



August 17, 2021

City of Kansas City, Missouri
Attn: Members of the Transportation, Infrastructure & Operations Committee
(i.e. Mayor Quinton Lucas, Councilman Eric Bunch, Councilwoman Andrea Bough and Councilwoman Ryana Parks-Shaw)
414 E. 12th St.
Kansas City, MO, 64106

Re: Utility Street Cut Compromise on update

At Spire, we're dedicated to maintaining safe and reliable natural gas infrastructure that provides affordable, reliable energy to homes and businesses in the greater Kansas City, Missouri community.

After reviewing the Utility Street Cut Compromise letter from Mr. Mark Montgomery dated July 15, 2021, and after our recent meeting with Mayor Lucas, we wanted to provide some information for the Transportation, Infrastructure & Operations Committee to consider in its decision-making process. Some of this information provides greater detail and context regarding the impact of **Ordinance 210692** on Spire and our customers.

Understanding the full financial – and socioeconomic -- impact

Any increase in rates resulting from the policy change, as currently proposed, will potentially be isolated to ratepayers within Kansas City, Missouri city limits. This means that more than **175,000** Spire Missouri West homes and businesses in the Kansas City, MO (KCMO) area – **including some of our most vulnerable customers** – will likely see a **significant increase** on their natural gas bills. And this impact has the potential to be viewed as a hidden tax initiated by the City of Kansas City, Missouri, for street maintenance.

During our conversation with Mayor Lucas, he requested an overview of the financial impact that the proposed changes to the city paving ordinance will have on Spire, our customers and Kansas City, Missouri, businesses and residents, in general. The following is a summary:

- Miles of pipe replaced in KCMO per year: 48 miles
- Cost of mill/overlay for those 48 miles of pipe replacement: \$10,128,000.

- The cost to mill/overlay would be **two times more under the newly proposed ordinance.**
- Cost of flow fill for those 48 miles of pipe replacement: \$3,120,000.
 - The cost to add flow fill would be **two and a half times more under the newly proposed ordinance.**

Spire and other utilities committed public and financial support for the recently renewed KC Earnings Tax in support of the city's assurance that a portion of e-tax revenues would go specifically to "Street Maintenance."

In addition, Spire pays substantial application and degradation fees which are to be prioritized and allocated toward street maintenance.

In addition to the above comments on the financial impact of these policies, below are Spire's responses to the compromise options on the SR-1 standard drawing changes related to the following categories: *Pavement Repair Width, Overlay Requirement with Patches, Backfill, Age of Street Pavement as well as Coordination Recommendations.*

Category: Pavement Repair Width - 4 Years versus 5 years

Spire, along with our coalition of utilities, are again recommending that the ordinance require one full lane width repair of a pavement cut over **4 years versus Public Works' proposed 5 years** of construction.

In the spirit of compromise, we have made a significant good faith effort to support the city's street maintenance objectives, as we have proposed **a 100% increase** from the current 2-year standard, to our proposed 4-year standard. We must reiterate that the city's proposed 5-year window is onerous and prohibitive to investment and is counterproductive to future collaboration between utilities and the city.

Category: Overlay Requirement with Patches

Public Works has proposed a requirement to overlay a lane for a block if more than 20% of block is patches from active project or 50% of culmination of all patches in a particular area. We believe the language "or 50% of culmination of all patches in a particular area" should be removed from the policy.

This language is also counterproductive to improving coordination and collaboration. We believe that this proposal may have unintended safety consequences. As a result of this proposal, contractors and utilities may avoid opening up the street to visually spot other utilities when performing crossing installation work, in an effort to avoid the costly repairs that would be required to comply with this proposed policy. We are concerned that this policy, and the behavior it inadvertently encourages, will result in more gas line strikes.

Category: Backfill

Public Works has proposed to “Only allow flowable fill or untreated compacted aggregate as backfill material. Due to Spire’s adherence to FERC requirements as well as safety concerns related to pipeline corrosion and leak detection implications, Spire will not be able to comply with the proposed policy. Our policy recommendation remains to be, “Backfill can be suitable soil or flowable fill or untreated compacted aggregate”.

Category: Age of Street Pavement

Public Works has proposed, “Excavating in street pavements within **five years of construction** or Resurfacing - Width is 24 foot and length block face or 250 feet maximum.

We recommend the following:

Excavating in street pavements within **four years of construction** or Resurfacing - Width is **12 foot** and length block face or 250 feet maximum.

Requiring paving of 24 feet would essentially require utilities to mill and overlay the width of two lanes as the average street lane is 10 to 12 feet in width. As explained above, this policy alone would significantly increase Spire’s cost for paving, impacting approximately 175,344 Spire customers, including our most vulnerable Kansas Citians doing business and/or residing in the City of Kansas City, Missouri, resulting in a substantial increase on their gas bills. It is also important to reiterate this policy will **significantly increase the number of road closures** versus lane closures, which will also equate to a substantial increase in permit costs as the city requires a fee for road closure requests.

In addition, we recently became aware of the City’s plan to accelerate its’ large-scale road improvement project. Because of the proposed policy, it is highly likely that Spire will not be able to stay ahead of the city on all its planned road improvement work, which will likely result in replacing pipe on streets that have just been overlaid.

Coordination Recommendations

Note: The proposed policy in response to our recommendations did not include language that addressed our coordination recommendations. These recommendations are reiterated below:

- We recommend that the city and our coalition of utilities create a strategic work coordination committee to share and collaborate around 3-year work plans.
- Each utility would be required to have at least one representative on the committee.
- The committee will meet on a quarterly basis to discuss potential work schedule conflicts.

- The goal will be to plan work schedules 12 months in advance of scheduled construction start dates.
- City and utilities should work together to define a coordination process with specific timeframes for sharing, reviewing, and coordinating work related specifically to street cuts and restoration
- At a minimum, City host an annual coordination meeting with all utilities to talk about the 3 to 5-year master plans.
- Utilize the ULCC meetings for short-term or current projects only
- Aim to share and coordinate work within a 3 to 5-year timeframe
- GIS data should be combined (and or analyzed without being made public) to identify specific conflicts and opportunities rather than just sharing data for review by other parties
- Determine who within the City will be responsible for coordinating and maintaining the shared data and how it can be accessed by the utilities
- All utilities and the City provide contact information for the projects and keep the information current through an annual review, at a minimum

We appreciate each of this committee's review of our feedback, concerns and recommendations. And we look forward to working together, along with our utility partners, toward an inclusive solution that supports the wellbeing of all Kansas City residents.

With best regards,

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