

**CITY COUNCIL MINUTES
FEBRUARY 16, 2021**

The Council of the City of Fulton, Missouri, met in an Emergency Session on Tuesday, February 16, 2021 in the Council Chambers of City Hall located at 18 E. 4th Street. Present and presiding were: Mayor Lowe Cannell; William R. Johnson, Director of Administration; Courtney L. Doyle, City Clerk; and Steve Myers, Police Chief. The meeting was called to order by Mayor Cannell at 5:30 p.m. Roll call was taken by the City Clerk, and members of the Council present were: Braun, Pace-Snook, Rehklau, Sebacher, Shiverdecker, Simmons, Stone, and Washington. Also present were; Kathy Holschlag, Chief Financial Officer; Darrell Dunlap, Superintendent of Utilities; Kyle Bruemmer, City Engineer; Kevin Coffelt, Fire Chief; Robert Boone, Assistant Director of Administration; Michelle Maupin, Human Resources Director; Helen Wilbers of *THE FULTON SUN*; Darin Wernig, Audio/Video; and visitors: Michele Krueger, Matt Gowin, Charlie James, John Bell, Mike West, and Steve Moore.

***This Emergency meeting is called in accordance with 610.020 (2) RSMo. without 24hr prior public notice (exclusive of holidays when City Hall is closed) due to detrimental, historic fluctuation in natural gas and electric wholesale costs affecting the City of Fulton and customers across the country. Twenty-Four (24) hours' notice is not practicable or possible due to the observed holiday on February 15, 2021, and the need for Council discussion and action in swift response to this issue is necessary and in the best interest of the City of Fulton and its citizens.**

EMERGENCY BUSINESS:

- a. Discussion regarding the fluctuation in Natural Gas and Electric Wholesale costs.

Mayor Cannell thanked those in attendance for making it to the meeting this evening and noted the importance of addressing the financial fallout from the fluctuation in natural gas and electric wholesale costs.

Bill Johnson, Director of Administration, stated he does not anticipate any action at tonight's meeting, but felt it was important to bring the Council together to further discuss the sudden, unexpected expenditure of nearly \$1,000,000 per day. The sharp, drastic increase in expense is in relation to frozen gas well heads stemming from arctic temperatures and conditions affecting the natural gas market.

Darrell Dunlap, Superintendent of Utilities, provided a brief presentation noting the price of natural gas went from \$6.00/dth to \$600.00/dth overnight in some markets. The City purchased 75% of its natural gas for February at a set rate of \$2.45/dth and was notified Friday, February 12th that the prices had increased drastically to \$224 due to market instability stemming from arctic temperatures.

Dunlap stated this is not just a problem for Fulton; it's a "mid-continent problem". Dunlap and Johnson noted that the pre-purchased amount would have normally been sufficient for the city's gas customers, but the city has exceeded its daily pre-purchased limits to the tune of more than \$2.8 million dollars so far (roughly 3,100/dth between Friday and Monday of this past week).

Dunlap stated a number of states and cities, including Fulton, have been in contact with their state and federal representatives and have referenced the Natural Gas Policy Act. Requests have been made to implement a ten-day freeze on natural gas prices at \$20/dth – still a record rate according to Johnson.

Johnson noted the city has not opted to increase prices for gas customers and has handled the increased cost by using gas reserves. Kathy Holschlag, Chief Financial Director, stated the city's gas reserves were \$5 million prior to the unexpected increase. The City has spent nearly \$700,000/day for the past four days, and with Wednesday's estimated cost of \$364,000, the reserves will have \$1.836 million remaining. Dunlap noted that electric costs have increased as well, and the city has drawn approximately \$140,000 from electric reserves.

Councilman Stone asked what options are available should the gas reserves be depleted. Holschlag stated there are multiple options to borrow from other reserves, but noted the importance of rebuilding the reserve balances. Johnson stated that if rates were increased by \$1.00/dth, \$700,000 could be put towards rebuilding reserves annually.

Johnson also noted the city is dealing with state and federal government officials and hopes a State and/or Presidential Declaration of Emergency will be issued so that grants and low interest loans will be available. Johnson noted this is a natural disaster and the city cannot pass the total increased cost along to customers as it would be financially devastating.

Johnson stated the Public Utility Board will meet next week, and there could be an ordinance at the next Council meeting to raise rates, if necessary. The city is urging gas and electric customers to conserve, if possible, and to reach out to their state and elected officials.

ADJOURNMENT:

There being no further business to come before the Council, motion was offered by Councilman Shiverdecker and seconded by Councilwoman Sebacher to adjourn this meeting. Motion carried with eight members of the Council voting in favor. The meeting adjourned at 6:07 p.m.

Lowe Cannell, Mayor

Courtney L. Doyle, CMC/MRCC
City Clerk