Beazley, Blessed Hope Seventh Day Adventist Church
5. Consent Agenda
 - Consent Agenda items will be acted upon by one motion unless a Council member requests an item be removed for discussion and separate action.*
 - A. September 8 Agenda
 - B. Council Minutes for July 28, August 11 and August 25, 2016
6. Comments from the Public
 - Citizen participation will be limited to 5 minutes. Please stand & be recognized by the Mayor.*
7. Presentations & Proclamations
 - A. Bryce Smith, L&K Services – Respond to Concerns about Trash Service
8. Public Hearings
9. Unfinished Business
 - A. Proposed Ordinance & Resolution – Parks & Trees Committee
10. New Business
 - A. Presentation of Electric System 2015 Annual Report
11. Council Report
12. Mayor's Report
13. City Manager & Staff Reports
14. Executive Session – Preliminary Discussion of Acquisition of Real Property
15. Other Discussion/Motions
16. Adjourn

NEXT REGULAR MEETING – September 22, 2016

Osawatomie, Kansas. **July 28, 2016.** The Council Meeting was held in Memorial Hall. Mayor Govea called the meeting to order at 6:33 p.m. Council members present were Dickinson, Farley, Hunter, LaDuex, and Wright. Absent was Hampson, Maichel and Walmann. Also present was City Manager Don Cawby, City Attorney Dick Wetzler and City Clerk Tammy Seamands. Members of the public were: Neil Phillips with Jarred, Gilmore & Phillips; Tim Lewallen with Victory Baptist Church, Peggy Chase, Dan Macek, Derek Gould, Ron Kleier, Sandra Kleier, Ronda Chase, Diana Neal with the Osawatomie Chamber of Commerce and Chandler Boese with the Miami County Republic.

INVOCATION. Tim Lewallen with Victory Baptist Church

CONSENT AGENDA. Approval of July 28th Agenda, June 9th and June 23rd Minutes, and a CMB Permit for Ron's Country Market. **Motion** made by Hunter, seconded by LaDuex to approve the Consent Agenda. Yeas: All.

COMMENTS FROM THE PUBLIC.

Tim Lewallen with the Victory Baptist Church shared that the Vacation Bible School held over the summer has been going well and there has been growth within the church over the summer.

Ron Kleier, owner of Ron's Country Market, introduced himself to the Council and passed around information showing the changes he will be doing to the store.

Derek Gould, owner of 917 Pacific Ave, spoke regarding the home being on the condemnation list. City Manager Cawby explained the process and procedures for the condemnations and where we were at in the process with this address.

Ronda Chase, owner of 334 Main Street, read a letter from her daughter in law to the Council regarding the address being on the condemnation list.

PRESENTATIONS.

PROCLAMATION HONORING TAYLER SOUCIE AS BIG XII SPORTSWOMAN OF THE YEAR. **Motion** made by Hunter, seconded by LaDuex to approve the Proclamation Honoring Tayler Soucie as Big XII Sportswoman of the Year. Yeas. All.

PUBLIC HEARINGS. none

UNFINISHED BUSINESS. none

NEW BUSINESS.

PRESENTATION – 2015 AUDIT – NEIL PHILLIPS OF JARRED, GILMORE & PHILLIPS, PA. Neil Phillips presented the outcome of the City's Audit. Reminded them that the numbers that they see are the same numbers they see every month at meetings, they are just

in the state format. There were no difficulties with the audit. He did point out that with the turn-over in the utilities department caused a segregation of duties with an employee. He audited more thorough in these departments due to this, but did not see anything out of the ordinary. **Motion** made by Hunter, seconded by LaDuex to Accept the Audit Report Presented by Neil Phillips. Yeas, All.

2016 AUDIT ENGAGEMENT LETTER – JARRED, GILMORE & PHILLIPS, PA. Motion made by Hunter, seconded by LaDuex to Accept the Audit Letter Presented Showing No Increase from the Previous Year. Yeas. All.

RESOLUTION – 2016 GAAP WAIVER. **Motion** made by LaDuex, seconded by Hunter to Waive the 2016 GAAP Requirements. Yeas. All.

PRESENTATION – CHAMBER OF COMMERCE 2016 ANNUAL REPORT. Diana Neal, Chamber Director, presented the annual report. This last year was both fun and a learning year for her, as it was her first year under her belt. She has seen that it is a big part of her job to represent and promote Osawatomie the best she can. She appreciates the relationship that she has had with the City and gives a big thanks to Shelagh Wright for all the help she has provided. No Action Taken.

MANAGER’S PROPOSED 2017 BUDGET. City Manager, Don Cawby, provided drafts and summaries to the Council to go over the 2017 Budget. He also mentioned that once the Budget is published we cannot adjust the mill levy. No Action Taken.

COUNCIL REPORTS.

Lawrence Dickinson, mentioned that the ribbon cutting ceremony was nice for the Main Street project, despite the heat.

Issues and complaints regarding trash and recycling services were discussed by all.

MAYOR’S REPORT. None

CITY MANAGER’S REPORT.

Mentioned that the Police Department had another search warrant that was served. Commended the Police Department and that they are doing a great job despite the recent events that have been happening with our nations Police Officers.

Also reminded the Council that tomorrow would be the farewell event for Moon’s IGA that the Chamber is putting on

EXECUTIVE SESSION. None

OTHER DISCUSSION/MOTIONS.

Motion made by Hunter, seconded by LaDuex to adjourn. Yeas: All. Mayor declared the meeting adjourned at 8:29 p.m.

/s/ Ashley Kobe
Ashley Kobe, Deputy City Clerk

Osawatomie, Kansas. **August 11, 2016.** The Council Meeting was held in Memorial Hall. Mayor Govea called the meeting to order at 6:30 p.m. Council members present were Dickinson, Farley, Hampson (6:33 p.m.), Hunter, LaDuex, Maichel, Walmann and Wright. Also present was City Manager Don Cawby, City Attorney Dick Wetzler and City Clerk Tammy Seamands. Members of the public were: Connie Hebert, Rev. Daneale White with Church of the Nazarene, Dotty White, Charity Keitel with the Miami County Republic and Interim Police Chief David Ellis.

INVOCATION. Daneale White with the Church of the Nazarene

CONSENT AGENDA. Approval of August 11th Agenda, July 13th, July 14th and July 21st Minutes, Appropriations Ordinance 2016-07, Pay App #1 – IES – 7th Street Substation Phase II, Pay App #1 – Mid-States Energy Works – 7h Street Substation Phase II, Change Order #1 – Main Street I – Kansas Heavy Construction, Change Order #1 – 2016 Sidewalk Improvements – Kansas Heavy Construction.. **Motion** made by Hunter, seconded by LaDuex to approve the Consent Agenda. Yeas: All.

COMMENTS FROM THE PUBLIC.

Rev. Daneale White informed the Council that she has been with the Church since February, but was elected in May. The Church is always looking for different projects within the community.

Connie Hebert, owner of 1300 Parker Ave (Rock Haven), is looking into solar panels for her home. She is asking the Council to look into an Annual Reconciliation Policy. This will be beneficial for both the City and homeowners.

PRESENTATIONS.

PROCLAMATION HONORING BLACK TIES OSAWATOMIE. **Motion** made by Hunter, seconded by Dickinson to approve the Proclamation Honoring Black Ties Osawatomie. Yeas. All.

PUBLIC HEARINGS. none

UNFINISHED BUSINESS. none

NEW BUSINESS.

SOUTH SIXTH SEWER LINE. City Manager Cawby spoke to the Council regarding Marsha Adams's building on 6th Street. The private septic system for the building is failing at this time, so she has reached out to the City to see if we would consider allowing her to hook into the City's sewer with her paying the costs of the materials for the sewer main and the City providing the labor to bring the line to her property. Cawby wanted to see if the Council had any objections to moving forward with this, he got none. No Action Taken.

2016 STANDARD TRAFFIC ORDINANCE (STO). **Motion** made by LaDuex, seconded by Hunter to Approve 2016 Standard Traffic Ordinance. Yeas. All.

2016 UNIFORM PUBLIC OFFENSE CODE (UPOC). **Motion** made by Hunter, seconded by LaDuex to Approve 2016 Uniform Public Offense Code. Yeas. All.

PROPOSED ORDINANCE & POLICIES – NET METERING. City Manager Cawby explained Net Metering briefly to the Council. He advised them of them that agreements, safety, capacity and costs would need to be reviewed as the issue moved forward. More information will be provided at the next meeting. No Action Taken.

COUNCIL REPORTS.

Lawrence Dickinson said that the street and lighting looked real good on Main Street. Thinks that we need to try and get the word out a little more regarding bulk pick up. Reminder that we are still needing members for the Public Safety Committee as the other Committees as well.

Tamara Maichel asked if Marsha Adam's building could be considered to be put on the CIP. Discussed potholes that need to be addressed.

MAYOR'S REPORT.

Reminder that the Black Ties event is this Saturday, they welcome all. Spoke with Mark Marquez and he has agreed to give the City the old playground equipment from the old Swenson building.

CITY MANAGER'S REPORT.

Mentioned that he attended the kickoff meeting for the new basketball / tennis courts. The work should start around the 22nd.

We have estimates for the City Hall improvements and repairs to the front of the auditorium, we are looking to see what we can do in house to cut down the cost.

There have been a few complaints regarding the drainage on the new areas of Main Street, he advised that it was caused by erosion control necessary to be KDHE compliant.

While doing start up work on the electric generators, we found that we had issues with the turbos on unit #5. The estimate to fix will be around \$39,000.

Police unit #4 is unrepairable without spending a lot of money. We will be purchasing a used Missouri Highway Patrol Vehicle and keeping unit #4 to use as parts.

We have still been having phone issues from switching from our old provider, we are currently trying to work on this.

We have vacancies on the Public Safety Committee that needs to be filled so that we can move forward with the meetings.

The Police Department and Fire Department have been working on getting addresses to be visible on the property for first responders.

EXECUTIVE SESSION. None

OTHER DISCUSSION/MOTIONS.

Motion made by Maichel, seconded by Hunter to adjourn. Yeas: All. Mayor declared the meeting adjourned at 8:19 p.m.

/s/ Ashley Kobe
Ashley Kobe, Deputy City Clerk

Osawatomie, Kansas. **August 25, 2016.** The Council Meeting was held in Memorial Hall. Mayor Govea called the meeting to order at 6:32 p.m. Council members present were Dickinson, Hampson, Hunter, LaDuex, Maichel, and Walmann. Absent were Farley and Wright. Also present were City Manager Don Cawby, City Attorney Dick Wetzler and City Clerk Tammy Seamands. Members of the public were: Joanna Laughlin, Kim Bomberger with Kansas Forest Service, Drew Tarwater, Blake Madden Public Works Utility Director and Charity Keitel with the Miami County Republic.

INVOCATION. Drew Tarwater with First Baptist Church

CONSENT AGENDA. Approval of August 25th Agenda. **Motion** made by Hunter, seconded by LaDuex to approve the Consent Agenda. Yeas: All.

COMMENTS FROM THE PUBLIC.

Drew Tarwater with First Baptist Church spoke about the Clothes Closet here in town that volunteers run. There are always several volunteers there that want to help the community with the goods that are needed. Towards the end of October they will be hosting their annual fall event for the community.

PRESENTATIONS. None

PUBLIC HEARINGS.

HEARING ON PROPOSED 2017 BUDGET AND 5-YEAR CIP. (OPENED AT 6:39 P.M. AND CLOSED AT 6:40 P.M.) No comments were made from the public.

UNFINISHED BUSINESS.

PROPOSED 2017 BUDGET AND 5-YEAR CAPITAL IMPROVEMENTS PROGRAM (CIP). **Motion** made by Maichel, seconded by Hampson to Approve the Proposed 2017 Budget and 5-Year CIP. Yeas. All.

RESOLUTION – TAX LEVY FOR 2017 BUDGET. **Motion** made by LaDuex, seconded by Hunter to Approve the Resolution – Tax Levy for 2017 Budget. Yeas. All.

RESOLUTION – BUDGET APPROPRIATIONS FOR 2016. **Motion** made by Hunter, seconded by Dickinson to Approve the Resolution – Budget Appropriations for 2016. Yeas. All.

RESOLUTION – BUDGET APPROPRIATIONS FOR 2017. **Motion** made by LaDuex, seconded by Hunter to Approve the Resolution – Budget Appropriations for 2017.

CHANGE ORDER #2 – MAIN STREET PHASE I – KANSAS HEAVY CONSTRUCTION.

PAY APP #5 – KANSAS HEAVY CONSTRUCTION-CDBG MAIN STREET PHASE I. Public Works Utility Director, Blake Madden, discussed the change order items that were being increased from the original contract. **Motion** made by Walmann, seconded by LaDuex to Approve the Change Order #2 and Pay App #5 Increasing the Original Contract \$84,646.80, End Contract Price being \$1,199,660.25 Yeas. All.

CHANGE ORDER #2 – CDBG SIDEWALK IMPROVEMENTS – KANSAS HEAVY CONSTRUCTION.

PAY APP #2 – KANSAS HEAVY CONSTRUCTION – CDBG SPECIAL ROUND SIDEWALK IMPROVEMENTS. Public Works Utility Director, Blake Madden, discussed the change order items that were being decreased from the original contract. **Motion** made by Hunter, seconded by Dickinson to Approve the Change Order #2 and Pay App #2 Decreasing the Original Contract \$4,430.22, End Contract Price being \$123,767.78 Yeas. All.

PAY APP #6 (FINAL) – NOWAK CONSTRUCTION – MAIN STREET WATER LINE PROJECT. **Motion** made by Dickinson, seconded by LaDuex to Approve Pay App #6 Final – Nowak Construction – Main Street Water Line Project. Yeas. All.

NEW BUSINESS.

OSAWATOMIE TREE INVENTORY. Kim Bomberger with the Kansas Forest Service presented the inventory results and recommendations for the City of the information conducted in August 2015. There were 2,430 trees located on public grounds (16% good condition, 41% fair condition, 40% poor condition and 3% dead or dying). She recommends that the City establish a plan to establish the quality of our trees. No Action Taken.

DRAFT ORDINANCE & RESOLUTION – PARKS & TREE COMMITTEE. City Manager Cawby presented the draft Ordinance and Resolution for the Parks & Tree Committee. Will bring back at future meetings with suggestions from Council.

PURCHASE – GOLF COURSE MOWER. Pass over per request of City Manager Cawby. No Action Taken.

COUNCIL REPORTS.

Lawrence Dickinson reported that Main Street is looking really good.

Ted Hunter reported that the nuisance officer was doing a good job.

Nick Hampson reminded everyone of the annual tailgate party that is held up at the high school before the first home football game, which will be next week.

Tamara Maichel was asking about the annual ice cream socials and if we were going to keep doing them or do away with them.

MAYOR'S REPORT.

Invited Bryce with L&K Trash Services to the next meeting to give him to opportunity to talk about the changes.

Dean Spears, with the Loft on 6th, will be coming to a future meeting to introduce himself and talk about his business.

CITY MANAGER'S REPORT.

Dollar General's new location appears to have some difficult sewer issues whichever direction it goes. We will more than likely have to spend a little money whichever direction its decided to go to clean up right of way and easement issues.

Big projects are wrapping up, he will present a memo of the fall projects coming up.

EXECUTIVE SESSION. None

OTHER DISCUSSION/MOTIONS.

Motion made by Hunter, seconded by Hampson to adjourn. Yeas: All. Mayor declared the meeting adjourned at 7:51 p.m.

/s/ Ashley Kobe
Ashley Kobe, Deputy City Clerk

CITY OF OSAWATOMIE



STAFF AGENDA MEMORANDUM

DATE OF MEETING: September 8, 2016

AGENDA ITEM: Parks and Trees Committee

PRESENTER: Don Cawby, City Manager

ISSUE SUMMARY: When the City took over the operation of the Recreation as a City Department in 2012, the City created a Parks and Recreation Advisory Committee to serve the role of oversight of programs and operations of recreation activities. The Committee was also assigned the task of creating a parks master plan and providing guidance on parks improvement projects. With the coordinated effort of the City and USD 367 to move recreation programs and sports facilities to the operation and control of the school district, the City no longer needed the Recreation portion of the advisory committee. Furthermore, almost all of the individuals serving on the Committee were focused on recreation programs and facilities and less on general parks issues.

The City now is attempting to refocus efforts on general recreation facilities in the community and to provide a coordinated effort in planning parks improvements. To provide community input into these changes, staff recommends the creation of a new committee to guide the planning process and to help provide better coordination of parks and leisure recreation facilities in the community.

Included with this memo is an ordinance to repeal the section of the City's code that pertain to the creation of the Parks & Recreation Department as well as the Parks & Recreation Advisory Committee. Also included is a new resolution to create a Parks and Trees Committee that will define the powers of the Committee to be:

- (1) develop and maintain a Parks Master Plan for the City of Osawatomie;
- (2) act as the official Tree Board for the City of Osawatomie and to engage in activities required to maintain the City's designation as a Tree City USA;
- (3) develop guidelines for trees maintenance in the City's public parks and rights of way; and
- (4) make any other recommendations to assist in operation and planning of parks and trees maintenance.

The Committee's structure will be similar to other advisory committees, with five members required to be a resident of the City or own property within the City. Ex-officio members will be a Council liaison and a City Manager's designee.

COUNCIL ACTION NEEDED: Consider the proposed ordinance and resolution. Review and discuss.

STAFF RECOMMENDATION TO COUNCIL: (1) Approve the ordinance to abolish the Parks and Recreations Department and Advisory Committee. (2) Approve the proposed resolution to create the new Parks and Trees Committee.

ORDINANCE NO. _____

AN ORDINANCE REPEALING THE PARKS AND RECREATION DEPARTMENT AND THE PARKS AND RECREATION COMMITTEE BY REPEALING ARTICLE NINE OF CHAPTER TWELVE OF THE CITY OF OSAWATOMIE MUNICIPAL CODE IN ITS ENTIRETY, AS ESTABLISHED BY ORDINANCE NO 3691 AND AMENDED BY ORDINANCE NO. 3693.

WHEREAS, Osawatomie City Code Chapter Twelve, Article Nine establishes the transition of the Osawatomie Recreation Commission to the Osawatomie Parks and Recreation Department and provides for the formation of the Parks and Recreation Committee; and

WHEREAS, the City of Osawatomie has transferred control of the recreation commission to Osawatomie School District, USD 367 through a public vote in April 2015 and under that agreement, Osawatomie park maintenance remained under the responsibility of the City and is currently operated under the Osawatomie public works and utilities department; and

WHEREAS, the City Council believes these ordinances are no longer necessary for the City of Osawatomie;

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

Section 1. That Article Nine of Chapter Twelve of the City Code of Osawatomie as adopted prior to the passage of this Ordinance is hereby repealed in its entirety.

Section 2. EFFECTIVE DATE. This ordinance shall take effect and be in force from and after its passage and one publication in the official City newspaper.

PASSED AND APPROVED by the Governing Body of the City of Osawatomie, Kansas, a majority being in favor thereof, this 8th day of September, 2016.

APPROVED AND SIGNED by the Mayor.

L. Mark Govea, Mayor

(SEAL)

ATTEST:

Tammy Seamands, City Clerk

RESOLUTION NO. ____

A RESOLUTION ESTABLISHING THE PREVIOUSLY NAMED PARKS AND RECREATION COMMITTEE AS THE PARKS AND TREES COMMITTEE AND DELEGATING SUCH POWERS AND RESPONSIBILITIES.

WHEREAS, the City of Osawatomie has repealed Ordinance ____, which established the Parks and Recreation Committee.

WHEREAS, The City Council of Osawatomie wishes to place high priority on the establishment and maintenance of parks and tree health within Osawatomie

WHEREAS, the City Council of Osawatomie wishes to officially establish and recognize the new Parks and Trees Committee; and

WHEREAS, the cooperation and input of citizens is critical to identifying park needs and operations and maintaining the City's inventory of trees which provide value to the community;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF OSAWATOMIE, KANSAS:

SECTION ONE: There is hereby created a committee of the City to be known as the Parks and Trees Committee hereinafter called the "Committee".

SECTION TWO: In accordance with the Governing Body's policies on the appointments to advisory bodies, the Governing Body shall appoint five members to the Committee. Each member shall be a resident of the City or own property within the City. Members appointed to the Committee shall have a demonstrated interest, knowledge, or desire to improve the City's parks facilities, expand the City's offerings for recreation and exercise, or preserve, protect and help develop policies to effectively manage the City's inventory of trees. The Committee's membership shall also include two ex-officio members: one Council member, who shall be appointed as a liaison, and the City Manager, or his or her designee.

Each Committee member shall be appointed to a term of three years; provided, that of those first appointed to the Committee, one shall have a term expiring at the end of 2017, two shall have a term expiring at the end of 2018, and two shall have a term expiring at the end of 2019. Following initial appointment, members shall serve a term of two years beginning on January 1 of the appointed year.

In the case of a vacancy on the Committee, it shall be filled by appointment for the unexpired term only and according to the resolution on advisory board appointments. Committee members shall serve until resignation or replacement on the Committee; however, when a member of the Committee has served two consecutive full terms, that member shall not be eligible for reappointment until they have vacated the position for one full term.

Resolution No. ____

SECTION THREE: All meetings of the Parks and Trees Committee shall be subject to the Kansas Open Meetings Act. The Committee shall meet at least six times per year, but shall not meet more than once a month unless authorized by the Governing Body or City Manager. The Committee shall also meet when called upon by the Governing Body or City Manager to consider a special issue.

Within the guidelines of the Governing Body's Resolution 664 for advisory bodies, the Committee shall choose its own officers, determine the time and place for its meetings, and make its own procedural rules. The Committee shall also provide the City Clerk with adequate notice of the date and time of its next meeting and agenda and with copies of the minutes of its proceedings. A majority of its duly appointed committee shall constitute a quorum for the transaction of its business.

Upon the first meeting of the Committee after the passage of this resolution, and at the first meeting of the Committee after January 1 in each subsequent year, the Committee shall elect from among its members a Chairperson, a Vice-Chairperson and a Secretary. The Chairperson shall be responsible for conducting the meetings, and the Vice-Chairperson shall conduct meetings in the Chairperson's absence. The Secretary shall be responsible for recording attendance and the minutes of the Committee.

SECTION FOUR: It shall be the mission of the Committee to provide a forum for the community to share information, ideas and concerns about the parks, landscapes and trees in Osawatomie and to promote and improve the overall health, beauty and maintenance standards of parks, trees and plants within the City of Osawatomie.

SECTION FIVE: The Committee is hereby empowered, subject to the City Council's approval and under the operating guidelines of the City's budget and administration, to: (1) developing and maintaining a Parks Master Plan for the City of Osawatomie; (2) act as the official Tree Board for the City of Osawatomie and to engage in activities required to maintain the City's designation as a Tree City USA; (3) develop guidelines for trees maintenance in the City's public parks and rights of way; and (4) make any other recommendations to assist in operation and planning of parks and trees maintenance.

SECTION SIX: Nothing in this resolution shall be construed to require the City Council to act upon any recommendations by the Parks and Trees Committee.

SECTION SEVEN: This Resolution shall be in full force and effect from and after its adoption.

PASSED AND APPROVED by the Governing Body of the City of Osawatomie, Kansas this 8th day of September, 2016, a majority being in favor thereof.

APPROVED AND SIGNED by the Mayor.

Resolution No. ____

L. Mark Govea
Mayor

(SEAL)

ATTEST:

Tammy Seamands
City Clerk

CITY OF OSAWATOMIE



STAFF AGENDA MEMORANDUM

DATE OF MEETING: September 8, 2016

AGENDA ITEM: Electric System 2015 Annual Report

PRESENTER: Don Cawby, City Manager

ISSUE SUMMARY: Under the agreement with our Bond Insurer on the electric bonds, Build America Mutual Assurance Company (BAM), we are required to generate an annual system report to be provided to BAM which provides a status update of the system. For 2015 this report is very similar to the disclosure statements we provided when getting the bonds. However, putting it together the first time took a little more effort than I hope it will take in future years.

Before providing this report to BAM, I wanted to provide the Council with a copy for review. The City's 2015 financial audit will be provided along with this report.

COUNCIL ACTION NEEDED: Review and discuss.

STAFF RECOMMENDATION TO COUNCIL: Acknowledge acceptance of the report.

2015 Annual Report of the Electric System

City of Osawatomie, Kansas



Presented to the City Council

September 8, 2016

**2015 ANNUAL REPORT
OSAWATOMIE ELECTRIC SYSTEM**

Description of the System

The City’s electric system (the “System”) was established in 1939 to provide electricity to the residents of the City, with numerous improvements and expansions occurring over the years. The System currently has 2,018 meters, an average hourly peak of 4.1 megawatts and a peak load of approximately 8.9 megawatts. During the last five years the peak load reached approximately 9.9 megawatts. The City distributes power on a 4160 voltage system through two interconnects with Kansas City Power and Light (KCPL) and two substations. The current power plant is comprised of the original power plant which was built in 1939, with a major addition added in 1968. In 2015, the electric system served approximately 4,300 residents of Osawatomie plus numerous businesses and industries.

The City currently owns and operates 5.6 megawatts of onsite dual fuel generators, which primarily serve as emergency back-up and as capacity coverage for power the City purchases at wholesale pursuant to several purchase contracts described below. The existing purchase contracts provide the City with 6.8 megawatts of electricity during summer months and 5.8 megawatts during other times of the year. Between generating capabilities and purchase contracts, the City currently has the ability to provide up to 12.4 megawatts of power during summer months and 11.4 megawatts at other times.

Description of Existing Facilities of the System

The Electric Utility System consists of one plant building, a network of distribution facilities, necessary transformers and switch stations, and three generating units with the following capacities:

<u>Unit</u>	<u>Capacity</u>	<u>Manufacturer</u>	<u>Installation</u>
2	1800 KW	Nordberg	1957
4	1000 KW	Nordberg	1952
5	2600 KW	Nordberg	1967

New Generation Project

In December 2015, the City of Osawatomie issued \$6,095,000 in revenue bonds for a \$5.9 million project which will increase the capacity of the System, provide for a more secure source of power and reduce operating costs. The project includes the acquisition and installation of six 2 megawatt diesel powered generators, each of which has approximately two thousand hours (more or less) of run time. The generators are 2006 Caterpillar 3516 generators with diesel engines. The generators come with 480 volt step-up transformers and switch gear.

The project also provides for an upgrade to the 7th Street Substation and, the construction of a new 9th Street substation to replace the current power plant substation. These upgrades will allow the City to begin a self-funded, staff performed upgrade of the entire distribution system so the community can operate at the more efficient 12470 volts. The project also provides for the construction of a new 7,500 sq. ft., \$450,000 electric distribution building.

As mentioned above, the System has experienced a peak load of approximately 9.9 megawatts in recent years while maintaining production capability of 12.4 megawatts. Of the 12.4 megawatts, 2.5 megawatts are provided pursuant to a contract with the Nearman Creek Power Plant (“Nearman”). Without the Nearman contract, the System’s ability to provide power and its peak usage would be approximately the same, thus providing no state-required reserve capacity (15% of peak load) or ability for future growth. The City’s contract with Nearman expired on December 31, 2015 and was not being renewed.

When completed, the Project will replace the electricity provided by the Nearman contract and increase the System’s total capacity to provide energy to 21.9 megawatts. The capacity from the new generators alone will be sufficient for the System to provide all current necessary power to the City even if loses its connection to the regional electric distribution grid. The additional capacity will also allow the System to provide future service to a large area in the northern portion of the City that is currently undeveloped as well as potentially allow the System to sell electricity to other communities. Furthermore, due to the relatively high fixed and variable costs of the Nearman contract, the City anticipates realizing a net operating savings of approximately \$240,000 a year by purchasing power elsewhere or generating power itself.

At the end of calendar year 2015, the City secured the purchase of the generator units, had the units delivered to a temporary site, and engaged JEO Consulting Group and the project engineers to begin designing the details for the project. At the end of 2015 the City had expended \$1.95 million of the \$5.85 million in bond proceeds to be expended on the project.

Project Budget

	Updated Budget
PROJECT COSTS	
Generators	
Generator Units/Delivery	\$ 1,876,600
Warranty/Service Agreement (3 yrs)	110,000
Load Testing & Startup	137,000
Substations	
7th Street Substation Modifications	718,609
9th Street Substation	1,823,712
New Electric Shop	450,000
Engineering/Permitting	366,050
Contingencies	403,819
TOTAL PROJECT COSTS	\$ 5,886,390
FINANCING	
Bond Proceeds	\$ 5,848,570
<i>(Over)/Under Budget</i>	<i>\$ (37,820)</i>

Electric Production

The following table shows the System's production and sales for the past five years.

<u>Year</u>	<u>kWh Generated</u>	<u>kWh Purchased</u>	<u>kWh Sold*</u>
2015			
2014	2,300	35,547,773	29,546,809
2013	30,000	35,492,782	30,040,890
2012	21,350	35,337,397	30,946,480
2011	13,803	36,500,738	31,249,398
2010	6,232	36,967,121	31,636,802

- The difference between kWh Generated and kWh Purchased less kWh Sold is primarily due to line loss and power provided for street lighting. As a result of undertaking the project and future improvements, the City anticipates eventually upgrading the system to a more efficient 12470 volts and reducing line loss to approximately 6-8%.

Power Supply Requirements

Peak demands and average energy loads are depicted in the following table. The City's staff believes that variation in peak and average is attributable to a number of factors including seasonal weather conditions.

<u>Year</u>	<u>Net Peak Demand</u>		<u>Average Load</u>	
	<u>mW</u>	<u>% Increase</u>	<u>mW</u>	<u>% of Peak</u>
2015	8.9	2.3	3.879	43.4
2014	8.7	0	4.058	46.6
2013	8.7	-7.4	4.055	46.6
2012	9.4	-6.0	4.036	42.9
2011	9.9	2.0	4.168	42.1
2010	9.8	5.4	4.221	43.1

Electric Power Supply Resources

The City meets its supply obligations to its electric customers through a combination of resources including the operation of its own power production facilities and through purchasing power under the Supply Agreements described below.

Supply Agreements

The ability of the System to service its Debt Service Requirements is in part contingent on the availability of a supply of electric energy. The following outlines agreements the City has for supply of electric energy. All of these contracts, with the exception of the arrangement with EMP1, are of a "take or pay" nature. However, there is no guarantee that the suppliers will not default on the obligation to supply electric energy to the System or that circumstances will not prevent the supply of electric energy to the System.

Available Capacity (mW)	2015	2016	Planned
			2017
On-Site Generation	5.6	5.6	17.6
GRDA	3.0	3.0	3.0
SPA	0.4	0.4	0.4
WAPA	0.9	0.9	0.9
Nearman	2.5	-	-
Subtotal	12.4	9.9	21.9

Nearman Creek Power Plant (Nearman) - Nearman Creek Power Plant is a 235 MW coal fired power plant that is located in Kansas City, Kansas. The Kansas Municipal Energy Agency (KMEA) has a Participation Power Sales Agreement with the Kansas City, Kansas Board of Public Utilities (BPU) under which KMEA purchases electric power and energy. The City had an underlying participation agreement with KMEA under which the City purchases, on a take or pay basis, 2.5 mW hourly of Nearman power plant electric power and pays monthly demand, fuel, operation & maintenance, transmission, and KMEA administration charges. During the summer of 2014, the City voted to opt out of this agreement pursuant to an offer by BPU to buy out the current contract with many cities, in advance of a major facility upgrade to the Nearman plant. The Project, financed with proceeds of the Bonds, will replace the capacity the City previously acquired under the Nearman contract which ended December 31, 2015.

Grand River Dam Authority of Oklahoma (GRDA) – The City has a wholesale power agreement with the Grand River Dam Authority of Oklahoma (“GRDA”) via the Kansas Power Pool (“KPP”) in effect as of 2000 and expires in the year 2026. Under the terms of the agreement, GRDA agrees to supply 3.0 mW during summer months and 2.2 mW for all other months during a contract year at a formula based rate.

Southern Power Administration (SPA) – A Hydro Power Pooling Contract from SPA, originally signed with the Kansas Municipal Energy Agency (KMEA) on December 20, 1983, was extended until midnight, December 31, 2018, or for an extended period if mutually agreed upon. The hydro peaking power is obtained from the Southwestern Power Administration (SWPA) through KMEA subject to the terms of a contract between those agencies. The City is allocated 400 KW capacity under this contractual arrangement.

Western Area Power Administration (WAPA)- A Hydro Power Pooling Contract between WAPA and KMEA provides power to 47 participating Kansas cities, including the City, through the KMEA. Power under this contract is scheduled to allow the City and other participants to avoid demand charges and replace high-cost peak-hour energy. The pooling contract between WAPA and KMEA is effective until 2054. The City is allocated 852 KW during the summer months and 742 KW during the winter months under this arrangement.

Energy Management Project No. 1 (EMP1) Under the EMP1 arrangement, six participating Kansas cities of KMEA—Osawatomie, Baldwin, Gardner, Garnett, Ottawa and Pomona—have combined their electric systems for the purpose of purchasing power as a centrally dispatched group and to manage power resources in the Nearman, GRDA, SPA and WAPA projects. EMP1 is also used to jointly purchase load following service from Kansas City Power and Light. The EMP1 arrangement does not involve a minimum purchase amount or price.

Cost of Electricity by Source

The following table sets forth the City's cost of electric energy by source:

SOURCE	2015		2014		2013		2012	
	COST	mWh	COST	mWh	COST	mWh	COST	mWh
GRDA	\$ 1,066,267	21,784	\$ 1,144,455	22,198	\$ 1,072,307	21,834	\$ 1,006,928	20,896
Nearman*	281,122	1,237	433,918	5,145	369,801	3,319	376,545	3,521
WAPA	115,684	2,803	116,301	2,806	118,424	2,832	38,478	631
SPA	43,589	1,478	34,559	585	37,211	920	34,833	751
EMP1	238,679	7,164	351,480	4,629	295,121	6,588	434,784	9,539
Transmission	182,483	34,467	149,728	35,328	123,794	35,493	139,240	35,337
TOTAL	\$ 1,927,823	34,467	\$ 2,080,714	35,328	\$ 2,016,659	35,493	\$ 2,030,798	35,337

Note: Total annual cost figure shown above do not exactly match contractual costs of electric production shown in the City's audited financial statements due to timing of billing by power providers and payment by the City.

*The City's contract with Nearman expired December 31, 2015 and was not renewed.

Largest Electric Utility Customers

The following table lists the top 10 largest users of the System for 2015.

<u>Customer</u>	<u>Product or Service</u>	<u>Purchased kWh</u>	<u>Billing</u>	<u>Percentage of Total System Revenues</u>
USD #367	School District	4,147,913	\$ 383,366	10.81%
City of Osawatomie	Government/Utilities	1,153,887	106,179	2.99%
Life Care	Nursing Home	996,000	186,344	5.26%
Moon's Hometown Market	Grocery Store	1,207,206	172,154	4.85%
Tri-Ko	Community Service Provider / Industry	406,737	54,391	1.53%
Casey's General Stores	2 Convenience Stores	536,960	52,898	1.49%
Vintage Park	Assisted Living	343,040	30,694	0.87%
Oz-Mart	Convenience Store	291,440	25,275	0.71%
Sonic Drive-in	Restaurant	227,280	22,057	0.62%
Union Pacific Railroad	Transportation	206,078	21,801	0.61%
Subtotal		9,516,514	\$1,055,159	29.76 %

Sales

The following table indicates the sales by type of customer for 2015.

<u>Type</u>	<u>2014 Sales</u>	<u>Active Meters</u>	<u>2015 Sales</u>	<u>Active Meters</u>
Residential	\$ 2,241,560	1,781	\$ 2,148,095	1,772
Commercial	1,285,917	202	1,200,413	197
Industrial	16,722	3	17,699	3
City	<u>122,694</u>	<u>14</u>	<u>106,179</u>	<u>15</u>
	\$ 3,666,893	2,000	\$ 3,472,386	1.987
Total kWh	29,546,809		29,124,735	

Historical Customers

The following table sets forth the historic number of customers served by the System for the years indicated

<u>Year</u>	<u>Customers</u>
2015	1,987
2014	2,000
2013	1,994
2012	2,001
2011	2,008

RATES AND CHARGES

Utility System Billings and Collections

The System bills customers monthly on an individual basis. Under present policies, utility bills are due when received, but contain a delinquency date which provides ten day for payments. Service is terminated if full payment is not received within 20 days after notice of termination is given. Customers can request a hearing after notice of termination is given and termination may be postponed under certain circumstances.

State and Federal Regulation

The rates, fees and charges for electric service through the System as currently constructed and operated will be exempt from rate regulation by the Kansas Corporation Commission. The precise nature and extent future government regulation and the resulting impact of such regulation on the operation and profitability of the System cannot now be determined. The City has covenanted in the Resolution to comply with all such governmental regulation.

Electric Service Rates

Effective December 13, 2012, the City charges the following rates for power produced by the System using a usage block rate system which charges for energy ranging as listed below. The 2012 rate change reduced the monthly Residential and Small General meter charges by \$1. The prior rate structure was implemented September 25, 2008.

While the City did not raise rates in 2015, it did make a change in the ECA calculation method to capture the savings from the termination of the Nearman contract and the application of that savings to the bond payments for the project.

Residential*	
Meter Charge	\$9.00
First 100 kwh per month	0.150/kwh
Next 400 kwh per month	\$0.096/kwh
Next 1,000 kwh per month	\$0.076/kwh
All over 1,500 kwh per month	\$0.074/kwh
Small General*	
Meter Charge	\$14.00
First 100 kwh per month	\$0.126/kwh
Next 400 kwh per month	\$0.111/kwh
Next 1,500 kwh per month	\$0.095/kwh
Next 3,000 kwh per month	\$0.092/kwh
Next 5,000 kwh per month	\$0.081/kwh
All over 10,000 kwh per month	\$0.075/kwh
Large General*	
Demand	Minimum kW demand or 60% of highest summer kW demand
Demand Charge	\$5.35/kw
First 150 kwh per month per kw of billing demand	\$0.063/kwh
Next 150 kwh per month per kw of billing demand	\$0.057/kwh
All additional kwh	\$0.049/kwh
Customer Charge	\$75.00/mo
Minimum bill	demand + customer chg
School District*	
Demand Meters	
Demand	Minimum kW demand or 60% of highest summer kW demand
Demand Charge	\$5.35/kW of Demand
First 150 kWh * demand kW per month	\$0.059/demand kWh
Next 150 kWh * demand kW per month	\$0.053/demand kWh
All additional kWh	\$0.049/kWh
Customer Charge	\$75.00/mo
Minimum bill	demand + customer chg
City Use & School District Non-Demand*	
First 100 kwh per month	\$0.115 per kwh
All over 100 kwh per month	\$0.083 per kwh
Outside City Limits	50% over rates listed above
Energy Cost Adjustment (ECA) Charge	
Base Rate for Calculation (Calculation in Ordinance)	\$0.04/kWh beg. Feb 2016 billing
ECA Calculation Period	Based on energy costs for actual billing period

* ECA applied to all electric rates.

Note: 15-312. Energy Cost Adjustment (ECA).

(a) All electric bills are subject to a monthly Energy Cost Adjustment (ECA) and shall be calculated as follows:

The rate for energy to which this adjustment is applicable shall be adjusted by \$.0001 per kilowatt-hour (kWh) in the aggregate cost of energy as computed by the following formula:

$$\frac{((P + G + O) / (K + C)) \times L - (B)}{L} = \text{Adjustment}$$

P = The current month actual total cost of power purchased.

G = The current month actual total cost of City generation.

O = The current month actual total cost of any other associated power supply expenses.

K = The current month actual total kWh of the delivered purchased power.

C = The current month actual total kWh of the delivered City generation power.

L = The current City losses determined annually $\frac{((\text{Purchased Power} + \text{City Generation}) - \text{City Billed})}{\text{City Billed}}$.

B = The Base will be established by a fee resolution, as specified in Section 15-308.

Future Rate Increase

The City maintains the right and has covenanted in the Ordinance authorizing the issuance of the Bonds to increase fees and charges as needed to insure adequate revenues to operate the utility, pay debt service on outstanding bonds, and provide required reserves.

Electric System Competition

The City has authority to provide electric service to customers within the boundaries of the City. The City is singly certificated and it alone is authorized to provide electric service in the City, except that the Osawatomie State Hospital and a small residential area that was annexed into the City within the last 10 years, are certificated by Kansas City Power and Light (KCPL). The City has not purchased the rights to those existing services at this time. The certificated area is surrounded by areas certificated to Kansas City Power and Light (KCPL).

2015 Rate Comparison to KCPL

<u>Customer Type</u>	<u>Osawatomie</u>			<u>KCPL Comparison</u>		
	<u>kWh</u>	<u>Total Cost</u>	<u>\$/kWh</u>	<u>Total Cost</u>	<u>\$/kWh</u>	<u>% Diff</u>
Residential (non-demand)	12,754	\$ 1,534	\$ 0.120	\$ 1,830	\$ 0.143	19.28%
Small General Service (demand)	9,834	1,516	0.154	1,725	0.175	13.82%
Medium General Service (demand)	1,172,160	109,487	0.093	116,869	0.100	6.74%
Large General Service (demand)	8,426,100	729,157	0.087	721,440	0.086	-1.06%

DEBT STRUCTURE OF THE SYSTEM

Current Indebtedness of the System

The following table sets forth all of the outstanding obligations of the System as of December 31, 2015:

<u>Project</u>	<u>Series</u>	<u>Original Amount</u>	<u>Principal Outstanding</u>	<u>Final Maturity</u>
Electric Utility System Revenue	2015-A	\$6,230,000	\$6,230,000	09-01-35

Historical & Projected Financials

The following is a summary of the *historical* revenues, operating expenditures, and payments of bonds for the System.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$ 3,948,224	\$ 4,082,963	\$ 3,715,777	\$ 3,976,776	3,723,661
Operation & Maintenance Expense(1)	<u>3,806,920</u>	<u>3,267,590</u>	<u>3,277,083</u>	<u>3,405,470</u>	<u>3,078,544</u>
Net Income	\$ 141,304	\$ 486,707	\$ 438,694	\$ 571,306	\$ 645,117
Debt Service	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Debt Service Coverage	--	--	--	--	--

The following is a projected summary of the *future* revenues, operating expenditures, and payments of Bonds for the System.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues	\$ 3,787,808	\$ 3,992,617	\$ 4,038,197	\$ 4,220,237	\$ 4,318,496
Operation & Maintenance Expense (1)(2)	<u>2,755,364</u>	<u>3,145,321</u>	<u>3,208,227</u>	<u>3,272,392</u>	<u>3,337,840</u>
Net Income	\$ 1,032,445	\$ 847,296	\$ 829,970	\$ 927,486	\$ 980,656
Debt Service	\$ 287,290	\$ 433,600	\$ 435,725	\$ 432,500	\$ 434,100
Debt Service Coverage	3.59X	1.95X	1.90X	2.15X	2.26X

- (1) Excludes capital outlay expenditures and discretionary transfers out of the System for non-utility related purposes (e.g. recreation, golf course, tourism, general capital improvements). Such transfers are subordinate to the repayment of the Bonds and may only be made from the Surplus Fund.
- (2) As a result of completion of the Project and termination of its purchase contract with Nearman Creek Power Plant, the City experienced a net decrease in operation and maintenance costs of approximately \$240,000 per year. Additionally, the City anticipates lower production costs due to reduction of line loss and future potential revenue growth from the sale of power made possible by the Project.

Sources: Historical Financials - Audited Financial Statements
Revenue & Expense Projections – City of Osawatomie
Debt Service Requirements - 2015-A Issuance Debt Service Schedule

Police Dept Summary - Dispatch received 1099 calls for service in the month of Aug. Of the 1099 calls, Officers handled calls for service.(1099 minus(-) County Fire calls, Burn permits, Court, Cont. burn, Fine payments, Fuel, City Services.)

1099 Totals calls for the month of August

- 13 Warrant Arrests
- 30 Arrest / Charges filed

- 138 Traffic Stops
- 84 Suspicious Activ., Inv. Persons, Ped Checks, Prowlers
- 21 Traffic Accidents
- 45 Assist EMS
- 45 Fights , Disturbance, Assaults, Domestic, Harass, Violation of Protection Orders
- 1 Sex crimes
- 43 Damage to Prop., thefts, Burglaries,
- 17 Drug Cases
- 59 Animal calls
- 7 Child in Need of Care, Runaways, Missing Children

- 23 Vehicle Lock outs

- 80 Escorts, Civil Stand-bys, 911 Misdiagnoses, Motor Assist, X-Patrol, Alarm Calls, Welfare Checks

- 74 Citizen Inquires
- 108 Calls for service otherwise not classified

- 87 Assist Out Side Agency, Loud Music, , Traffic Haz, Driving Complaints, Drug Testing Finger Printing, Open Doors, Follow-ups, Found Property, etc...

- 875** Calls handled by Officers

- 53 Traffic Citations
- 5 Other Citations
- 58 Total Citations