

October 18, 2016

A Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at Farmers Bank and Capital Trust, located at 125 W. Main Street, Frankfort, Kentucky, on Tuesday, October 18, 2016 at 5:00 p.m.

**ATTENDANCE:**

Ralph Ludwig, Board Chair  
Dr. Scott Green, Secretary/Treasurer  
Walt Baldwin, Board Member  
Anna Marie Pavlik Rosen, Board Member  
John Cubine, Board Member  
Herbbie Bannister, General Manager  
David Billings, Water Engineer  
Katrina Cummins, Asst. Finance Director  
David Denton, Finance Director  
Sharmista Dutta, Water Engineer  
Cassie Estill, Supervisor Customer Service Director  
Vent Foster, Chief Electric Engineer/Asst. GM Operations  
Scott Hudson, Electric Superintendent  
Ryan Henry, IT Technician  
John Higginbotham, Asst. GM Cable/Telecommunications  
Casey Jones, IT Director  
Kathy Poe, Executive Assistant  
Mark Redmon, Support Services Director  
Julie Roney, Asst. WTP Superintendent  
Dianne Schneider, HR Director  
Alan Smith, Water Dist. Superintendent  
Glenn Waldrop, Public Information Officer  
Zach Hubbard, Cable 10 Videographer  
David Columbia, Cable 10 Videographer  
Gayle Deaton, State Journal Reporter  
Leanna Comer, Comer Research Consultants  
Debbie Smith, Mountjoy Chilton Medley

**AGENDA**

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

**OCTOBER 18, 2016 BOARD MEETING AGENDA**

1. **Action Item:** Consider Approving Minutes for the September 20, 2016 Board Meeting.
2. **Informational Item:** Update regarding Customer Service Transaction Survey.
3. **Action Item:** Accept Electric, Water and Cable Financial & Statistical Data for September 2016.
4. **Action Item:** Accept Mountjoy Chilton Medley (MCM) Audit Report for the Electric and Water Plant Board of the City of Frankfort, Kentucky for the Year Ended June 30, 2016.
5. **Informational Item:** Public Comment Period.
6. **Informational Item:** Departmental Reports:
  - Website Customer Comments
  - Cable Dept.
  - Customer Service

- Electric Dept.
    - SEPA
  - KyMEA
  - Safety
  - Water Distribution
  - Water Treatment Plant
  - Administration Building
7. **Action Item: Consider Release of Brighton Park Easement.**
  8. **Action Item: Consider Award of Bid Invitation #1628 for a Total Organic Carbon (TOC) Analyzer to Teledyne Tekmar in the Amount of \$23,193.75.**
  9. **Action Item: Consider Approval of Johanson Group to Provide Consulting on Electric Department and Cable Construction Compensation.**
  10. **Old & New Business:**
  11. **Informational Item: General Manager's Comments.**
  12. **Request Permission to have Chair call for a Closed Session** pursuant to KRS 61.810(1)(c) for the discussion of proposed or pending litigation against or on behalf of FPB; KRS 61.810(1)(f) for discussions which might lead to the appointment, discipline, or dismissal of an individual employee; and KRS 61.810(1)(b) for the discussion of the future acquisition or sale of real property.
  13. **Closed Door Session:**

## **BOARD ACTION**

Mr. Ludwig called the meeting to order. Ms. Poe called the roll. She noted five (5) Board members in attendance. It should be noted that the position of Vice Chair of the FPB Board of Directors was vacant for this meeting.

1. **Action Item: Consider Approving Minutes for the September 20, 2016 Board Meeting.**

Mr. Ludwig stated that the minutes were provided to the Board for review prior to the meeting and asked if there were any revisions needed. Mr. Ludwig called for approval of the minutes for the September 20, 2016 Board meeting and the minutes were approved by unanimous vote.

2. **Informational Item: Update regarding Customer Service Transaction Survey.**

Ms. Leanna Comer of Comer Research Consultants explained specifics of the ongoing customer service transaction survey. She explained data collection and advised that a report would be presented to the Board at the completion of the survey. She further advised that the call center has Spanish speaking capabilities and that both cell phone and land lines would be utilized to reach customers.

3. **Action Item: Accept Electric, Water and Cable Financial & Statistical Data for September 30, 2016.**

Mr. Denton discussed the statement of net position for the period ending September 30, 2016. He discussed assets, debt, liabilities, capital assets, cash and investments, and expenses and revenues.

4. **Action Item: Accept Mountjoy Chilton Medley (MCM) Audit Report for the Electric and Water Plant Board of the City of Frankfort, Kentucky for the Year Ended June 30, 2016.**

Ms. Debbie Smith of Mountjoy Chilton Medley reviewed audited financial statements and discussed the audit report. She advised that FPB received a clean and unmodified audit, and that the accounting statements were fairly stated.

Mr. Ludwig moved to accept the Mountjoy Chilton Medley audit report for the Electric and Water Plant Board of the City of Frankfort, Kentucky for the year ended June 30, 2016. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

5. **Informational Item: Public Comment Period**

Mr. Ludwig opened the floor for public comment.

Andy McDonald, speaking on behalf of himself and Envision Franklin County, read a letter from Synapse regarding the redaction of the Big Rivers Power Purchase Agreement and presented the Board with a copy of the letter. Mr. McDonald requested that FPB urge Big Rivers to provide an unredacted copy of the contract to Envision Franklin County or at least urge them to answer the questions presented to the Board regarding the redacted information.

Commissioner John Sower acknowledged that he was anxious to see movement by FPB on the directives made by the City regarding mitigation steps at FPB's headend site at its August 23, 2016 meeting.

Suzanne Gray discussed directives from the City made at its August 23, 2016 meeting. Mr. Ludwig and Mr. Bannister answered questions presented by Ms. Gray regarding mitigation at the headend and regarding the status of plans for the reservoir. Mr. Bannister explained the timeline for the reservoir project.

Sarah Liebman stated that she would like to see the large bucket trucks and commercial vehicles relocated away from the Tanglewood neighborhood.

Kathy Warren expressed her gratitude for the public comment period at the Board meetings and noted her gratitude to the FPB workers. She stated that she wanted the Board to revisit the decision regarding cycle billing and stated that the change would be too much of a burden for many customers.

6. **Informational Item: Departmental Reports:**

**Website Customer Comments:** Mr. Higginbotham noted one website comment which was a solicitation for cleaning services.

**Cable:** Mr. Higginbotham explained graphs and numbers provided to the Board and discussed live election coverage on cable 10. In response to Ms. Rosen, Mr. Higginbotham stated that the Business Product Specialist position had been filled and that employee would be utilized to help market and sell security services. Mr. Higginbotham further discussed Cable Advisory Committee meetings and minutes.

Mr. Ludwig reiterated the necessity to review contract labor utilized by the cable department. Mr. Higginbotham stated that it was being reviewed within the Cable department. He further discussed employee turnover creating additional need to utilize contract labor while filling positions and training new employees.

**Customer Service:** Ms. Estill reviewed and discussed graphs presented to the Board. She further discussed continued promotion of FPB customer portal and follow up regarding the ongoing customer service transaction survey.

**Electric Dept.:** Mr. Hudson explained graphs for the electric department and noted 31 outages for the month of September. Mr. Hudson further discussed a portion of the Safety report and stated that there was one OSHA reportable vehicle incident.

**SEPA:** Mr. Bannister explained SEPA graphs. He noted a profit for the month of August and discussed losses budgeted for the next couple years. He advised that SEPA would become more valuable through KyMEA under the new power supply plan.

**KyMEA:** Mr. Foster discussed items from the September meeting and stated that the next meeting would be held October 26, 2016 in Paducah

**Water Distribution:** Mr. Smith noted ten (10) new services, six (6) main breaks, and seven (7) outages for the month of September. Mr. Smith explained that there were two OSHA recordable accidents for poison ivy which required prescriptions.

**Water Treatment Plant:** Ms. Roney stated that the water treatment plant produced 265.5 million gallons of potable water with an average daily production of 8.85 million gallons per day. She further discussed rainfall and river conditions.

**Administration Building:** Ms. Dutta explained the status of construction on the new administration building. She specifically discussed completed and continuing activities, and advised that substantial completion was still set for mid-December. Ms. Dutta further discussed plans for moving into the new building.

7. **Action Item: Consider Release of Brighton Park Easement.**

Staff was requested by Joe and Ann Grider to reconfigure and release an easement across their lot in Brighton Court Subdivision. They have granted new easements to the FPB for water, electric and cable services. The Staff Attorney has prepared a release for the Board's approval. Engineering staff have reviewed the release and the new easements and recommends the release of the existing easement.

Mr. Foster explained the Release of Easement and advised that a new Easement would be granted. He stated that the Release would assist with growth and economic development in the area.

Dr. Green moved to approve the Release of Brighton Park Easement. Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

8. **Action Item: Consider Award of Bid Invitation #1628 for a Total Organic Carbon (TOC) Analyzer to Teledyne Tekmar in the Amount of \$23,193.75.**

Staff prepared a bid invitation for the purchase of a total organic carbon (TOC) analyzer. This item is used in the laboratory at the water treatment plant. The invitation was sent to four vendors with one response received.

\$30,000 was included for this purchase in the current budget. This information can be found on page 22, line 720 title "Total Organic Carbon Instrument".

Ms. Roney explained the bid and the necessity of this product. She explained responses received and advised that Staff expected few responses due to the specificity of the product.

Mr. Baldwin moved to award Bid Invitation #1628 for a Total Organic Carbon (TOC) Analyzer to Teledyne Tekmar in the amount of \$23,193.75. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

9. **Action Item: Consider Approval of Johanson Group to Provide Consulting on Electric Department and Cable Construction Compensation.**

FPB maintains a Job Classification/Pay Compensation Plan that was developed and implemented in 2013/2014 with the assistance of the Johanson Group, a compensation consulting firm. This plan should be periodically reviewed and updated to insure fair and competitive compensation to attract and retain qualified employees.

In analyzing employee separations over the last three years, the electric department has lost twelve Lineworkers; six have retired, three have left for health or personal reasons, and three have left FPB to accept positions as Lineworkers at other surrounding utilities to make higher salaries. Currently, FPB has eighteen Lineworkers; eleven having less than four years experience.

In the Cable/Telecommunications department, there have been four Cable Construction Lineworker vacancies in less than 18 months. We currently employ four Construction Lineworkers (two apprentice and two Construction Lineworker II); and have an opening to fill an Apprentice Construction Lineworker position.

Other utilities companies have the resources to attract experienced Lineworkers with higher pay offers. FPB must be in a position to compete with other utilities in our labor market to avoid excessive turnover. The market pay study is necessary to determine competitive pay rates and ranges and to retain our experienced Lineworkers.

Staff proposes to engage the Johanson Group to conduct a market study and to re-evaluate the classifications of the Electric Department and Cable Construction positions.

Staff estimates the fee for the consulting services will be approximately \$5,500. There are funds available in the current budget.

Ms. Schneider explained that periodic reviews of the job classification and compensation plans were necessary to ensure FPB remained competitive in the market. She advised that there had been a number of employee losses over the past three (3) years and that several had been due to salary. She noted that funds were not specifically budgeted for this item but that funds were available for the expense.

In discussion, Ms. Schneider advised that the review would take approximately 60-90 days to complete and that based on responses to exit interview questions, salary was the reason for some of the employee loss. Ms. Schneider further advised that the Johanson Group would include health and retirement benefits in the review and comparison.

In response to Ms. Rosen, Ms. Schneider explained costs, the RFP process and selection of the Johanson Group. Mr. Cubine suggested that Staff review all costs in this scenario including overtime costs with vacancies versus the cost of increasing pay as well as the additional cost of retirement benefits if wages are increased to get an idea of the true cost.

In discussion, Ms. Rosen suggested that Staff look at offering other benefits besides increasing salary, for instance more flexible hours, additional vacation time or other perks. In response to Mr. Baldwin, Ms. Schneider discussed the work product FPB would receive from the Johanson Group. She further advised that FPB did not have access to the type of data necessary to appropriately complete this review. She further advised that the Johanson Group would offer an independent and unbiased opinion as to whether wage increases were necessary.

Mr. Cubine discussed the fringe rate for the retirement and the need to factor in that cost. He further agreed with Ms. Rosen that other options should be reviewed as an

alternative to wage increases. Ms. Schneider stated that other factors were being reviewed and that FPB was slightly under with vacation time, however the wage is what seems to be important to young people hiring into these entry level positions. She further noted that the companies these employees were moving to also offer substantial benefits packages. Mr. Ludwig noted that these were highly technical and life endangering jobs.

In response to Dr. Green, Ms. Schneider stated that the group would review and compare the wage and benefit packages for these positions in Frankfort's geographic market area.

Dr. Green moved for approval of Johanson Group to provide consulting on electric department and cable construction compensation. Ms. Rosen seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

10. **Old & New Business:**

**FPB Renewable Energy Meeting (second Stakeholder meeting)**

Ms. Rosen raised the question regarding the legitimacy of the Stakeholder group. Mr. Ludwig noted that Mr. Liebman and Mr. Price maintained differing legal opinions as to the makeup of the group and that management's position was that the group was not part of the Board. He stated that the group was set up to collect information and opinions from members of the community regarding renewable energy.

Mr. Cubine suggested that that group could continue as an Ad Hoc group created by management or the Board could create a group if it chose to do so. Mr. Baldwin discussed the potential to include a broader component to educate the community in order to receive a more informed opinion.

After additional discussion Mr. Cubine moved to have Staff bring proposals to the Board at the November meeting of what the next meeting would look like, whether it should be a process conducted by the Board or continue as Ad Hoc, what would pre-education be like to ensure the broadest possible audience would participate, and some examples of other efforts in other communities. Member Rosen seconded.

Mr. Foster advised that all the information may be difficult to put together by the next meeting but that Staff would do what they could.

Mr. Ludwig called for the vote and the motion passed unanimously.

**Two Meetings @ Other Venues – East and West side of town**

Mr. Cubine discussed holding two regular meetings, one on the East side of Frankfort and one on the West side of Frankfort prior to moving into the new administration building. He suggested possibly holding those meetings at one of the schools.

**Public Information to tell the FPB Story**

Member Cubine suggested Staff work to increase public information efforts to tell the FPB story of what the company does for the community.

**Tanglewood**

Member Cubine requested that Staff prepare some type of proposal to offer to City and Tanglewood between now and the next Board meeting regarding what mitigation would be feasible and what FPB is prepared to do based on the requests of the City and Tanglewood residents. Mr. Cubine stated that the Board needed to move as soon as possible and would like to have something to act on by the November regular meeting. He further advised that the mitigation should be something that is fair for the rate payers and for Tanglewood.

The Board agreed that Staff should gather answers from City, prepare a proposal with the information and pricing information Staff has available (including price gaps), and follow up with the Board in order to get a starting point and put forth a proposed budget.

It was also agreed that Board members would respond to Mr. Bannister's October 14 email regarding questions to City by end of business Wednesday, October 19.

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

Mr. Bannister advised that the 5 and 10-year strategic plan had been disseminated to Board members for their review. He advised that Staff would answer any questions.

12. **Request Permission to have Chair call for a Closed Session** pursuant to KRS 61.810 (1)(c) for the discussion of proposed or pending litigation against or on behalf of FPB; KRS 61.810 (1)(f) for discussions which might lead to the appointment, discipline, or dismissal of an individual employee; and KRS 61.810(1)(b) for the discussion of the future acquisition or sale of real property.

No closed session needed.

13. **Closed Door Session:**

With no further business to discuss, Dr. Green moved to adjourn. Mr. Cubine seconded. Mr. Ludwig called for the vote, the motion passed unanimously and the meeting adjourned.

  
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**ATTEST:**