

**AGENDA-REGULAR MEETING  
STERLING CITY COMMISSION**

114 N. Broadway, Sterling, Kansas  
January 20, 2026, at 6:00 P.M.

**A. CALL TO ORDER**

**B. INVOCATION**

**C. APPROVAL OF THE AGENDA**

**D. CITIZEN COMMENTS**

**E. APPOINTMENTS, PROCLAMATIONS, RECOGNITIONS, & NOMINATIONS**

**F. CONSENT AGENDA**

Items on the Consent Agenda are considered by staff to be routine business items. Approval of the items may be made by a single motion, seconded, and a majority vote with no separate discussion of any item listed. Should a member of the Governing Body desire to discuss any item, the item will be removed from the Consent Agenda and considered separately.

1. Approval of minutes
  - a. Regular Meeting January 5, 2026.
2. Accounts Payable
  - a. Wednesday, January 14, 2026, for \$7,049.
  - b. Friday, January 16, 2026, for \$462,875.

**G. OLD BUSINESS**

**H. NEW BUSINESS**

1. Receive update from the Fire Chief on Sterling Volunteer Fire Department projects.
2. Approve ordinance increasing the electric utility rates and charges established in Sections 15-208, 15-209 and 15-210 of the City Code.
3. Approve ordinance increasing the water utility rates and charges established in Section 15-319 of the City Code.
4. Approve ordinance increasing the wastewater utility rates and charges established in Section 15-507 of the City Code.

**I. CITY MANAGER'S REPORT**

**J. GOVERNING BODY COMMENTS**

**K. EXECUTIVE SESSION**

**L. ADJOURNMENT**

Next Assigned Numbers for:  
Charter Ordinance No. 18  
Ordinance No. 2589  
Resolution No. 900

**NOTICE: SUBJECT TO REVISIONS**

It is possible that sometime between 5:30 and 6:00 pm immediately prior to this meeting, during breaks, and directly after the meeting, a majority of the Governing Body may be present in the commission chambers or lobby of City Hall. No one is excluded from these areas during those times.

## **F. Consent Agenda Highlights**

### **1. Approval of minutes**

- a. Regular Meeting January 5, 2026.

### **2. Accounts Payable**

- a. Wednesday, January 14, 2026, for \$7,049.
  - KS Dept. of Revenue – water fee, sales tax: \$7,049
- b. Friday, January 16, 2026, for \$462,875.
  - APAC-Kansas – KMW expansion wastewater: \$190,401
  - KMEA-EMP3 – purchased power: \$56,205
  - Chamber of Commerce – financial support, membership: \$40,075
  - KMEA-GRDA – purchased power: \$38,078



STERLING CITY COMMISSION  
REGULAR MEETING  
MINUTES  
1/5/2026

The Board of Commissioners of the City of Sterling met in a regular session on Monday, January 5<sup>th</sup>, 2026, at 7:00 P.M. in the meeting room at City Hall. Those present were Clint Bundy, Todd Rowland, and Bob Boltz, City Commissioners; Brian Inwood, Mayor; Ian Hutcheson, City Manager; Jessi Dobson, City Clerk; Josh Blank, Police Officer; Scott Bush, City Attorney; Clelia McCrory, Public. Richard Jones, Jr., via phone.

Janie Perico was present for the Sterling Bulletin.

Mayor Inwood called the meeting to order.

**INVOCATION AND FLAG SALUTE:** Led by Commissioner Rowland.

**APPROVAL OF AGENDA:**

Commissioner Rowland moved, and Commissioner Boltz seconded to approve the agenda. The motion carried 5-0.

**CITIZEN COMMENTS:** None.

**APPOINTMENTS, PROCLAMATIONS, RECOGNITIONS, & NOMINATIONS:**

1. Swear-in Brian Inwood as a City Commissioner.

City Clerk Dobson swore-in Brian Inwood as a City Commissioner.

2. Swear-in Todd Rowland as a City Commissioner.

City Clerk Dobson swore-in Todd Rowland as a City Commissioner.

3. Appoint the Mayor of the City Commission for 2026.

Commissioner Rowland moved, and Commissioner Bundy seconded to open nominations to appoint the Mayor of the City Commission for 2026. Motion carried 5-0.

A discussion was held among the City Commissioners. Brian Inwood and Richard Jones, Jr., were both nominated for Mayor.

Commissioner Rowland moved, and Commissioner Boltz seconded to close nominations to appoint the Mayor of the City Commission for 2026. Motion carried 5-0.

Commissioner Rowland moved, and Commissioner Boltz seconded to appoint Brian Inwood as the Mayor of the City Commission for 2026. Motion carried 5-0.

4. Appoint the Vice-Mayor of the City Commission for 2026.

Commissioner Rowland moved, and Commissioner Bundy seconded to open nominations to appoint the Vice-Mayor of the City Commission for 2026. Motion carried 5-0.

Clint Bundy and Todd Rowland were both nominated for Vice-Mayor. A discussion was held among the City Commissioners.

**Minutes**

**1/5/2026**

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**APPOINTMENTS, PROCLAMATIONS, RECOGNITIONS, & NOMINATIONS (cont.):**

Commissioner Rowland moved, and Mayor Inwood seconded to close nominations to appoint the Vice-Mayor of the City Commission for 2026. Motion carried 5-0.

Mayor Inwood moved, and Commissioner Boltz seconded to appoint Todd Rowland as the Vice-Mayor of the City Commissioner for 2026. Motion carried 5-0.

**CONSENT AGENDA:**

1. Approved December 15, 2025, Regular Meeting Minutes.
2. Approved December 31, 2025, Accounts Payable.
3. Approved January 2, 2026, Accounts Payable.

Commissioner Bundy moved, and Commissioner Rowland seconded to approve the Consent Agenda as presented. Motion carried 5-0.

**OLD BUSINESS:** None.

**NEW BUSINESS:**

1. Approve resolution to waive the generally accepted accounting principles (GAAP) for Fiscal Year 2025.

City Manager Hutcheson presented that per Kansas Statutes Annotated (KSA) 75-1120a(a) municipalities must use generally accepted accounting principles (GAAP) in the preparation of financial statements and reports. However, the governing body of any municipality may waive the requirement to follow GAAP. One of the primary reasons why a municipality would waive the requirement to follow GAAP is that it is more complex and costly to implement. GAAP requires reporting cash and non-cash assets and liabilities. The City has historically operated on a regulatory basis of accounting in the form of a modified cash basis, by tracking cash, certain accounts payable and encumbrances to facilitate financial reporting.

A resolution, prepared by City Attorney Bush, must be approved for the City Commission to waive the GAAP requirement. This waiver resolution must be passed each fiscal year, clearly identify the fiscal year in which the requirement will be waived and contain certain language substantially similar to that specified in KSA 75-1120a(c)(1).

Hutcheson recommended that the City Commission approve the resolution waiving the requirement to follow GAAP for Fiscal Year 2025.

Commissioner Rowland moved, and Commissioner Bundy seconded to approve a resolution to waive GAAP for Fiscal Year 2025. Motion carried 5-0.

2. Approve ordinance granting a franchise agreement with Mutual TeleCommunications (MTC) for telecommunications service.

City Manager Hutcheson explained a franchise agreement between a utility provider and a local government grants the provider permission to install infrastructure within the local government's right-of-way (ROW) property. In exchange for this permission, the utility provider pays the local government a franchise fee typically calculated as a percentage of the provider's gross monthly sales from its customers within the

**NEW BUSINESS (cont.):**

government's boundaries. A franchise fee of 5% of gross sales is the customary standard.

Mutual TeleCommunications (MTC) is a telecommunications utility provider headquartered in Little River, Kansas which provides service to communities in Rice County and McPherson County. In Sterling, MTC provides fiber and wireless internet service and voice call service for residential and commercial customers.

Hutcheson continued to explain that for MTC to continue operating a telecommunications utility in Sterling, a new franchise agreement must be approved. MTC staff have prepared an ordinance granting a new franchise agreement for the company, which was included in the agenda packet. The agreement generally permits MTC to install the infrastructure necessary for delivering telecommunications service within public property, including streets, alleys, bridges, easements and City ROW. Section 1 of the ordinance establishes a franchise term of 15 years, which would expire on December 31, 2041.

Section 3 states that the franchise fee due to the City is equal to 5% of MTC's gross receipts from sales to customers located within the city limits. Gross receipts are defined in Section 2 as revenue derived from recurring charges for telecommunications service and non-recurring charges including service installation and service reconnection fees. All other revenues received by the company, including those derived from the sale or lease of unbundled network items, long-distance voice calls, wireless telecommunications services, or late fees, are excluded from gross receipts. The average annual revenue the City receives from MTC is \$1,767 over the past 10 years. The 10-year annual growth rate in MTC franchise revenues is -1.3%.

Section 6 provides the City the right to request that MTC, at no cost to the City, relocate its infrastructure installed in the ROW to facilitate maintenance and construction projects that provide a public benefit. Any damages incurred by the City or its contractors resulting from a failure of MTC to timely relocate its infrastructure will be assumed by MTC. Section 7 grants MTC permission to trim trees that may obstruct or damage MTC's infrastructure, in accordance with all applicable governmental regulations.

City Attorney Bush has reviewed the ordinance and franchise agreement and has no objections to the recommendation for approval.

Hutcheson recommended the City Commission approve the ordinance granting a franchise agreement with MTC for telecommunications service.

Commissioner Bundy moved, and Commissioner Rowland seconded to approve an ordinance granting a franchise agreement with MTC for telecommunications service. Motion carried 5-0.

**CITY MANAGER'S REPORT:**

City Manager Hutcheson presented an update on the KMW expansion infrastructure projects beginning with the roadway improvement project. A field check meeting was held on December 30<sup>th</sup> with the contractor, engineers and City staff to inspect the roadway for approval. The remaining work includes installing road and traffic signs,

**CITY MANAGER'S REPORT (cont.):**

seeding and erosion control. The road is now open for public use, connecting N. Broadway Ave. to Avenue U.

Hutcheson continued with an update on the wastewater improvement project. Boring on the west side of college's Gleason Center has been completed and the remaining boring is scheduled to be completed on Tuesday, January 6. Once the boring is complete, the installation of the force main will generally be finished once the two segments on the north and south side of W. Cleveland Ave. are connected. The remaining work will consist of tying-in the force main to the wastewater main at W. Washington St. Other work includes testing of the electrical components of the lift station that is installed at the project site.

Hutcheson shared an update regarding the City's PSN online payment system. City staff have implemented a temporary fix to the online payment system. This update has been shared with the existing PSN users, on the City's Facebook page and on the City website. Users will need to re-register their account with PSN and then manually enter their monthly bill onto the payment page. This option is less convenient since PSN will not connect directly with the City's financial system. The online payment system is also subject to change in the future when the City transitions to a new financial system. Hutcheson encouraged the City Commissioners and residents to pay attention to the News Flash section of the City website for future updates.

Lastly, Hutcheson reminded those present that the next City Commission meeting will be held on Tuesday, January 20 at 6:00pm due to the Martin Luther King holiday.

**GOVERNING BODY COMMENTS:**

Commissioner Rowland commended the Electrical Distribution team for doing a great job installing the lights downtown this Christmas season. Electrical Distribution Superintendent John Wagerle and his crew do a great job on this time intensive project, but their work is noticed and greatly appreciated by the public.

**EXECUTIVE SESSION:** None.

**ADJOURNMENT:** There being no further business to come before the Commission, it was moved by Commissioner Rowland and seconded by Commissioner Boltz to adjourn. The motion carried 5-0.

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Brian Inwood, Mayor

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Todd Rowland, Vice Mayor

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Clint Bundy, Commissioner

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Richard L. Jones, Jr., Commissioner

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Bob Boltz, Commissioner

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Jessi Dobson, City Clerk

INVOICE#	LINE	DU <sup>E</sup> DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST GL ACCOUNT	CK SQ
<b>1170 KDOR-MISCELLANEOUS TAX SECTION</b>							
4TH QTR WF TAX 2026	1	1/20/26	1/13/26	KS WA PROTECTION FEE 4TH QTR	417.47	02	02-00-2403 E-PAYMNT 3140316 1/15/26
	2			CLEAN DRIKNING WA FEE 4TH QTR	391.38	02	02-70-5506 E-PAYMNT 3140316 1/15/26
				INVOICE TOTAL	808.85		
DEC 2025 SALES TAX	1	1/20/26	1/14/26	DEC 2025 SALEX TAX	6,240.07	03	03-70-5501 E-PAYMNT 3140317 1/14/26
				INVOICE TOTAL	6,240.07		
				VENDOR TOTAL	7,048.92		

INVOICE#	LINE	DU <sup>E</sup> DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST GL ACCOUNT	CK SQ
FIRST BANK 227 APAC-KANSAS INC							
PAY APP-3-STERLINGKS	1	1/20/26	1/02/26	12/1-12/31/25 KMW WW PROJECT INVOICE TOTAL	190,400.90 190,400.90	44 44	44-40-5399
				VENDOR TOTAL	190,400.90		
1449 BG CONSULTANTS							
25-1185M #10	1	1/20/26	1/05/26	KMW SW RPR&CONST ENGIV SERV 2H INVOICE TOTAL	308.00 1,848.00 12,682.00 14,838.00	44 44 44 44	44-00-5399 44-00-5399 44-00-5399
	2			KMW SW RPR&CONST INTENG II 12H			
	3			KMW SW RPR&CONST OBSERVII93.25 INVOICE TOTAL			
				VENDOR TOTAL	14,838.00		
579 BLACK HILLS ENERGY							
1/6 STMT 2026	1	1/20/26	1/06/26	JAN ENERGY 12/3/2025-1/5/2026 INVOICE TOTAL	271.00 271.00	01 01	01-00-5306
1/6 STMT 2026 SHOP	1	1/20/26	1/06/26	JAN ENERGY 12/3/2025-1/5/2026 INVOICE TOTAL	998.57 998.57	03 03	03-60-5306
1/6 STMT PD 2026	1	1/20/26	1/06/25	JAN ENERGY 12/3/2025-1/5/2026 INVOICE TOTAL	483.92 483.92	01 01	01-11-5399
1/6 STMT PP 2026	1	1/20/26	1/05/26	JAN ENERGY 12/3-1/5/2026 INVOICE TOTAL	65.27 65.27	03 03	03-50-5306
1/6 STMT SPL 2026	1	1/20/26	1/06/26	JAN ENERGY 12/3/2025-1/5/2026 INVOICE TOTAL	255.35 255.35	01 01	01-00-5313
				VENDOR TOTAL	2,074.11		
7 BLUE CROSS BLUE SHIELD							
023105093	1	1/20/26	1/12/26	BCBS HEALTH INSURANCE	1,029.02	1804	18-41-5130
	2			BCBS HEALTH INSURANCE	2,504.69	0104	01-00-5130
	3			BCBS HEALTH INSURANCE	1,345.43	0304	03-60-5130
	4			BCBS HEALTH INSURANCE	2,319.41	0304	03-50-5130
	5			BCBS HEALTH INSURANCE	533.83	0104	01-00-5130
	6			BCBS HEALTH INSURANCE	2,357.16	0304	03-50-5130
	7			BCBS HEALTH INSURANCE	1,472.87	02	02-70-5130
	8			BCBS HEALTH INSURANCE	1,142.66	0104	01-01-5130
	9			BCBS HEALTH INSURANCE	2,197.97	0104	01-01-5130
	10			BCBS HEALTH INSURANCE	1,273.89	03	03-70-5130
	11			BCBS HEALTH INSURANCE	540.39	0304	03-60-5130
	12			BCBS HEALTH INSURANCE	2,259.11	0104	01-01-5130
	13			BCBS HEALTH INSURANCE	2,524.38	19	19-00-5130
	14			BCBS HEALTH INSURANCE	1,342.15	0304	03-50-5130
	15			BCBS HEALTH INSURANCE	1,465.14	0304	03-50-5130
	16			BCBS HEALTH INSURANCE SPLIT	910.47	0204	02-60-5130
	17			BCBS HEALTH INSURANCE SPLIT	910.47	16	16-00-5130
	18			BCBS HEALTH INSURANCE	1,270.77	18	18-42-5130
	19			BCBS HEALTH INSURANCE	2,504.69	0304	03-60-5130
	20			BCBS HEALTH INSURANCE	1,142.66	0104	01-01-5130

INVOICE#	LINE	DUE DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST GL ACCOUNT	CK SQ
	21			BCBS HEALTH INSURANCE INVOICE TOTAL	1,773.34 32,820.50	0104 01-01-5130	1
				VENDOR TOTAL	32,820.50		
				21 BOLEN OFFICE SUPPLY, INC			
160331	1	1/20/26	12/30/26	ADMIN OFF SUPP: FILE FOLDERS INVOICE TOTAL	31.17 31.17	01 01-00-5201	1
160344	1	1/20/26	1/02/26	OFF SUPP: YEL TONER LEXC3210Y0 INVOICE TOTAL	112.88 112.88	03 03-60-5299	1
160372	1	1/20/26	1/07/26	OFF SUPP:ADMIN ASST FLAGS INVOICE TOTAL	3.34 3.34	01 01-00-5201	1
160517	1	1/20/26	1/07/26	OFF SUPP:ADMIN JRLEGAL/3*3 POP INVOICE TOTAL	27.85 27.85	01 01-00-5201	1
160646	1	1/20/26	1/09/26	OFF SUPP:ADMIN WHITE LEGALPADS INVOICE TOTAL	25.97 25.97	01 01-01-5201	1
				VENDOR TOTAL	201.21		
				168 BRENNTAG SOUTHWEST, LLC			
BSW671912	1	1/20/26	1/08/26	WA DIST CHLORINE 10 150# INVOICE TOTAL	2,972.50 2,972.50	02 02-60-5299	1
				VENDOR TOTAL	2,972.50		
				1285 BRIGHTSPEED			
480000702560	1	1/20/26	12/24/25	PHONE 620-278-2031 INVOICE TOTAL	115.48 115.48	18 18-41-5399	1
				VENDOR TOTAL	115.48		
				951 CINTAS CORPORATION			
5305699307	1	1/20/26	12/02/25	FIRST AID SUPPLIES- ADMIN	117.59	01 01-00-5399	1
	2			FIRST AID SUPPLIES- PD	33.11	01 01-01-5399	1
	3			FIRST AID SUPPLIES- PW	54.48	02 02-60-5399	1
	4			FIRST AID SUPPLIES- EL	54.19	03 03-60-5399	1
	5			FIRST AID SUPPLIES- PP	108.25	03 03-50-5399	1
				INVOICE TOTAL	367.62		
				VENDOR TOTAL	367.62		
				277 CITY ATTORNEY'S ASSOC KANSAS			
6818	1	1/20/26	1/07/26	2026 CAAK MEMBERSHIP DUES INVOICE TOTAL	35.00 35.00	01 01-00-5310	1
				VENDOR TOTAL	35.00		
				1044 CORE & MAIN LP			
Y313732	1	1/20/26	1/07/26	SW IRR PROJ:2/72 GALV STLNIPPL INVOICE TOTAL	690.28 690.28	18 18-40-5492	1

INVOICE#	LINE	DU <sup>E</sup> DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST GL ACCOUNT	CK SQ
Y356859	1	1/20/26	1/09/26	OP SUP:FL0 118-20 2"/2PVC S40 INVOICE TOTAL	51.40 51.40	02 02-60-5223	1
				VENDOR TOTAL	741.68		
				29 CENTRAL PRAIRIE CO-OP			
12/31/2025 STMT	1	1/20/26	12/31/25	VEHICLE GAS FOR F350 SERV TRK	41.05	02 02-60-5205	1
	2			VEHICLE GAS FOR F350 SERV TRK	45.27	02 02-60-5205	1
	3			DIESEL FOR SM BKT TRK	73.60	03 03-60-5205	1
	4			VEHICLE GAS FOR F350 SERV TRK	13.40	02 02-60-5205	1
	5			VEHICLE GAS FOR F-250 JWAG	67.30	03 03-60-5205	1
				INVOICE TOTAL	240.62		
12/31/2025 STMT PD	1	1/20/26	12/31/25	VEHICLE GAS	36.57	01 01-01-5205	1
	2			VEHICLE GAS	18.63	01 01-01-5205	1
	3			VEHEXP:UNIT 1EXPL OIL/TIRE ROT	101.40	01 01-01-5207	1
	4			VEHICLE GAS	44.31	01 01-01-5205	1
	5			VEHICLE GAS	27.89	01 01-01-5205	1
	6			VEHICLE GAS	47.60	01 01-01-5205	1
	7			VEHICLE GAS	29.41	01 01-01-5205	1
	8			VEHICLE GAS	35.64	01 01-01-5205	1
	9			VEHICLE GAS	28.86	01 01-01-5205	1
	10			VEHICLE GAS	50.00	01 01-01-5205	1
	11			VEHICLE GAS	42.22	01 01-01-5205	1
	12			VEHICLE GAS	28.92	01 01-01-5205	1
	13			VEHICLE GAS	26.35	01 01-01-5205	1
	14			VEHICLE GAS	25.32	01 01-01-5205	1
	15			VEHICLE GAS	28.28	01 01-01-5205	1
	16			VEHICLE GAS	45.39	01 01-01-5205	1
	17			VEHICLE GAS	42.57	01 01-01-5205	1
	18			VEHICLE GAS	30.02	01 01-01-5205	1
	19			VEHICLE GAS	47.20	01 01-01-5205	1
				INVOICE TOTAL	736.58		
				VENDOR TOTAL	977.20		
				1308 FIRST WIRELESS, INC			
WT74182	1	1/20/26	1/06/26	RADIO BATT:4IMPRES LIION IP67 INVOICE TOTAL	643.88 643.88	01 01-01-5299	1
				VENDOR TOTAL	643.88		
				306 GRAINGER			
9762883081	1	1/20/26	1/07/26	OP SUPP:BATTERY/CABLE TIES INVOICE TOTAL	90.16 90.16	03 03-60-5223	1
				VENDOR TOTAL	90.16		
				1305 IMAGINE IT, INC.			
31201245	1	1/20/26	12/31/25	SIEM IT SECURITY SYSTEMFEATURE	250.00	01 01-00-5399	1
	2			SIEM IT SECURITY SYSTEMFEATURE	250.00	02 02-70-5399	1
	3			SIEM IT SECURITY SYSTEMFEATURE	250.00	18 18-42-5399	1
	4			SIEM IT SECURITY SYSTEMFEATURE	250.00	03 03-70-5399	1
				INVOICE TOTAL	1,000.00		

INVOICE#	LINE	DU <sup>E</sup> DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST GL ACCOUNT	CK SQ
31201331	1	1/20/26	2/01/26	MONTHLY BILLING FEB26-AGMT MA INVOICE TOTAL	3,568.79 3,568.79	03 03-70-5399	1
				VENDOR TOTAL	4,568.79		
1541	1	1/20/26	1/06/26	2026FULL KACM MEMBERSHIP-SMCIT INVOICE TOTAL	100.00 100.00	03 03-70-5310	1
				VENDOR TOTAL	100.00		
8027	1	1/20/26	1/08/26	2026 KS MAYORS ASSOC MEMBER DU INVOICE TOTAL	50.00 50.00	01 01-00-5310	1
				VENDOR TOTAL	50.00		
5120496	1	1/20/26	1/20/26	11 KANSAS ONE-CALL SYSTEM INC PW REGULAR LOCATE FEES SPLIT EL REGULAR LOCATE FEES SPLIT INVOICE TOTAL	42.56 42.56 85.12	02 02-60-5399 03 03-60-5399	1 1
				VENDOR TOTAL	85.12		
75897	1	1/20/26	1/05/26	118 DEPT OF HEALTH AND ENVIRONMENT WATER TESTING 10/15-12/16/2025 INVOICE TOTAL	120.00 120.00	02 02-60-5399	1
KS0024783-WWTP-2026	1	1/20/26	1/07/26	BOW-IND WW PERMIT FEE 2026 INVOICE TOTAL	185.00 185.00	18 18-42-5399	1
				VENDOR TOTAL	305.00		
99320	1	1/20/26	1/12/26	337 KIRKHAM MICHAEL RWTOKMW PESERV THR1/2/26 206.5 RW T KMW MILEAGE 1563 MILES INVOICE TOTAL	21,504.13 1,094.11 22,598.24	44 44-19-5399 44 44-19-5399	1 1
				VENDOR TOTAL	22,598.24		
GRDA-STER-2026-02	1	1/20/26	1/09/26	34 KMEA-GRDA OPERATING ACCOUNT KMEA FEB 2026 SERVICES PURCHPW INVOICE TOTAL	38,078.00 38,078.00	03 03-50-5358	1
				VENDOR TOTAL	38,078.00		
EMP3-STER-2025-12	1	1/13/26	1/13/26	870 KMEA EMP3 OPERATING FUND DEC 2025 SERVICES INVOICE TOTAL	56,205.00 56,205.00	03 03-50-5358	1
				VENDOR TOTAL	56,205.00		
STER-2025-12	1	1/20/26	1/13/26	302 KANSAS MUNICIPAL GAS AGENCY DEC NAT.GAS TRANSPORT COST2025	35.00	03 03-50-5397	1

INVOICE#	LINE	DU <sup>E</sup> DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST GL ACCOUNT	CK SQ
				INVOICE TOTAL	35.00		
				VENDOR TOTAL	35.00		
				4 KANSAS MUNICIPAL UTILITIES			
20896	1	1/20/26	1/07/26	LEVEL1 TRAININGGROUP3 1QTR2026	467.92	01 01-00-5399	1
	2			LEVEL1 TRAININGGROUP3 1QTR2026	467.92	02 02-70-5399	1
	3			LEVEL1 TRAININGGROUP3 1QTR2026	467.92	03 03-70-5399	1
	4			LEVEL1 TRAININGGROUP3 1QTR2026	467.92	18 18-42-5399	1
	5			LEVEL1 TRAININGGROUP3 1QTR2026	467.95	19 19-00-5399	1
				INVOICE TOTAL	2,339.63		
				VENDOR TOTAL	2,339.63		
				208 KANSAS EMPLOYMENT SEC. FUND			
4TH QTR UI 2025 TAX	1	1/20/26	1/14/26	UNEMPLOYMENT INSURANCE	43.89	01 01-00-5122	1
	2			UNEMPLOYMENT INSURANCE	102.61	01 E-PAYMNT 3140315 1/14/26	1
	3			UNEMPLOYMENT INSURANCE	14.63	02 01-01-5122	1
	4			UNEMPLOYMENT INSURANCE	14.63	02 E-PAYMNT 3140315 1/14/26	1
	5			UNEMPLOYMENT INSURANCE	58.52	03 02-60-5122	1
	6			UNEMPLOYMENT INSURANCE	43.89	03 E-PAYMNT 3140315 1/14/26	1
	7			UNEMPLOYMENT INSURANCE	14.63	03 03-50-5122	1
	8			UNEMPLOYMENT INSURANCE	14.63	03 E-PAYMNT 3140315 1/14/26	1
	9			UNEMPLOYMENT INSURANCE	14.63	18 03-60-5122	1
	10			UNEMPLOYMENT INSURANCE	29.26	18 E-PAYMNT 3140315 1/14/26	1
				INVOICE TOTAL	351.32	19-00-5122	1
				VENDOR TOTAL	351.32	E-PAYMNT 3140315 1/14/26	1
				1447 KS STATEBANK			
63771-1-2026	1	1/20/26	1/20/26	2025 GRASSHOPPER 735BT JAN2026	257.13	16 16-00-5403	1
				INVOICE TOTAL	257.13	E-PAYMNT 3140314 1/20/26	1
				VENDOR TOTAL	257.13		
				782 LUMINEO SIGNS			
PS-INV125298	1	1/20/26	1/01/26	10*24 OUTDOOR DISPLAY	440.00	03 03-70-5399	1
				INVOICE TOTAL	440.00		
PS-INV125299	1	1/20/26	1/01/26	11*24 OUTDOOR DISPLAY	300.00	03 03-70-5399	1
				INVOICE TOTAL	300.00		
				VENDOR TOTAL	740.00		

INVOICE#	LINE	DU <sup>E</sup> DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST GL ACCOUNT	CK SQ
233 MARMIE FORD INC							
108314	1	1/20/26	1/05/26	VEHEXP:EXPLORER HUBCAB COVER INVOICE TOTAL	158.45 158.45	01 01-01-5207	1
				VENDOR TOTAL	158.45		
977 MERIDIAN ANALYTICAL LABS, LLC							
W5004843	1	1/20/26	11/26/25	WASTEWATER SAMPLES INVOICE TOTAL	269.35 269.35	18 18-42-5399	1
				VENDOR TOTAL	269.35		
1316 MOCIC							
2602042-IN	1	1/20/26	1/07/26	MOCIC 2026 DUES FOR PD OFFICER INVOICE TOTAL	100.00 100.00	01 01-01-5310	1
				VENDOR TOTAL	100.00		
893 MTC							
1/1 STMT 2026	1	1/20/26	1/01/26	PHONE/FAX/INTERNET	359.14	03 03-70-5301	1
	2			PHONE/FAX/INTERNET	222.80	01 01-01-5301	1
	3			PHONE/FAX/INTERNET	150.09	03 03-50-5301	1
	4			PHONE/FAX/INTERNET	93.01	02 02-60-5301	1
	5			PHONE/FAX/INTERNET	93.01	03 03-60-5301	1
	6			PHONE/FAX/INTERNET	80.90	01 01-01-5301	1
	7			PHONE/FAX/INTERNET	137.90	18 18-41-5399	1
				INVOICE TOTAL	1,136.85		
				VENDOR TOTAL	1,136.85		
266 POSTMASTER							
1/2026	1	1/20/26	1/01/26	2REG/15PC ROLL STAMPS FOR UB	357.00	02 02-70-5299	1
	2			2REG/15PC ROLL STAMPS FOR UB	357.00	03 03-70-5399	1
	3			2REG/15PC ROLL STAMPS FOR UB	357.00	18 18-42-5399	1
				INVOICE TOTAL	1,071.00		
				VENDOR TOTAL	1,071.00		
936 PRIDE AG RESOURCES							
52108/5	1	1/20/26	1/13/26	TOOLS: DIAMOND WHEEL D-G80 INVOICE TOTAL	320.99 320.99	02 02-60-5219	1
				VENDOR TOTAL	320.99		
44 PRINCIPAL LIFE INSURANCE CO							
1/13 NO STMT 2025	1	1/13/26	1/13/26	LIFE INSURANCE	13.36	0103 01-01-5132	1
	2			LIFE INSURANCE	10.01	0103 01-01-5132	1
	3			LIFE INSURANCE	10.01	0103 01-01-5132	1
	4			LIFE INSURANCE	10.01	0303 03-50-5132	1
	5			LIFE INSURANCE	10.01	0203 02-70-5132	1
	6			LIFE INSURANCE	10.01	19 19-00-5132	1
	7			LIFE INSURANCE	10.01	0303 03-60-5132	1
	8			LIFE INSURANCE	10.01	18 18-42-5132	1
	9			LIFE INSURANCE	13.36	0303 03-60-5132	1

INVOICE#	LINE	DU <sup>E</sup> DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST GL ACCOUNT	CK SQ
	10			LIFE INSURANCE	13.36	0103	01-00-5132
	11			LIFE INSURANCE	10.01	1603	16-00-5132
	12			LIFE INSURANCE	10.01	0303	03-50-5132
	13			LIFE INSURANCE	13.36	1803	18-41-5132
	14			LIFE INSURANCE	13.36	0303	03-50-5132
	15			LIFE INSURANCE	10.01	0103	01-00-5132
	16			LIFE INSURANCE	13.36	0103	01-01-5132
	17			LIFE INSURANCE	13.36	0303	03-60-5132
	18			LIFE INSURANCE	10.01	19	19-00-5132
	19			LIFE INSURANCE	13.36	0303	03-50-5132
	20			LIFE INSURANCE	10.01	0303	03-70-5132
				INVOICE TOTAL	227.00		
				VENDOR TOTAL	227.00		
				1128 PRIORITY POWER MANAGEMENT, LLC			
47482	1	1/20/26	1/01/26	ENERGY CONSULTING JAN 2026	425.00	03	03-70-5399
				INVOICE TOTAL	425.00		
				VENDOR TOTAL	425.00		
				410 SD MYERS INC			
INV89563	1	1/20/26	11/26/25	TRANSFORMER OILTESTING 11/2025	3,287.00	03	03-50-5230
				INVOICE TOTAL	3,287.00		
				VENDOR TOTAL	3,287.00		
				5 STANION WHOLESALE ELEC CO INC			
6026341-01	1	1/20/26	12/30/25	OP SUPP: HOMAC CSB 4-3 S INSUL.	16.69	03	03-60-5223
				INVOICE TOTAL	16.69		
6032662-00	1	1/20/26	1/08/26	OPP SUPP: BLK/BRN WR139,159,189	196.50	03	03-60-5223
				INVOICE TOTAL	196.50		
6032662-01	1	1/20/26	1/08/26	OP SUPP: BLK/BRN WR139 AL HTYPE	22.25	03	03-60-5223
				INVOICE TOTAL	22.25		
				VENDOR TOTAL	235.44		
				50 THE BULLETIN - STERLING			
12/31/2025 STMT	1	1/20/26	12/31/25	ORDINANCE 2585 BLACKHILLFRANCH	671.50	01	01-00-5399
	2			SPORTS SPONSOR	11.00	03	03-70-5399
	3			SHS STATECHAMPS CONGRATS SPNSR	10.00	03	03-70-5399
	4			SPORTS SPONSOR	11.00	03	03-70-5399
	5			ORDINANCE 2586 UPOC	82.00	01	01-01-5399
	6			ORDINANCE 2587 STO	122.50	01	01-01-5399
	7			SPORTS SPONSOR	11.00	03	03-70-5399
	8			SPORTS SPONSOR	11.00	03	03-70-5399
	9			MONTHLY CALENDAR	31.00	03	03-70-5399
	10			CHRISTMAS GREETINGS	70.00	03	03-70-5399
				INVOICE TOTAL	1,031.00		
				VENDOR TOTAL	1,031.00		

INVOICE#	LINE	DU <sup>E</sup> DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST GL ACCOUNT	CK SQ
26-001				326 STERLING CHAMBER OF COMMERCE			
	1	1/20/26	1/09/26	2026 MAIN ST COMPLIANCE SUPPOR	5,000.00	01 01-00-5503	1
	2			2026 SPONSORSHIP4THOFJULFIREWK	15,000.00	01 01-00-5508	1
	3			2026 GENERAL SUPPORT	20,000.00	01 01-00-5503	1
				INVOICE TOTAL	40,000.00		
26-002				1 1/20/26 1/09/26 2026 NONPROF BUSINESS MEMBERS	75.00	01 01-00-5310	1
				INVOICE TOTAL	75.00		
				VENDOR TOTAL	40,075.00		
1/9 STMT				594 STUTZMAN REFUSE DISPOSAL INC			
	1	1/20/26	1/09/26	12/1-12/31 DEC BILL 826CUST	7,250.48	01 01-00-5395	1
				INVOICE TOTAL	7,250.48		
				VENDOR TOTAL	7,250.48		
20328.1				844 SUTTON ELECTRIC, INC			
	1	1/20/26	1/05/26	WW SW IRR PROJ 2ND1/2LABOR2025	29,193.96	18 18-40-5492	1
				INVOICE TOTAL	29,193.96		
				VENDOR TOTAL	29,193.96		
185742				776 T & R ELECTRIC SUPPLY CO., INC			
	1	1/20/26	1/02/26	SW IRR PROJ TRANSFORMERS	3,836.37	18 18-40-5492	1
				INVOICE TOTAL	3,836.37		
				VENDOR TOTAL	3,836.37		
85209				155 TEMP-AIRE INC			
	1	1/20/26	1/05/26	YRLY ICE MACHINE LEASE FD 2026	1,800.00	01 01-11-5399	1
				INVOICE TOTAL	1,800.00		
				VENDOR TOTAL	1,800.00		
503930972				245 USA BLUE BOOK			
	1	1/20/26	1/05/26	MISC COM:HACH DPD SAMPLES/BOTT	140.53	02 02-60-5299	1
				INVOICE TOTAL	140.53		
				VENDOR TOTAL	140.53		
704557				435 WICHITA STATE UNIVERSITY			
	1	1/13/26	1/13/26	CCMFOA CITY CLERK TRAIN3/19-3	325.00	01 01-00-5311	1
				INVOICE TOTAL	325.00		
				VENDOR TOTAL	325.00		
				FIRST BANK TOTAL	462,874.89		
				TOTAL MANUAL CHECKS	.00		
				TOTAL E-PAYMENTS	608.45		
				TOTAL PURCH CARDS	.00		

INVOICE#	LINE	DUEDATE	INVOICE DATE REFERENCE	PAYMENT AMOUNT	DIST GL ACCOUNT	CK SQ
			TOTAL ACH PAYMENTS	.00		
			TOTAL OPEN PAYMENTS	462,266.44		
			GRAND TOTALS	462,874.89		

**H.1 Receive update from the Fire Chief on Sterling  
Volunteer Fire Department projects.**



**Agenda Item H.2**

**City of Sterling  
City Commission Meeting  
January 20, 2026**

**TO:** City Commission  
**SUBJECT:** Approve ordinance increasing the electric utility rates and charges established in Sections 15-208, 15-209 and 15-210 of the City Code.  
**INITIATED BY:** City Manager  
**PREPARED BY:** City Manager  
**AGENDA:** New Business

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**Background:** The amounts billed to customers of the City's electric utility are composed of several individual charges, including a service charge, consumption charges, a fuel and energy cost adjustment (FECA), an environmental remediation rider (ERR), and a generation recovery rider (GRR). Most of these charges are calculated from rates based on the customer's energy consumption during the billing period. These various charges are designed to safeguard the financial stability of the electric utility. To this end, the charges and rate structures must be analyzed on a regular basis to ensure that the revenue collected is sufficient to cover the expenditures made by the City to operate the utility. When expenditure growth begins to outpace revenue growth, the charges and rate structures must be increased to secure the financial sustainability of the utility system.

**Analysis:** Due to growth of the expenditures incurred by the City to operate the electric utility, an increase in the charges billed to the utility's customers is warranted. City staff, in collaboration with staff from the Kansas Municipal Energy Agency (KMEA) and Greg Wright, a consultant on matters related to the City's electric utility, have devised a recommended 13.3% increase to the consumption charge, FECA, and service charge rates, as displayed in the table included in Exhibit B. The dollar increase to the average city residential, rural residential, and commercial customer's monthly bill is \$12.92, \$18.28, and \$17.94, respectively. These amounts are based on the average monthly consumption for the three classes of service.

The recommended increase was calculated from an analysis of trends in revenue and expenditure growth in the Electric Fund, in which all revenues and expenditures related to the City's electric utility are recorded. Future revenues and expenditures were estimated using 10-year average growth rates. Known future expenditures were netted against the projected surplus or deficit of fund resources to calculate the gap that would need to be closed through rate increases.

Although there are several revenue sources in the Electric Fund, only the sales to customers revenue account, which comprises 96% of the fund's revenue, was included in the analysis. Revenue from the consumption, FECA and service charges are all recorded in the sales to customers account. The rationale for excluding ancillary revenue sources from the analysis is that the sustainability of the electric utility must be secured by the utility's primary

revenue source. The subsidiary sources of revenue can be variable year-to-year and therefore cannot be relied upon to recover the City's costs of operating the utility.

One of the known future expenditures is the debt service for the 2025 General Obligation (GO) Temporary Note issuance. The proceeds from this issuance are used to fund the public infrastructure improvement projects for the KMW expansion project. Debt service for the temporary note issuance will be paid through 2028, after which a GO Bond will be issued to provide the permanent financing for the infrastructure projects. The total amount of the 2028 GO Bond is not currently known, because it will be determined by the actual costs incurred by the City in the construction of the infrastructure projects. Because of this, the recommended rate increase is based on the year (2026, 2027 or 2028) with the highest projected gap between revenues and expenses. Potential changes to the charges and rate structures will need to be revisited in 2028 once the debt service on the 2028 GO Bond is known.

Included in Exhibit C is a table showing the total utility rate impact across the three utilities the City operates (electric, wastewater and water) for the average city residential customer. The total increase is 14.1%, resulting in a \$22.62 increase to the customer's monthly utility bill. This dollar increase is a monthly average, and would be impacted by seasonality, e.g. electric consumption is generally higher in the summer months compared to other times of the year.

The City Attorney and Mr. Wright have prepared an ordinance, included in Exhibit A, to increase the electric utility rates established in Sections 15-208, 15-209 and 15-210 of the City Code. In addition to the rate increases shown in the table in Exhibit A, which apply to vast majority of customers, there are corresponding 13.3% increases in the rates charged to renewable parallel generation and area lighting service customers.

The recommendation to increase the electric utility rates is accompanied by a recommendation to implement the changes for the February billing period, which is based on consumption from December 10 through January 9. Utility bills are due on the 10<sup>th</sup> day of each month. The estimated amount of additional revenue generated from the recommended rate increases for the February period is \$33,018. The City Commission may wish to delay the implementation of the rate increases for a future billing period to give utility customers more time to budget for the expected increase.

Mr. Wright will be available via teleconference during the meeting should the City Commissioners wish to consult with him.

**Financial:** A 13.3% increase to the rates of the charges which comprise the sales to customers revenue source would result in average annual additional revenue of \$329,938 over the next three years.

**Legal Considerations:** The City Attorney and Mr. Wright have drafted the ordinance to increase the electric utility rates and charges established in Sections 15-208, 15-209 and 15-210 of the City Code.

**Recommendations/Actions:** It is recommended that the City Commission: Approve the ordinance to increase the electric utility rates and charges established in Sections 15-208, 15-209 and 15-210 of the City Code to be effective for the February billing period **(VOICE)**.

**Attachments:**

Exhibit A – Ordinance amending Sections 15-208, 15-209 and 15-210 of Article 2 of Chapter XV of the City Code (6 pages)

Exhibit B – Electric utility rate impact table (1 page)

Exhibit C – Total utility rate impact table (1 page)

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE AMENDING SECTIONS 15-208, 15-209 AND 15-210 OF ARTICLE 2 OF CHAPTER XV OF THE CODE OF ORDINANCES OF THE CITY OF STERLING, KANSAS, AND AMENDING OR RESCINDING ORDINANCES IN CONFLICT HEREWITH.

WITNESSETH:

WHEREAS, the Governing Body of the City of Sterling, Kansas, has determined it advisable to increase the electrical rates to its customers as established at Section 15-208 of the Code of Ordinances of the City of Sterling, Kansas, as amended; and

WHEREAS, the Governing Body of the City of Sterling, Kansas, has also determined it advisable to increase the fuel and energy cost adjustment (FECA) charge as set forth at Section 15-209; and

WHEREAS, the Governing Body of the City of Sterling, Kansas, has also determined it advisable to increase the electrical service charge as set forth at Section 15-210.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF STERLING, KANSAS, AS FOLLOWS:

SECTION 1. Section 15-208 of Article 2 of Chapter XV of the Code of Ordinances for the City of Sterling is hereby amended to read as follows:

“15-208. CLASSES OF SERVICE; RATES.

The following rates are established for all consumers purchasing electrical energy from the municipal electrical plant and system of distribution of the city as set out in the several classes of service:

(a) <u>Residential Rate.</u>	<u>\$ per kWh</u>
(1) 0-150 kWh	\$0.0544
(2) 151 kWh and above	\$0.1113
(3) Available for all electric service supplied to one customer through one metering point and to be used exclusively for domestic purposes. Service is for exclusive use of customer and is not to be resold or shared with others. Where two or more dwelling units such as duplexes, apartments, and trailer homes, each having separate kitchen facilities, are served through one meter, then this schedule may be applied by multiplying the KWH blocks by the	

number of dwelling units served, or at the option of the city the commercial rate will be applied. Where more than four rooms in a residence are rented, or are available for rent, such residences shall be considered as commercial rooming houses and billed on commercial rate. Residential rate is not available to residential premises used for commercial purposes; however, if the customer's wiring is so arranged that electric service for domestic and non-domestic purposes can be metered separately, then this scheduled rate will apply to that portion used for domestic purposes. Service will be alternating current, single phase, approximately 60 cycles, and at voltage the city has available for service required.

(b) <u>Commercial Rate.</u>	<u>\$ per kWh</u>
(1) 1-150 kWh	\$0.0487
(2) 151 kWh and above	\$0.0925
(3) Available to commercial businesses conducting a gainful enterprise. Service is for exclusive use of customer and is not to be resold or shared with others. Service shall be alternating current single phase, approximately 60 cycles, and at voltage the city has available for service required. In the event the customer orders a disconnection and re-connection of service at the same location within a period of 12 months, then the city may make a charge of \$15 per each connection.	
(c) <u>Renewable Parallel Generation-Residential Rate</u>	<u>\$ per kWh</u>
(1) 0-150 kWh	\$0.0544
(2) 151 kWh and above	\$0.1113
(3) Demand Charge: \$4.53/Kw per month X RGC. (RGC) Rated Generator Capacity=Rated output capacity of customer-generator's facility.	
(4) Customer must complete and submit to the Utility the Renewable Energy Parallel Generation Application for Service in Part 7. The utility shall not approve a Customer-owned Generation Facility Interconnection Application for Service. Terms and conditions of service are contained in the Renewable Parallel Generation – Residential Service rate schedule, Interconnection Standards for Installation and Parallel Operation of Customer-Owned Renewable Electric Generation Facilities 25kWAC or less for Residential service and 200kWAC or less for Commercial service. Customer must participate in the electric Utility's Renewable Parallel Generation – Residential Service rate schedule or Renewable Parallel Generation – Commercial Service rate schedule if the customer wishes to receive credit for any excess energy generated by the customer and delivered to the Utility.	

(d) Renewable Parallel Generation-Commercial Rate\$ per kWh

(1) 0-150 kWh	\$0.0487
(2) 151 kWh and above	\$0.0925
(3) Demand Charge: \$4.53/kW per month X RGC. (RGC) Rated Generator Capacity=Rated output capacity of customer-generator's facility.	

(4) Customer must complete and submit to the Utility the Renewable Energy Parallel Generation Application for Service in Part 7. The utility shall not approve a Customer-owned Generation Facility Interconnection Application for Service. Terms and conditions of service are contained in the Renewable Parallel Generation – Residential Service rate schedule, Interconnection Standards for Installation and Parallel Operation of Customer-Owned Renewable Electric Generation Facilities 25kWAC or less for Residential service and 200kWAC or less for Commercial service. Customer must participate in the electric Utility's Renewable Parallel Generation – Residential Service rate schedule or Renewable Parallel Generation – Commercial Service rate schedule if the customer wishes to receive credit for any excess energy generated by the customer and delivered to the Utility.

(e) Area Lighting Service.

(1) Availability: Available in the general service area served by the City of Sterling Municipal Electric Utility.

(2) Application: Limited to those locations where overhead service has been constructed, is always bucket truck accessible, and is deemed economically feasible to serve by the City of Sterling Municipal Electric Utility. Applications for Area Lighting Service or for the disconnection thereof, shall be made to the office of the city clerk on forms furnished by the city, which forms shall have the approval of the city manager. All such applications shall contain such information as may be required to indicate the services desired by the applicant. The application and its acceptance by the city shall constitute a contract between the applicant and the city for the installation of the area lighting service requested.

(3) Type of service: The City of Sterling Municipal Electric Utility shall furnish, install, maintain, and deliver electric service to automatically controlled, LED (light-emitting diode) lighting fixtures conforming to the utility's service policies. The City of Sterling offers two (2) choices of LED fixtures. Class I (residential) 5,000 - 6,500 lumens. Class II (light commercial) 8,000 - 9,500 lumens.

(4) Original Installation: The cost of original installation, which shall be borne by the customer, shall be reviewed for cost and design by city staff on a case by case basis. Upon receiving an application for Area Lighting Service request, city staff will prepare a cost for installation estimate, including but not limited to LED fixture(s), photocell(s), mounting hardware, pole(s), wiring, misc. hardware, equipment, labor, etc. Limit two (2) lights per service location.

(5) Monthly rate (for lighting fixture only; does not include cost of electricity):

Class I (5,000-6,500 lumens) = \$11.90

Class II (8,000-9,500 lumens) = \$17.85

The Area Lighting Service contract will be on a month-to-month basis. If contract is cancelled within two (2) years, a removal fee may be assessed. The City of Sterling Municipal Electric Utility will perform all requested maintenance during regular daytime working hours as soon as practical following notification by the customer."

SECTION 2. Section 15-209 of Article 2 of Chapter XV of the Code of Ordinances for the City of Sterling is hereby amended to read as follows:

**"15-209. FUEL AND ENERGY COST ADJUSTMENT (FECA) AND ENVIRONMENTAL REMEDIATION RIDER (ERR).**

The calculated rates shall be rounded to the specified decimal places of accuracy and billed to all customers on the basis of their consumption. In no case shall the application of the FECA and ERR rates to consumption result in a customer billing that is below the minimum bill for said customer.

The cost of acquiring and producing energy for consumption shall be passed through directly on customers' bills based on a rolling 12-month calculation (FECA) as follows:

*Formula components defined:*

*PPC=Purchased Power total cost from City's suppliers for the most recent 12 months of supply bills*

*GC=Generation costs for any City generation for the 12-month period for the same 12-month period*

*PPK=kWh total of purchased power for the same 12-month period*

*GK=kWh generated by the city for the same 12-month period*

*BK=kWh billed to customers of the utility*

*LL=the current percentage of city utility system losses (to be determined annually on the basis of the following formula for a full calendar year of energy acquisition/billings). As of the date of this ordinance, the loss percentage is assumed to be 7% and should be reviewed annually for adjustment at the City's discretion.*

*B=The base value currently included in rates (if any). As of this ordinance, no energy costs are presumed to be included in the city's rates. If and when the city changes rates and includes any fuel costs in the electric rates, this value will be set in such new ordinance.*

*(PPK + CGK + GK)/BK*

Fuel & Energy Cost Adjustment (FECA) formula:

*[(PPC+GC) / (PPK +GK)] x 1.133 x LL - B = FECA*

The FECA rate shall be rounded to the nearest 5 decimal places of accuracy.

ERR:

(a) The City shall apply an Environmental Remediation Rider (ERR) for costs directly related to upgrades, repairs, filings, penalties and modifications incurred by the City because of State or Federal Regulatory Agencies imposing changes on power generation or delivery for environmental reasons. This will be passed on to consumers on a per kWh basis to all customers and all kWh's consumed, including those netted by customer-owned generation.

(b) The Environmental Remediation Rider is calculated as follows and billed as a separate line item on customer bills:

$$ERR = \frac{\text{Annual cost \&/or pmt. for environmental remediation in most recent calendar year}}{\text{Total kWh Sold in most recent calendar year}}$$

The ERR rate calculated above shall be applied to all sales in the following calendar year. The rate shall be rounded to the nearest \$0.001 (3 decimal places of accuracy) and recalculated annually."

SECTION 3. Section 15-210 of Article 2 of Chapter XV of the Code of Ordinances for the City of Sterling is hereby amended to read as follows:

**“15-210. MONTHLY ELECTRICAL SERVICE CHARGE.**

In addition to the rates, as set forth in this article, there is hereby established a monthly electrical service charge, which shall be an additional charge to all customers of electrical energy from the municipal electrical plant on the following basis:

\$13.60 per month service charge, residential  
\$28.33 per month service charge, commercial  
\$13.60 per month service charge, renewable generation  
(residential)  
\$28.33 per month service charge, renewable generation  
(commercial)”

SECTION 4. This Ordinance shall be effective upon its adoption and publication in the official city newspaper and shall apply to all electrical charges as of \_\_\_\_\_, 2026.

PASSED, APPROVED AND ADOPTED by the governing body of the City of Sterling, Kansas, this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

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\_\_\_\_\_  
Mayor

ATTEST:

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\_\_\_\_\_  
City Clerk

## Electric Utility Rate Impact

Rate of Change: 13.3%									
	City Residential Rate (803 kWh/month)			Rural Residential Rate (1,152 kWh/month)			Commercial Rate (1,171 kWh/month)		
	Current	Proposed	Difference	Current	Proposed	Difference	Current	Proposed	Difference
Average Customer's Monthly Bill	\$96.98	\$109.90	\$12.92	\$137.18	\$155.46	\$18.28	\$134.67	\$152.61	\$17.94
Electrical Service Charge	\$12.00	\$13.60	\$1.60	\$12.00	\$13.60	\$1.60	\$25.00	\$28.33	\$3.33
FECA	\$0.0170	\$0.0193	\$0.0023	\$0.0170	\$0.0193	\$0.0023	\$0.0170	\$0.0193	\$0.0023
0-150 kWh/month	\$0.0480	\$0.0544	\$0.0064	\$0.0480	\$0.0544	\$0.0064	\$0.0430	\$0.0487	\$0.0057
151+ kWh/month	\$0.0982	\$0.1113	\$0.0131	\$0.0982	\$0.1113	\$0.0131	\$0.0816	\$0.0925	\$0.0109

## Total Utility Rate Impact

Rate of Change: 14.1%

City Residential Customer

Average Customer's

Monthly Bill	Current	Proposed	Difference
Electric	\$96.98	\$109.90	\$12.92
Wastewater	\$29.77	\$32.16	\$2.38
Water	\$33.18	\$40.50	\$7.32
<b>Total</b>	<b>\$159.93</b>	<b>\$182.55</b>	<b>\$22.62</b>

**Agenda Item H.3**

**City of Sterling  
City Commission Meeting  
January 20, 2026**

**TO:** City Commission  
**SUBJECT:** Approve ordinance increasing the water utility rates and charges established in Section 15-319 of the City Code.  
**INITIATED BY:** City Manager  
**PREPARED BY:** City Manager  
**AGENDA:** New Business

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**Background:** The amounts billed to customers of the City's water utility are composed of consumption and service charges. The consumption charge is calculated from rates based on the customer's water consumption during the billing period. These charges are designed to safeguard the financial stability of the water utility. To this end, the charges and rate structures must be analyzed on a regular basis to ensure that the revenue collected is sufficient to cover the expenditures made by the City to operate the utility. When expenditure growth begins to outpace revenue growth, the charges and rate structures must be increased to secure the financial sustainability of the utility system.

**Analysis:** Due to growth of the expenditures incurred by the City to operate the water utility, an increase in the charges billed to the utility's customers is warranted. City staff, in collaboration with staff from Kansas Municipal Utilities (KMU), have devised a recommended 22.1% increase to the consumption and service charge rates, as displayed in the table included in Exhibit B. The dollar increase to the average city and outside city customer's monthly bill is \$7.32. These amounts are based on average monthly consumption.

The recommended increase was calculated from an analysis of trends in revenue and expenditure growth in the Water Fund, in which all revenues and expenditures related to the City's water utility are recorded. Future revenues and expenditures were estimated using 10-year average growth rates. Known future expenditures were netted against the projected surplus or deficit of fund resources to calculate the gap that would need to be closed through rate increases.

Although there are several revenue sources in the Water Fund, only the sales to customers revenue account, which comprises 97% of the fund's revenue, was included in the analysis. Revenue from the consumption and service charges are both recorded in the sales to customers account. The rationale for excluding ancillary revenue sources from the analysis is that the sustainability of the water utility must be secured by the utility's primary revenue source. The subsidiary sources of revenue can be variable year-to-year and therefore cannot be relied upon to recover the City's costs of operating the utility.

One of the known future expenditures is the debt service for the 2025 General Obligation (GO) Temporary Note issuance. The proceeds from this issuance are used to fund the

public infrastructure improvement projects for the KMW expansion project. Debt service for the temporary note issuance will be paid through 2028, after which a GO Bond will be issued to provide the permanent financing for the infrastructure projects. The total amount of the 2028 GO Bond is not currently known, because it will be determined by the actual costs incurred by the City in the construction of the infrastructure projects. Because of this, the recommended rate increase is based on the year (2026, 2027 or 2028) with the highest projected gap between revenues and expenses. Potential changes to the charges and rate structures will need to be revisited in 2028 once the debt service on the 2028 GO Bond is known.

Included in Exhibit C is a table showing the total utility rate impact across the three utilities the City operates (electric, wastewater and water) for the average city residential customer. The total increase is 14.1%, resulting in a \$22.62 increase to the customer's monthly utility bill. This dollar increase is a monthly average, and would be impacted by seasonality, e.g. electric consumption is generally higher in the summer months compared to other times of the year.

The City Attorney has prepared an ordinance, included in Exhibit A, to increase the water utility rates established in Section 15-319 of the City Code.

The recommendation to increase the water utility rates is accompanied by a recommendation to implement the changes for the February billing period, which is based on consumption from December 10 through January 9. Utility bills are due on the 10<sup>th</sup> day of each month. The estimated amount of additional revenue generated from the recommended rate increases for the February period is \$7,962. The City Commission may wish to delay the implementation of the rate increases for a future billing period to give utility customers more time to budget for the expected increase.

**Financial:** A 22.1% increase to the rates of the charges which comprise the sales to customers revenue source would result in average annual additional revenue of \$114,941 over the next three years.

**Legal Considerations:** The City Attorney has drafted the ordinance to increase the water utility rates and charges established in Section 15-319 of the City Code.

**Recommendations/Actions:** It is recommended that the City Commission: Approve the ordinance to increase the water utility rates and charges established in Section 15-319 of the City Code to be effective for the February billing period (**VOICE**).

**Attachments:**

Exhibit A – Ordinance amending Section 15-319 of Article 3 of Chapter XV of the City Code (1 page)

Exhibit B – Water utility rate impact table (1 page)

Exhibit C – Total utility rate impact table (1 page)

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE AMENDING SECTION 15-319 OF ARTICLE 3 OF  
CHAPTER XV OF THE CODE OF ORDINANCES OF THE CITY OF STERLING,  
KANSAS, AND REPEALING ALL ORDINANCES IN CONFLICT THEREWITH.

WITNESSETH:

WHEREAS, the Governing Body of the City of Sterling, Kansas, has determined it advisable to amend water rates to its customers as established at Section 15-319 of the Code of Ordinances of the City of Sterling, Kansas.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF STERLING, KANSAS, AS FOLLOWS:

SECTION 1. Section 15-319 of Article 3 of Chapter XV of the Code of Ordinances for the City of Sterling is hereby amended as set forth in the rate structure attached hereto and marked Exhibit "A".

SECTION 2. This Ordinance shall be effective upon its adoption and publication in the official city newspaper and shall apply to all water charges as of \_\_\_\_\_, 2026.

PASSED, APPROVED AND ADOPTED by the governing body of the City of Sterling, Kansas, this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

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\_\_\_\_\_  
Mayor

ATTEST:

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\_\_\_\_\_  
City Clerk

Exhibit A

	Inside City	Outside City
Water Service Charge	\$34.18	\$34.18
0-1,999 gal./month	\$1.46	\$1.46
2,000-3,999 gal./month	\$2.08	\$2.08
4,000-10,999 gal./month	\$3.91	\$3.91
11,000-26,999 gal./month	\$4.52	\$4.52
27,000-30,999 gal./month	\$5.13	\$5.13
31,000-59,999 gal./month	\$5.74	\$5.74
60,000-99,999 gal./month	\$6.35	\$6.35
100,000-199,999 gal./month	\$6.04	\$6.04
200,000-499,999 gal./month	\$5.74	\$5.74
500,000+ gal./month	\$5.43	\$5.43

## Water Utility Rate Impact

Rate of Change:	22.1%					
	Inside City (3,634 gal./month)			Outside City (3,634 gal./month)		
	Current	Proposed	Difference	Current	Proposed	Difference
Average Customer's Monthly Bill	\$33.18	\$40.50	\$7.32	\$33.18	\$40.50	\$7.32
Water Service Charge	\$28.00	\$34.18	\$6.18	\$28.00	\$34.18	\$6.18
0-1,999 gal./month	\$1.20	\$1.46	\$0.26	\$1.20	\$1.46	\$0.26
2,000-3,999 gal./month	\$1.70	\$2.08	\$0.38	\$1.70	\$2.08	\$0.38
4,000-10,999 gal./month	\$3.20	\$3.91	\$0.71	\$3.20	\$3.91	\$0.71
11,000-26,999 gal./month	\$3.70	\$4.52	\$0.82	\$3.70	\$4.52	\$0.82
27,000-30,999 gal./month	\$4.20	\$5.13	\$0.93	\$4.20	\$5.13	\$0.93
31,000-59,999 gal./month	\$4.70	\$5.74	\$1.04	\$4.70	\$5.74	\$1.04
60,000-99,999 gal./month	\$5.20	\$6.35	\$1.15	\$5.20	\$6.35	\$1.15
100,000-199,999 gal./month	\$4.95	\$6.04	\$1.09	\$4.95	\$6.04	\$1.09
200,000-499,999 gal./month	\$4.70	\$5.74	\$1.04	\$4.70	\$5.74	\$1.04
500,000+ gal./month	\$4.45	\$5.43	\$0.98	\$4.45	\$5.43	\$0.98

## Total Utility Rate Impact

Rate of Change: 14.1%

City Residential Customer

Average Customer's

Monthly Bill	Current	Proposed	Difference
Electric	\$96.98	\$109.90	\$12.92
Wastewater	\$29.77	\$32.16	\$2.38
Water	\$33.18	\$40.50	\$7.32
<b>Total</b>	<b>\$159.93</b>	<b>\$182.55</b>	<b>\$22.62</b>

**Agenda Item H.4**

**City of Sterling  
City Commission Meeting  
January 20, 2026**

**TO:** City Commission  
**SUBJECT:** Approve ordinance increasing the wastewater utility rates and charges established in Section 15-507 of the City Code.  
**INITIATED BY:** City Manager  
**PREPARED BY:** City Manager  
**AGENDA:** New Business

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**Background:** The amounts billed to customers of the City's wastewater utility are composed of consumption and service charges. The consumption charge is calculated from rates based on the customer's water consumption during the billing period. These charges are designed to safeguard the financial stability of the wastewater utility. To this end, the charges and rate structures must be analyzed on a regular basis to ensure that the revenue collected is sufficient to cover the expenditures made by the City to operate the utility. When expenditure growth begins to outpace revenue growth, the charges and rate structures must be increased to secure the financial sustainability of the utility system.

**Analysis:** Due to growth of the expenditures incurred by the City to operate the wastewater utility, an increase in the charges billed to the utility's customers is warranted. City staff, in collaboration with staff from Kansas Municipal Utilities (KMU), have devised a recommended 8.0% increase to the consumption and service charge rates, as displayed in the table included in Exhibit B. The dollar increase to the average customer's monthly bill is \$2.38. These amounts are based on average monthly consumption.

The recommended increase was calculated from an analysis of trends in revenue and expenditure growth in the Sewer Fund, in which all revenues and expenditures related to the City's wastewater utility are recorded. Future revenues and expenditures were estimated using 10-year average growth rates. Known future expenditures were netted against the projected surplus or deficit of fund resources to calculate the gap that would need to be closed through rate increases.

The vast majority of revenue collected in the Sewer Fund is received in the sales to customers revenue account, which comprises 97% of the fund's revenue. Only sales to customers revenue was included in the analysis. Revenue from the consumption and service charges are both recorded in the sales to customers account. The rationale for excluding ancillary revenue sources from the analysis is that the sustainability of the wastewater utility must be secured by the utility's primary revenue source. The subsidiary sources of revenue can be variable year-to-year and therefore cannot be relied upon to recover the City's costs of operating the utility.

One of the known future expenditures is the debt service for the 2025 General Obligation (GO) Temporary Note issuance. The proceeds from this issuance are used to fund the

public infrastructure improvement projects for the KMW expansion project. Debt service for the temporary note issuance will be paid through 2028, after which a GO Bond will be issued to provide the permanent financing for the infrastructure projects. The total amount of the 2028 GO Bond is not currently known, because it will be determined by the actual costs incurred by the City in the construction of the infrastructure projects. Because of this, the recommended rate increase is based on the year (2026, 2027 or 2028) with the highest projected gap between revenues and expenses. Potential changes to the charges and rate structures will need to be revisited in 2028 once the debt service on the 2028 GO Bond is known.

Included in Exhibit C is a table showing the total utility rate impact across the three utilities the City operates (electric, wastewater and water) for the average city residential customer. The total increase is 14.1%, resulting in a \$22.62 increase to the customer's monthly utility bill. This dollar increase is a monthly average, and would be impacted by seasonality, e.g. electric consumption is generally higher in the summer months compared to other times of the year.

The City Attorney has prepared an ordinance, included in Exhibit A, to increase the wastewater utility rates established in Section 15-507 of the City Code.

The recommendation to increase the wastewater utility rates is accompanied by a recommendation to implement the changes for the February billing period, which is based on consumption from December 10 through January 9. Utility bills are due on the 10<sup>th</sup> day of each month. The estimated amount of additional revenue generated from the recommended rate increases for the February period is \$2,646. The City Commission may wish to delay the implementation of the rate increases for a future billing period to give utility customers more time to budget for the expected increase.

**Financial:** An 8.0% increase to the rates of the charges which comprise the sales to customers revenue source would result in average annual additional revenue of \$35,416 over the next three years.

**Legal Considerations:** The City Attorney has drafted the ordinance to increase the water utility rates and charges established in Section 15-507 of the City Code.

**Recommendations/Actions:** It is recommended that the City Commission: Approve the ordinance to increase the wastewater utility rates and charges established in Section 15-507 of the City Code to be effective for the February billing period (**VOICE**).

**Attachments:**

Exhibit A – Ordinance amending Section 15-507 of Article 5 of Chapter XV of the City Code (1 page)

Exhibit B – Wastewater utility rate impact table (1 page)

Exhibit C – Total utility rate impact table (1 page)

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE AMENDING SECTION 15-507 OF ARTICLE 5 OF CHAPTER XV OF THE CODE OF ORDINANCES OF THE CITY OF STERLING, KANSAS.

WITNESSETH:

WHEREAS, the governing body has determined that the minimum sewer user charge shall be increased.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF STERLING, KANSAS, AS FOLLOWS:

SECTION 1. Section 15-507 of Article V of Chapter XV of the Code of Ordinances of the City of Sterling, Kansas is hereby amended to read as follows:

"15-507. SEWER SERVICE RATES.

(a) The rates to be charged for sewer usage within the City shall be as follows:

0-999 gallons: \$25.03 minimum monthly charge

1,000 - 3,000 gallons: \$1.80 per 1,000 gallons

3,001 - 9,000 gallons: \$3.61 per 1,000 gallons

9,001 - 25,000 gallons: \$5.40 per 1,000 gallons

25,001 gallons and above: \$7.20 per 1,000 gallons"

SECTION 2. This Ordinance shall be effective upon its passage and publication in The Sterling Bulletin.

PASSED, APPROVED AND ADOPTED by the governing body of the City of Sterling, Kansas, this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

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Mayor

ATTEST:

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City Clerk

## Wastewater Utility Rate Impact

Rate of Change:	8.0%		
All Customers (3,474 gal./month)			
	Current	Proposed	Difference
Average Customer's Monthly Bill	\$29.77	\$32.16	\$2.38
Wastewater Service Charge	\$23.18	\$25.03	\$1.85
1,000-3,000 gal./month	\$1.67	\$1.80	\$0.13
3,001-9,000 gal./month	\$3.34	\$3.61	\$0.27
9,001-25,000 gal./month	\$5.00	\$5.40	\$0.40
25,001+ gal./month	\$6.67	\$7.20	\$0.53

## Total Utility Rate Impact

Rate of Change: 14.1%

City Residential Customer

Average Customer's

Monthly Bill	Current	Proposed	Difference
Electric	\$96.98	\$109.90	\$12.92
Wastewater	\$29.77	\$32.16	\$2.38
Water	\$33.18	\$40.50	\$7.32
<b>Total</b>	<b>\$159.93</b>	<b>\$182.55</b>	<b>\$22.62</b>