

# CITY MANAGER REPORT

April 9, 2015 *RES*

The Commission had directed me to seek an RFP (Request for Proposal) for an Electric Rate Study for the City of Herington. I did as requested and sent out 5 (five) RFP's, I have gotten 3 (three) back not being delivered and one no response, and one proposal back from Ranson Financial Consultants, LLC. A copy of the response is in your packet for your consideration.

I have been doing a little work with Ed and Cindy working with County EDC on County EDC webpage for the County EDC program. It seems that things are falling into place. The City was going to have an informational meeting on Saturday the 18<sup>th</sup> of April, on a proposed business however it was cancelled due to some additional information needed. We will continue to work on this project.

The City has a Revolving Loan Fund that was established many years ago and the last time it was used by the City was in 2003 I understand. On April 9, 2015 Debbie Beck and Linda Hunsicker from the Department of Commerce conducted an assessment on our revolving loan fund. The revolving Loan Fund originated when Custom Metal Fabricators borrowed money for expansion. Money they borrowed was repaid and loaned out numerous time to other small businesses. A total of eight loans defaulted six of them being Sunflower Services. At the present time, one loan is active, TACO STOP, which is also in default but paying a monthly amount with no interest. The Balance of that loan is \$14,860. New regulations will require the City to do an environmental assessment on all new loans at City's cost. No one has applied since 2003 for the program. The Department of Commerce recommends that the City turn in our money to the State Revolving Loan Fund. Anyone local could still apply for the money, but the State would do all of the paperwork. At this time the procedures and qualifications and reporting requirements have changed so much it would be easier for the City to not be the administrator of the program any longer. The program is still out there, we would still offer it to the public but not be required to manage the system. **I would like at this time to get the Commission approval to have the State manage this program for the City.** If approved a letter and refunding the funds is all that is needed to turn over the program to the State. A short email from Debbie M. Beck is provided for your read.

Earth Day, the city staff will be cleaning the city on this day, April 22, 2015. We hope to walk the city and pick up trash on city property. We will not get as much accomplished as we don't have the great help we had last year when we were able to use the students.

The City belongs to the KMEA. This is made up of a group of City's that rely on a business group to help with things such as electrical training for our lineman and power-plant operators, negotiations for allocations of power, representation at the legislation in Topeka and Federal level. In saying that, the City is under contract with KMEA to manage our resources we get from Federal Hydropower through the WAPA, (Western Area Power Administration). We are under contract until September 30, 2024. As it is, the majority of members has asked Western to start working on the process to extend our Loveland Area Projects Firm Electric Service The

City of Herington was initially provided a Loveland Area Project FES allocation beginning in September 30, 1989. Herington has assigned their allocations to KMEA for KMEA to manage. However, the allocation itself belongs with Herington. At this time Herington does not take delivery of its allocation. However there is becoming more and more opportunities for transportation so that we as a city can use this allocation that is priced at this time at around \$0.04142/kwh. At this time transportation costs are too high to benefit. However we are given a fee each year that varies for this allocation. Somewhere in the ballpark of \$2,400 per year. Better than nothing. Hopefully you understand this and at this time I would like to ask the Commission to approve this process and lock in our future allocation contracts so that they would have guaranteed resource certainty for their Federal Hydropower allocations well into the future. They do this so that contracts can be solidified into the future to 2054. A period between the years of 2024 to 2054. In the fall of 2014 KMEA started this process as it takes a while to complete. The group/cities want to execute these contracts as soon as possible to lock in their federal benefit for another 30 years. With contracts in place, there is much less risk in which congress could act to change/modify how this benefit is provided to customers. The powers to be at time are in position to make this happen so in the future the climate of the government will more than likely respect what is contracted. **It is therefore recommended to accept the WAPA contract and solidify the position the city now has.**

LKM annual meeting is the 15<sup>th</sup> & 16<sup>th</sup> of May. This is a meeting all commissioners should attend to further their education and challenges in local government. In saying that, Debbie needs to know if you intend to attend so registration and room reservations can be made. Mayor Beth Wade will be receiving the Level II Leadership Academy Certificate completing all requirements for that honor and I will be accepting my Level I.