



WORK SESSION MINUTES

A work session of the Kirkwood City Council was held on October 9, 2025, at 4:30 p.m. at Kirkwood City Hall, 139 S. Kirkwood Road, Kirkwood, Missouri. Present were: Mayor Gibbons, Council Members Jaksetic, Luetzow, McLean, Rheinnecker, Schaefer, and Zimmer. Also in attendance were Chief Administrative Officer Russell Hawes, Assistant Chief Administrative Officer David Weidler, City Clerk Laurie Asche, City Communications Manager Jessica Winter, and City Attorney Jackie Graves.

APPROVAL OF SPECIAL SEPTEMBER 29, 2025 AND REGULAR OCTOBER 2, 2025 WORK SESSION MINUTES

Motion was made by Council Member Schaefer and seconded by Council Member Zimmer to approve the minutes of the Special September 29, 2025 and Regular October 2, 2025 work session meeting. The minutes were unanimously approved.

ACCESSORY DWELLING UNITS DISCUSSION

Council Member Schaefer introduced the topic, clarifying that he is not opposed to ADUs but wished to explore options for greater neighbor input when such units are proposed. It was noted that under current code, ADUs are permitted only by Special Use Permit (SUP) and require lots of at least 15,000 square feet. Units are limited to 750 square feet in size and may be either attached or detached from the primary dwelling, provided all setbacks and building standards of the principal structure are met.

The topic was brought forward to explore whether the City should provide additional mechanisms for neighborhood input when an ADU is proposed. Although notices are mailed to property owners within 300 feet and a public hearing is held before the City Council, there is currently no mechanism that allows neighborhood opposition alone.

Some discussion focused on parallels to state statutes governing zoning protest petitions, which require a supermajority vote by the City Council when sufficient opposition is filed by affected property owners. Members noted that while such provisions are only mandated by state law for zoning changes, a similar local mechanism could be considered for ADUs to provide additional scrutiny where warranted.

Further discussion addressed the public's perception of ADUs as a potential path toward short-term rentals or increased stormwater runoff. It was reiterated that current code requires the property owner to reside on the premises and that ADUs are intended for long-term residential use only.

Following the discussion, consensus emerged that a smaller working group should review the City's ADU policies in greater depth. The subcommittee will examine potential revisions to the ordinance, evaluate how neighboring cities handle ADUs, consider ways to enhance public notification, and assess whether any new mechanisms for gauging neighborhood sentiment should be introduced.

A motion was made by Council Member McLean and seconded by Council Member Zimmer to form an ADU Policy Review Subcommittee consisting of Council Members Jaksetic, Luetzow and Schaefer to work with staff to analyze ADU-related concerns and report recommendations back to Council. The motion passed unanimously.



ELECTRIC RATE ADJUSTMENT DISCUSSION

Chief Administrative Officer Russell Hawes presented staff's recommendation for an electric rate increase averaging 14.8% across all customer classes, effective November 1, 2025. An overview of the City's electric utility modernization program, a twelve-year initiative that included the complete upgrade of transmission voltage from 4.16 kV to 12.47 kV, replacement of major transformers, and full modernization of substations including Essex, Leffingwell, Van Buren, Alfred, and Sugar Creek was provided. The modernization has significantly improved system reliability and capacity but required substantial capital expenditures beyond initial estimates.

It was explained that rising material and labor costs, combined with inflation and increased frequency of severe storms, have placed pressure on the Electric Fund. Although much of the work was funded through operating revenues, cash reserves, and certificates of participation (lease revenue bonds), the department's reserve position has been substantially reduced. In order to rebuild reserves and maintain financial stability, staff recommended an across-the-board electric rate increase of approximately 14.8% effective November 1, 2025.

A consultant from Utility Financial Systems (UFS) conducted an independent review of the City's rate structure and confirmed that an increase was warranted to restore reserve levels, address inflation in energy supply costs, and prepare for future infrastructure needs. The consultant also recommended that the City continue annual financial and rate analyses to ensure transparency and responsiveness to changing market conditions.

Discussion followed regarding the structure of the proposed rate changes. It was noted that while the overall increase averages 14.8%, individual components such as the fixed customer charge, summer and winter energy rates, and fuel adjustments vary by percentage. Staff explained that the difference reflects the varying weight of each component on the typical residential bill. The estimated monthly impact on an average household using 750 kilowatt-hours per month would be approximately \$14 to \$15.

Questions were raised about how costs are distributed among large commercial and institutional users versus residential customers. Staff explained that the customer charge for large general service accounts is substantially higher to reflect the additional strain such users place on the system and the infrastructure required to serve them. It was further noted that while the City's base charge remains lower than many comparable utilities, the proposed adjustment brings Kirkwood closer to regional averages.

Attention was given to the City's cash balance data. It was clarified that the previously reported \$7.9 million included restricted COP bond proceeds, with the true unrestricted cash closer to \$4 million. Council emphasized the importance of maintaining financial clarity and ensuring that reported balances accurately represent available funds. Discussion also acknowledged that some capital outlay, including the purchase of the new public works facility, was temporarily booked under the Electric Department but will be redistributed among the Electric, Water, and Sanitation funds upon refinancing.



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Discussion turned to the City's Payment in Lieu of Taxes (PILOT) transfers from the Electric Fund to the General Fund, estimated at \$2.8 million annually. It was confirmed that these transfers would continue under the proposed rate structure, serving as a dividend to support general operations while the Electric Department gradually restores its reserves. Council acknowledged the challenge of balancing the needs of both the General Fund and the utility's long-term fiscal health.

Future rate reviews should include close coordination with the Citizens' Finance Committee to establish a formal reserve policy, potentially targeting between six and twelve months of operating expenses was emphasized. It was recommended that annual third-party evaluations should continue to provide accountability and early detection of emerging financial pressures.

Additional discussion addressed line clearing and vegetation management costs. The Electric Department will transition from maintaining two standing tree crews to using an on-call approach, reducing costs while maintaining service reliability. It was noted that tree maintenance remains essential for preventing power outages, and coordination with the City's forestry and parks divisions will be pursued to achieve efficiencies across departments.

Following thorough discussion, there was agreement that the proposed rate increase was justified and that continued financial oversight would be essential. Staff was directed to prepare legislation for Council consideration at the October 16, 2025, meeting to implement the proposed electric rate adjustments effective November 1, 2025.

MOTION TO CLOSE THE MEETING

Motion was made by Council Member Zimmer and seconded by Council Member Schaefer to close the meeting pursuant to RSMo Chapter 610.021 (1 – Legal, 2 – Real Estate & 12 – Contract Negotiations).

Roll Call:

Mayor Gibbons	"Yes"
Council Member Jaksetic	"Yes"
Council Member Luetzow	"Yes"
Council Member McLean	"Yes"
Council Member Rheinnecker	"Yes"
Council Member Schaefer	"Yes"
Council Member Zimmer	"Yes"

The meeting was closed.



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MOTION TO OPEN THE MEETING

Motion was made by Council Member Zimmer and seconded by Council Member McLean to open the meeting.

Roll Call:

Mayor Gibbons	“Yes”
Council Member Jaksetic	“Yes”
Council Member Luetzow	“Yes”
Council Member McLean	“Yes”
Council Member Rheinnecker	“Yes”
Council Member Schaefer	“Yes”
Council Member Zimmer	“Yes”

The meeting was opened. Since no further matters were to come before the council, the meeting was adjourned.

Laurie Asche
City Clerk