

April 17, 2018

A Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at the Frankfort Plant Board Administration Building at 151 Flynn Ave. Frankfort, KY on Tuesday, April 17, 2018 at 5:00 p.m.

ATTENDANCE:

Anna Marie Pavlik Rosen, Board Chair
Walt Baldwin, Vice Chair
Ralph Ludwig, Board Member
Dawn Hale, Board Member
Stephen Mason, Board Member
James Liebman, Board Attorney
David Billings, Chief Water Engineer
David Columbia, Business Products Specialist
Harvey Couch, Marketing and Video Content Coordinator
Katrina Cummins, Interim Finance Director
David Denton, Interim General Manager
Vent Foster, Asst. GM Operations
Cassie Estill, Customer Service Supervisor
Adam Hellard, Security Broadband Technology Manager
Ryan Henry, Asst. IT Director
Scott Hudson, Electric Superintendent
Casey Jones, IT Director
Cathy Jennings, Executive Assistant
Cathy Lindsey, Public Information Officer
Kim Phillips, Safety Director
Kathy Poe, Executive Assistant
Hance Price, Staff Attorney/Asst. GM Administration
Julie Roney, WTP Superintendent
Dianne Schneider, HR Director
Alan Smith, Water Dist. Superintendent
Scott Stafford, Production Manager Media Services
Jeremy Blackburn, Cable 10 Videographer
Alfred Miller, State Journal

AGENDA

The Agenda for the Board Meeting was received and entered into the Minute Book as follows:

1. **Action Item:** Consider Approving Minutes from the March 20, 2018 FPB Board Meeting and the April 3, 2018 FPB Special Board Meeting, in Addition to Accepting the Minutes from the March 13, 2018 FPB Cable Advisory Committee Meeting.
2. **Action Item:** Accept Electric, Water and Cable Financials for April 2018.
3. **Information Item:** Public Comment Period.
4. **Informational Item:** Departmental Reports:
 - Website Customer Comments
 - Cable Dept.
 - Customer Service
 - Electric Dept.
 - SEPA
 - KyMEA

- Safety
 - Water Distribution
 - Water Treatment Plant
5. **Action Item:** Consider Changes to Job Classification and Compensation Plan-Salary Range Adjustments Effective July 1, 2018.
 6. **Action Item:** Consider Approval of Myrick 69-kV Main Breaker Engineering Contract with Leidos Engineering for the Amount of \$39,856.
 7. **Action Item:** Consider adjustments to Cable Advertising Rate Card Which Fall in Line with Viamedia Partnership, Including Rates for 26 New Networks and a New Online Advertising Structure.
 8. **Informational Item:** Discuss Fiscal Year 2018-2019 Budget Development.
 9. **Informational Item:** New and Old Business:
 10. **Informational Item:** General Manager's Comments:
 11. **Request Permission to Have Chair Call for a Closed Session:** Move to call a closed session to discuss a cable copyright/license matter pursuant to KRS 61.810(1)(c).
 12. **Closed Door Session:**

BOARD ACTION

Ms. Rosen called the meeting to order and noted five (5) Board members in attendance.

1. **Action Item:** Consider Approving Minutes from the March , 2018 FPB Board Meeting and the April 3, 2018 FPB Special Board Meeting, in Addition to Accepting the Minutes from the March 13, 2018 FPB Cable Advisory Committee Meeting.

Ms. Hale moved to approve the minutes for the March 20, 2018 board meeting and the April 3, 2018 special board meeting, and accept the minutes for the March 13, 2018 cable advisory committee meeting minutes. Mr. Ludwig seconded. The motion passed unanimously.

2. **Action Item:** Accept Electric, Water and Cable Financials for March 2018.

Ms. Cummins reviewed financials for the month ending March 31, 2018.

Mr. Ludwig moved to accept the financials for the month ending February 28, 2018. Mr. Baldwin seconded. The motion passed unanimously.

3. **Information Item:** Public Comment Period.

Ms. Amye Bessenhaver suggested that board members consider open meetings training during their retreat.

4. **Informational Item:** Departmental Reports:

- **Website Customer Comments:** None
- **Cable Dept.:** Mr. Hellard reviewed cable department reports.

Mr. Denton discussed the status of the FIS project. Ms. Rosen added that she would like Ms. Hale to contact Dr. Barber to facilitate participation in the program.

- **Customer Service:** Ms. Estill discussed features recently added to the FPB customer portal, budget billing, online payments arrangements, and changes to the call tree. She advised that the initial numbers show that the changes were having a positive effect.

Mr. Denton discussed the \$5 promotional credit for paperless billing.

- **Electric Dept.:** Mr. Hudson discussed the electric department reports.
- **SEPA:** Mr. Foster noted a loss of \$25,631 for the month of February. In discussion, he stated that the future for SEPA looks to break-even or show a minimal loss until 2019 when FPB can begin receiving the capacity credits from KyMEA.
- **KyMEA:** Mr. Denton reiterated the criteria necessary for a person to serve as FPB's representative. The Board discussed the need for representation. **Mr. Mason moved that the General Manager appoint a KyMEA representative and that representative must attend the KyMEA meeting on Wednesday.** In response to the question of whether the representative should be from the electric department, Mr. Mason stated that he did not want to micro-manage and that the general manager should decide who the representative should be. Mr. Baldwin seconded.

Mr. Denton added that the representative chosen should continue to serve at every KyMEA meeting to allow for continuity. **Mr. Mason amended his motion. The amended motion is to direct the General Manager to appoint a permanent member to the KyMEA board and that representative needs to be at the Wednesday meeting.**

Mr. Denton stated that he would be willing to be the representative. Mr. Mason stated it was Mr. Denton's prerogative to appoint himself as representative.

In discussion, Mr. Mason stated that the appointment would be subject to change in the future at the direction of the Board. Ms. Hale asked if the board wanted to include guidelines and directives in the motion. Mr. Mason responded that he agreed that the Board should give clear direction on issues the Board is aware of, but that the Board should trust the representative to handle what arises at the meetings. He further stated that he wanted to get this motion out of the way before discussing guidelines.

After additional discussion, Mr. Baldwin reiterated his preference that the representative be from the electric department.

At the request of Mr. Liebman, **Mr. Mason stated that the amended motion is to direct the General Manager to appoint a permanent representative to the KyMEA board and that that person should be present at the next meeting of KyMEA board.** Mr. Baldwin reiterated the second. The motion passed unanimously.

Mr. Baldwin moved to direct the General Manager to appoint an alternate representative to KyMEA. He reiterated that his preference would be that the representative be from the electric department but that he agreed it would be at the discretion of the general manager. Mr. Mason seconded to motion. The motion passed unanimously.

Mr. Baldwin stated that the board would like improved communications and would request a written report summarizing the meeting and upcoming items so that there would be no surprises.

There was discussion regarding taping KyMEA meetings. Mr. Denton stated that the representative would continue to provide audio recording of the meeting until directed otherwise by Board decision.

After additional discussion regarding recording of KyMEA meetings, Mr. Baldwin moved to record audio and video of the KyMEA meetings, of a device that is reasonable quality to hear and see and that those meetings be posted on our website subsequent to the meeting. Ms. Rosen seconded. The motion failed with a 2-3 vote. Mr. Baldwin and Ms. Rosen voted "Yes". Mr. Mason, Mr. Ludwig and Ms. Hale voted "No".

Ms. Hale stated that the board respects the representatives as professional and should rely on the representative's professional judgment.

Mr. Denton stated that he would reach out to the Board frequently and may request special meetings be held in the future on certain issues. Mr. Denton further discussed KyMEA board meeting information and the location of that information. He further advised that the representative would do their best to record the meeting and would provide the board with a written summary report.

Ms. Rosen discussed the topic of energy resources and stated that she hoped KyMEA would have an IRP in place before committing to any additional resources. Mr. Denton discussed ongoing review of resources for KyMEA's portfolio including renewables. Ms. Rosen stated that it would be difficult for the Board to make a decision on what additional resources would be necessary without an IRP. Mr. Baldwin agreed.

Mr. Mason stated that the Board as a group needed to come to a consensus on what the Board wants and not individual requests. Ms. Rosen and Mr. Baldwin discussed potential board education regarding IRPs. Mr. Foster referenced KyMEA's response dated August 1, 2017 paged 9-15 to answer some of Mr. Mason's questions regarding the process KyMEA undertook regarding capacity needs.

- **Safety:** Ms. Phillips reviewed safety reports and noted one (1) OSHA recordable accident and zero (0) vehicle accidents.
- **Water Distribution:** Mr. Smith discussed water distribution reports and noted one (1) main break and zero (0) outages.
- **Water Treatment Plant:** Ms. Roney stated that the water treatment plant treated 232 million gallons of potable water with an average daily amount of 7.5 million gallons. She discussed rainfall and river conditions and stated that the 2017 water quality report was complete and available.

5. Action Item: Consider Changes to Job Classification and Compensation Plan- Salary Range Adjustments Effective July 1, 2018.

In 2014, FPB implemented a job classification and compensation plan developed by the Johanson Group.

The current salary ranges have been in place since July 2016. The FPB compensation policy includes a provision that the Board will consider salary range adjustments every other year (see detail pages). These adjustments are necessary to maintain the plan and to offer competitive wages to attract and retain employees.

Blair Johanson, our compensation consultant, has recommended a 1.9% to 2.1 % adjustment. Staff asks the Board to consider an **adjustment of 2.0% to the salary structure** effective July 1, 2018.

This change will impact approximately 28 employees who are currently at the minimum pay for their grade. Individual pay changes range from \$.23 to \$.53 per hour. The total budgetary impact is approximately \$18,346 annually.

The following information was obtained from the most recent WorldatWork survey:

Projected 2018 Salary Structure Adjustments

All Industries: (U.S. and Kentucky)	2.0% and 2.1%
Utilities: (U.S. and Kentucky)	1.8% and 1.3%
Telecom: (U.S. and Kentucky)	1.8% and 1.4%

Many utilities in Kentucky, such as BGMU and OMU, adjust their salary structures annually. This practice was a factor in the recommendation to adjust the FPB salary structure higher than the averages reported by the survey for utilities and telecommunications companies in Kentucky.

The section of the Employee Guidelines concerning adjustments to the salary ranges and the e-mail recommendation from Mr. Johanson are provided in the detail pages. Copies of the national, regional, and state of Kentucky WorldatWork survey results for all industries, the utility industry and the telecommunications industry are available to Board members.

Ms. Schneider discussed specifics as noted above and stated that Staff recommended increasing the pay scale by 2%. In discussion, she stated that this was not a cost of living increase and would only affect 28 employees at the minimum of their pay structure.

After additional discussion, Mr. Ludwig moved to act upon the recommendation of our compensation consultant to make an adjustment of 2% to the salary structure effective July 1, 2018. Ms. Hale seconded. The motion passed unanimously.

6. **Action Item: Consider Approval of Myrick 69-kV Main Breaker Engineering Contract with Leidos Engineering for the Amount of \$39,856.**

In preparation of the transition from Kentucky Utilities to KyMEA in May of 2019, the electric department has identified key improvements to Myrick substation that must be made in order to ensure a smooth transition to the new energy supplier. These improvements will include the addition of a new 69-kV breaker, metering equipment and relay panels. These additions will provide improved switching and protection capabilities, as well as more accurate metering of FPB's energy purchases.

Under the proposed contract, Leidos will assist FPB with the design and bidding of substation steel packaging, protective relay panels and breakers. Leidos will also provide FPB with on-site testing and commissioning support for the new equipment. Their extensive expertise on substation design and protection, as well as their knowledge of FPB's electric system makes them the ideal firm to provide these services

Staff recommends the Board approve the contract with Leidos Engineering for a cost not to exceed \$39,856 pursuant to the accepted terms and conditions of the Professional Services Agreement between FPB and Leidos dated August 5, 2011 (see tab). Funding for the portion of this project to be completed during the 2018

fiscal year has been moved from the downtown re-conductor project (Capital Budget Pg. 19; Item 270; \$74,921) that is less time sensitive and can be completed in a future fiscal year. The remaining capital improvements that will be necessary will be included in the proposed 2019 electric department presented to the Board for approval.

The staff attorney has reviewed the contract documents and they meet his approval.

Mr. Foster explained specifics of the project and contracts as outlined above.

Mr. Baldwin moved to approve the Myrick 69-kV Main Breaker Engineering Contract with Leidos Engineering for the Amount of \$39,856. Mr. Mason seconded. The motion passed unanimously.

7. **Action Item: Consider adjustments to Cable Advertising Rate Card, which fall in in line with Viamedia partnership, including rates for 26 new networks and a new online advertising structure.**

Viamedia assumed back-end services of our cable advertising operations in February. This month, insertion capability began for an additional 26 networks on top of our original 24. Because of these changes, staff returns to the Board requesting to finalize adjustments to our cable advertising rate structure as well as introduce a rate structure for our new online advertising service.

The goal of our suggested structure is the ability to adjust rates with the speed to match industry and entertainment trends. The popularity of networks and shows are constantly changing and it is necessary to adjust our advertising rates accordingly.

Staff recommends the Board approve a core rate card maximum of \$22 per 30-second ad and a political candidate rate card maximum of \$32 per 30-second ad.

Staff recommends a modification to our discount schedule that applies to the standard core rate card. This discount structure was approved by the Board years ago and currently is spread out over three criteria: volume, amount of networks, and contract term. We would like a discount based solely on volume to remain in effect with a maximum discount of 50%. (Political ads do not receive discounts to ensure every candidate receives the same rate.)

Staff recommends approval to continue our existing process of selling specialty programming packages and events at premium rates, which are typically determined by what the market will bear. These premium events warrant premium prices due to the inherent limited availabilities. This has been our operating procedure since inception and staff would ask to be allowed to continue it in these instances.

Online (or nonlinear) advertising is an entirely new service offering for FPB. Viamedia provides FPB with a wholesale rate table for all of the various online products and FPB then has the freedom to set our own price above wholesale. Staff recommends the Board approve a maximum rate of 50% maximum markup to the wholesale rate. However, at any given time, staff will set markup rates far enough below 50% to be competitive in the market, while maintaining room for FPB to maximize income.

Mr. Stafford reviewed the new proposed rates to the advertising structure. He reiterated that these were maximum rates. He noted that no public comments on this matter had been received.

Mr. Ludwig moved to approve adjustments to Cable Advertising Rate Card, which fall in in line with Viamedia partnership, including rates for 26 new networks and a new online advertising structure. Ms. Hale seconded. The motion passed unanimously.

8. **Informational Item: Discuss Fiscal Year 2018-2019 Budget Development**

Mr. Denton discussed internal deadlines and stated Staff would like to hold special meetings on June 5, 2018 and June 6, 2018 to review the budget. He stated that staff would answer any questions and discuss any ideas of the Board at any time. Mr. Denton advised that staff would have the draft budget to the board by May 22, 2018 to review prior to the June 5 and June 6 special meetings. Board members agreed that the dates presented would work for them.

Mr. Denton stated that the biggest topics would be capital projects. He stated that staff would update the board as early and often as they would like.

9. **Informational Item: New and Old Business:**

A. Ms. Rosen discussed the board retreat. She noted some ideas were to explore ways to work constructively together, to have a facilitator lead board members through some type of process, and to increase the ability of the staff and the board to work together. Ms. Rosen requested Mr. Mason to organize some ideas.

Ms. Rosen noted that the retreat should be held within the FPB service area but her thought was to have it in a neutral location outside of the normal meeting location. Special and open meeting rules were discussed and Mr. Liebman confirmed that it would be a special meeting and the Board would be confined to discussion of topics on the agenda for that meeting. Mr. Mason agreed that a location other than the regular meeting location would be beneficial. He further stated that the agenda should be developed based on what each member would like to discuss. Mr. Mason would research venues.

B. Ms. Rosen discussed Fiber to the Home ("FTTH"). She noted that the competition is moving forward and that FPB needed to move forward. Mr. Denton confirmed that staff agreed FPB needed to move forward with FTTH. He advised that staff would like to begin with a small piece and move as quickly as financially possible. He stated that staff had reached out to Engineering Associates to request a quote on the first three (3) areas. The consensus of the Board was to move forward with Engineering Associates for the first areas. Mr. Ludwig cautioned that the Board move slowly with regard to spending funds, as they are available. Mr. Denton confirmed that Staff would lay out the specifics in the budget and 5-year plan. He stated that Staff would get a memorandum to the Board regarding the first steps as soon as possible.

10. **Informational Item: General Manager's Comments.**

None.

Mr. Ludwig discussed the scholarship program sponsored by FPB.

Ms. Cathy Lindsey stated that FPB has partnered with the Rotary Club in Frankfort to offer scholarships for students focusing on career and technical education. Ms. Lindsey mentioned the Career and Technical Center in Frankfort where students from all three (3) public high schools attend. She stated that \$6,000 has been budgeted for the scholarship program this year and that FPB will provide three (3) scholarships in the amount of \$2,000 each to be presented to one student from each of the three public high schools in Franklin County.

Ms. Lindsey discussed the application and review processes, and stated that the scholarship would be awarded to graduating seniors by the end of May at each school's reward ceremony.

11. **Request Permission to Have Chair Call for a Closed Session:** Move to call a closed session to discuss a liquidated damages matter, and a copyright matter pursuant to KRS 61.810(1)(c).

Mr. Baldwin moved to go into closed session to discuss copyright matter pursuant to KRS 61.810(1)(c). Mr. Ludwig seconded. The motion passed unanimously and the board moved into closed session.

12. **Closed Door Session:**

Mr. Baldwin moved to come back to open session. Mr. Ludwig seconded. The motion passed unanimously.

Mr. Baldwin moved to adjourn the meeting. Ms. Hale seconded. The motion passed unanimously and the meeting adjourned.


Board Chair


Attest: Board Secretary/Treasurer