

December 20, 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, December 20, 2016 at 5:00 p.m.

ATTENDANCE:

Ralph Ludwig, Board Chair
Dr. Scott Green, Secretary/Treasurer
Walt Baldwin, Vice Chair
Anna Marie Pavlik Rosen, Board Member
John Cubine, Board Member
James Liebman, Board Attorney
Herbbie Bannister, General Manager
David Billings, Water Engineer
Brian Bourne, Asst. Water Dist. Superintendent
Nichell Brown, HR Assistant
Harvey Couch, Marketing and Video Coordinator
Katrina Cummins, Asst. Finance Director
David Denton, Finance Director
Sharmista Dutta, Water Engineer
Vent Foster, Chief Electric Engineer/Asst. GM Operations
Robert Frye, WTP Operator
Monique Gilliam, Customer Service Director
Dana Goodlett, Cable Installation Supervisor
Gary Grider, Media Services Manager
Angie Hay, HR Assistant
Ryan Henry, Asst. IT Director
John Higginbotham, Asst. GM Cable/Telecommunications
Scott Hudson, Electric Superintendent
Casey Jones, IT Director
Kathy Poe, Executive Assistant
Kim Phillips, Safety Director
Hance Price, Staff Attorney/Asst. GM Administration
Julie Roney, WTP Superintendent
Dianne Schneider, HR Director
Alan Smith, Water Dist. Superintendent
Will Triplett, IT Technician
Zach Hubbard, Cable 10 Videographer
Rosalind Essig, State Journal
Aaron Nickerson, GRW Engineers
Josh Marrillia, Marrillia Design and Construction

AGENDA

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

DECEMBER 20, 2016 BOARD MEETING AGENDA

1. **Action Item:** Consider Approving Minutes for the November 15, 2016 Board Meeting.
2. **Action Item:** Accept Electric, Water and Cable Financial & Statistical Data for November 2016.
3. **Action Item:** Consider Approval of Change Order No. 6 for the Administration Building for an addition of \$24,795.65.
4. **Informational Item:** Public Comment Period.

5. **Informational Item:** Departmental Reports:
 - Website Customer Comments
 - Cable Dept.
 - Customer Service
 - Electric Dept.
 - SEPA
 - KyMEA
 - Safety
 - Water Distribution
 - Water Treatment Plant
 - Administration Building
6. **Information Item:** Discuss Cable-Telecom Infrastructure RFP Responses.
7. **Action Item:** Consider Entering into External Audit Engagement with Crowe Horwath for the Fiscal Year Ending June 30, 2017 for Fixed Audit Fee of \$32,000.
8. **Action Item:** Consider Award of Bid Invitation #1632 for Two Distribution Reclosers to Brownstown Electric Supply Company in the Amount of \$37,222.
9. **Action Item:** Consider Award of Bid Invitation #1634 for Two (2) Pad Mounted Transformers to C.G. Power in the Amount of \$17,564 and One (1) Pad Mounted Transformer to Wesco Distribution in the Amount of \$16,240.
10. **Action Item:** Consider Approval of Letter of Agreement (“LOA”) to Share Easements with Kentucky Wired.
11. **Action Item:** Consider Amendments to the Job Classification and Compensation Plan to Re-classify One Position in the Water Treatment Department: the Water Treatment Plant Operator III.
12. **Action Item:** Consider Changes to the FPB Employee Guidelines, Vacation Leave Policy.
13. **Action Item:** Consider Group Life & AD&D Insurance Coverage, and Voluntary Life Insurance Coverage with Minnesota Life Insurance Company effective January 1, 2017.
14. **Action Item:** Consider Award of Bid Invitation #1624, (North Basin Reservoir Lining Project), to Colorado Lining International for \$183,600.
15. **Information Item:** Community Water Fountain Concept Pilot Project.
16. **Action Item:** Consider Approving Master Service Agreement with Jones/NCTI, Inc., for Online Customer Care and Technician Courses (\$16,512).
17. **Action Item:** Consider Approving Ovation Renewal.
18. **Action Item:** Consider Extension for Fox Regional Sports Networks (Fox Ohio, Big Ten Network and YES Network) and FOX VOD.
19. **Action Item:** Consider creation of web based document store to allow public access to information pertinent to FPB operations.

20. **Action Item:** Consider application for Energy Efficiency and Conservation (EEC) grants from the State of Kentucky.
21. **Action Item:** General Manager Evaluation
22. **Old & New Business:**
23. **Informational Item:** General Manager's Comments.
24. **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.
25. **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.

1. **Action Item:** Consider Approving Minutes for the November 15, 2016 Board Meeting.

Mr. Cubine moved to approve the minutes for the November 15, 2016 board meeting. Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

Mr. Ludwig discussed the minutes for the December 15, 2016 special meeting. Mr. Cubine moved to approve the minutes for the December 15, 2016 special meeting. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

2. **Action Item:** Accept Electric, Water and Cable Financial & Statistical Data for November 2016.

Mr. Denton discussed the statement of net position for the period ending November 30, 2016. He discussed assets, debt, liabilities, capital assets, cash and investments, and expenses and revenues. He further discussed bonds, leases and loans payable, and the financial performance companywide.

Mr. Cubine moved to accept the financial and statistical data. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed.

3. **Action Item:** Consider Approval of Change Order No. 6 for the Administration Building for an addition of \$24,795.65.

In March of 2015, the Board awarded the construction contract for the new administration building to Marrillia Design and Construction for \$15,730,293.

As construction has progressed, additional items to be added, modified, and removed have been determined. A list of the items is included in the board package.

A summary of the change orders is listed below:

Summary:

Original Construction Contract	\$15,730,293.00
Change Order #1 (addition):	\$ 23,306.00
Change Order #2 (deduction):	\$ 94,775.42
Change Order #3 (deduction):	\$ 50,753.00
Change Order #4 (addition):	\$ 9,397.00

Change Order #5 (deduction):	\$	12,967.90
Change Order #6 (addition):	\$	24,795.65

New Contract Amount: \$15,629,295.33

Staff recommends the Board approve Change Order #6 with Marrillia Design and Construction.

Ms. Dutta briefly discussed the contract and the change order. Mr. Aaron Nickerson of GRW Engineers discussed each item in detail line by line.

After additional discussion and clarification, Mr. Cubine moved to approve the change order but omit item number 11. After additional discussion regarding potential savings for changes in window shades for the Board/Community room, Mr. Cubine withdrew his motion.

The Board, Ms. Dutta and Mr. Nickerson further discussed the construction timeline as well as the potential for savings with changing from automated window shades to manual.

Mr. Baldwin moved to adopt all 11 items pending data on potential for removing automated shades in the conference room and replacing them with manual shades. Mr. Cubine added that his understanding was that all 11 would be approved but that Staff would try to find savings with the changes in item 3 for the shades. At the request of Mr. Bannister, Mr. Baldwin clarified that the Board was not directing Staff to change the shades but to come back to the Board with the amount of savings for consideration. Ms. Dutta reiterated that waiting on the shades would not affect completion of the building but that contractors may be installing shades after FPB had taken occupancy of the building. She further noted that Staff would move forward with item 11 since the flooring contractors were currently on site. The Board confirmed that shades could be installed in all areas except for the Board/Community room until further cost data was received regarding the change from automated shades to manual shades. Mr. Cubine seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

Administration Building: Ms. Dutta introduced Josh Marrillia of Marrillia Design and Construction. Mr. Marrillia discussed the status of construction at the new administration building. He discussed inspections and advised that January 24, 2017 was the expected date for delivery of the Certificate of Occupancy to FPB. He discussed coordination with the cleaning crew and furniture movers, and stated that there were no major quality or safety issues.

In response to Dr. Green, Mr. Marrillia stated that the majority of the mechanical work was complete and that crews were working to integrate the systems.

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

Mr. Ludwig opened the floor for public comment.

Glenn Goldstein stated that he was speaking on behalf of Suzanne Gray and read an email she had previously sent to the Board, certain FPB Staff and the City. Ms. Gray requested in her email that the Board delay a vote on the liner for the Reservoir until after the January 31, 2017 deadline for public comments regarding replacement of the Reservoir.

Andy McDonald stated that he was speaking on behalf of EnvisionFranklin County and requested answers to the following questions:

- What progress has been made on securing independent consultant and legal counsel to advise the FPB on the All Requirements Power Contract?

- Answers to questions from FPB to KyMEA concerning FPB's option for terminating the contract?
- Are there any clauses in contract related to how the rates may change in the future? Any leverage or option in the contract if rates were to rise above Kentucky Utility rates? Have attorneys offered answers to these questions?
- Is FPB aware if rural utility service has made decision regarding the Big Rivers Contract with KyMEA?

5. **Informational Item: Departmental Reports:**

Website Customer Comments: Mr. Higginbotham noted that there were four (4) website customer comment emails.

Cable: Mr. Higginbotham explained graphs and numbers provided to the Board and advised that the minutes of the most recent Cable Advisory Committee meeting were included in the Board package. In response to Mr. Baldwin, Mr. Higginbotham discussed Video on Demand (VOD) numbers and bandwidth dedicated for VOD. In response to Mr. Baldwin, Mr. Couch discussed the ratio of free VOD views versus paid VOD views. Mr. Higginbotham advised that Staff would provide the information on free VOD views going forward.

Mr. Baldwin moved for staff to investigate becoming involved in the samknows program or some similar program to enable Staff to better measure of the quality of the data service delivery for broadband service. Ms. Rosen seconded.

Mr. Jones and Mr. Goodlett discussed the types of monitoring and trouble-shooting tools currently utilized by FPB.

Mr. Baldwin added that this type of program would give FPB data from the customer or end user perspective. Mr. Ludwig called for the vote and the motion passed unanimously.

Customer Service: Ms. Gilliam reviewed and discussed graphs presented to the Board. She stated that call volumes were returning to normal and that customers continue to make inquiries regarding cycle billing. She further updated the Board on advertisements and meetings in the community regarding cycle billing.

In response to Mr. Baldwin, Ms. Gilliam stated that information regarding payment options for those affected by the cycle billing change to assist with the transition and mitigate the financial impact was being communicated to the public.

Electric Dept.: Mr. Hudson explained graphs for the electric department and noted 23 outages for the month of November. He discussed the SAIDI numbers and outage numbers.

SEPA: Mr. Bannister explained SEPA graphs. He noted a loss of \$31,000 for the month of October, and a reduction of kilowatt hours allotted. He noted a loss to date for 2016 and a profit of over \$10 million since its inception. In response to Mr. Cubine, Mr. Bannister and Mr. Denton explained the manner in which SEPA funds are applied and utilized within the budget. Mr. Denton further advised that the losses were anticipated and accounted for during the budgeting process.

KyMEA: Mr. Foster discussed the December 14, 2016 KyMEA board meeting. He provided the FPB Board with and discussed the KyMEA presentation regarding assessment of renewable options. Mr. Foster advised that the consultants would be at FPB's January meeting for an update and to further discuss the presentation.

Mr. Foster stated that the KyMEA Board approved finalizing the assessment of renewable resource options, to develop a plan for an RFP that would solicit proposals to provide capacity and energy from renewable resources, and to present

a draft of that plan at the KyMEA Board's January meeting. Further, the RFP should solicit proposals to sell energy from wind and solar resources under PPAs providing reference to resources located in Kentucky and additional preferences to resources connected to the LG&E/Kentucky Utilities transmission. The RFP should also solicit proposals that would involve construction of new solar facilities connected to the systems of one or more KyMEA members. Mr. Foster further advised that the next KyMEA meeting would be held in Bowling Green on January 24, 2017.

Mr. Baldwin requested that the presentation be posted on the FPB website and that an electronic copy be forwarded to the Board.

At this point in the meeting, Mr. Baldwin requested an update on the status of the report requested from Attorney Tom Trauger at the November meeting. In response, Mr. Foster stated that it was his understanding that the report had not been provided to EnvisionFranklin County due to issues with the Non-Disclosure Agreement. In response to Mr. Cubine, Mr. Liebman explained the status and background of the report to this point. Mr. Bannister added that Mr. Trauger would revise his report in order to be able to make it public based on the Non-Disclosure Agreement.

SAFETY: Ms. Phillips noted one (1) OSHA recordable accident for a spider bite and two (2) vehicle accidents.

Water Distribution: Mr. Smith noted one (1) main break, no (0) outages, and four (4) new services for the month of November.

Water Treatment Plant: Ms. Roney stated that the water treatment plant produced 276 million gallons of potable water with an average daily production of 9.2 million gallons per day. She stated that the highest pumpage day was November 2, 2016 when 11.6 million gallons of water was treated. She noted that lack of rain for the increase. She further noted that December rain falls had caused the river flows to rise.

6. **Information Item: Discuss Cable-Telecom Infrastructure RFP Responses.**

As part of the FY17 budget, the Board approved funds to allow for a study to assess the existing telecom infrastructure and make recommendations for alternative infrastructure improvements. The main goals of the study are:

- * Assessment of FPB's existing outside plant and alternatives for improving the infrastructure in order to meet current and future wholesale and retail demands by subscribers in the offering of voice, video and data products.
- * Capital and operating costs of alternate infrastructure design versus costs associated with improving the existing plant and design.
- * As applicable, a business case and deployment plan that allows FPB to provide services during a transition and/or maintain existing services long term while migrating services to a new infrastructure.

The RFP was sent to nine companies on October 3 and the responses were due on November 4, 2016. Five of the initial nine firms submitted a response to the RFP and one additional company submitted a response by the deadline. Eight staff members scored and then ranked the submittals and based on the factors included in the RFP, Engineering Associates received the best score. Staff will review the submittals with the Board.

Mr. Higginbotham explained provider information, goals, criteria, qualifications, the point and evaluation system, the scoring table, and the detail sheet. He stated that pursuant to past procedure Staff was prepared to recommend Engineering Associates based on scoring as explained.

In response to Mr. Cubine, Mr. Higginbotham advised that the RFP did not request pricing. He advised that the focus was to look for the company with the best qualifications. Mr. Bannister stated that pricing is typically negotiated once the firm with the best qualifications has been chosen. Mr. Cubine advised that state law had a similar provision. Mr. Higginbotham discussed pricing for other communities and stated that many of those communities were looking to completely rebuild their cable/telecommunications infrastructure, which was vastly different from FPB.

Mr. Higginbotham discussed responses and companies which did not respond. He further noted that Engineering Associates included pricing but that the original price was negotiated down by Staff. He further advised that there were two candidates whose scores were very close. Mr. Cubine stated that the scoring put FPB in a better position to possibly negotiate further.

In response to Ms. Rosen, Mr. Higginbotham discussed Barbourville's research into grants from the Appalachian Regional Commission.

At this point in the meeting Ms. Rosen requested an update on the Frankfort Independent School ("FIS") project. Mr. Higginbotham discussed his understanding of the status. Mr. Cubine stated that he would like to continue the project with FIS in whatever manner the parties would find beneficial and the other Board members agreed. Mr. Higginbotham stated that he would communicate with Terri Bradshaw to schedule a meeting to discuss the FIS internet project as soon as practical.

In response to Mr. Baldwin's request regarding the solicitation of feedback from cities that had made a transition like this or have FTTH (fiber to the home) already installed, Mr. Higginbotham reiterated that the scope of work for the majority of the communities with which he was able to communicate, was vastly different from FPB's. He advised that many of those communities were starting over to completely rebuild their infrastructure and/or looking to launch telecommunication services that they did not currently offer. He further stated that as a part of this project, Staff needed to reach out to resources within the local school systems, State government and local industry customers regarding the needs of the end users in order to address economic development and/or quality of life issues in the community. Mr. Baldwin stated that he would like to see the scope of work expanded in order to incorporate this into the final project.

7. Action Item: Consider Entering into External Audit Engagement with Crowe Horwath for the Fiscal Year Ending June 30, 2017 for Fixed Audit Fee of \$32,000.

On November 7, 2016, the Frankfort Plant Board issued a Request for Proposal (RFP) for external audit services for the year ending June 30, 2017 and conditionally for the years ending June 30, 2018, 2019, 2020, and 2021. FPB released the RFP to 10 public accounting firms and received five responses by the December 1, 2016 due date. The RFP asked responding firms to specify proposed audit fees over the five years, detail experience providing audit services to similar organizations, disclose independence from FPB, identify audit staff to be assigned to engagement, provide references, provide firm's most recent peer review report, and to describe any differentiating factors relative to other firms.

FPB evaluated all proposals on a qualitative basis and recommends entering into an external audit engagement with Crowe Horwath. Crowe Horwath ranks as the eighth largest U.S. public accounting and consulting firm (based on U.S. net revenue) according to the 2016 *Accounting Today Top 100 Firms* list. Crowe has extensive experience servicing governmental and utility entities such as the Frankfort Plant Board. FPB staff reached out to the references provided in Crowe's audit proposal and received positive comments and feedback from all respondents.

Crowe Horwath is proposing a fixed audit fee of \$32,000 for the fiscal year audit ending June 30, 2017 that would increase \$500 per year through June 30, 2021. This fee contains all direct and indirect costs including out-of-pocket expenses. A

copy of FPB's RFP and Crowe's proposal has been included in this board packet for your review.

Mr. Denton explained the need to engage an audit firm for the fiscal year 16-17 audit and the RFP sent to various vendors. He discussed the specifications of the RFP and responses received. He stated that Staff recommended approval of the engagement with Crowe Horwath. In response to Mr. Ludwig, Mr. Denton stated that they had offices in Lexington and Louisville, and that they served clients in Frankfort as well.

Mr. Cubine stated that the Board received the various RFPs for review about two weeks prior to the meeting and that the qualifications and fees of Crowe Horwath were fair and consistent.

Mr. Cubine moved to accept the recommendation of Crowe Horwath. Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

Mr. Denton stated that Staff would request an engagement letter.

8. **Action Item: Consider Award of Bid Invitation #1632 for Two Distribution Reclosers to Brownstown Electric Supply Company in the Amount of \$37,222.**

Staff prepared an invitation for two new distribution reclosers for overhead line protection. The invitation was publicly advertised and sent to eight vendors. Seven responses were received, one of which was a no bid. After reviewing all the bids, staff recommends awarding to Brownstown Electric Supply Company in the amount of \$37,222. Brownstown submitted the lowest bid and met the specifications.

This equipment purchase is necessary to replenish existing inventory that has been put into service. This purchase is included in the 2016-2017 Capital Budget, line 365. The amount included in the budget for this project is \$62,000.

Mr. Ludwig read specifics for Action Item 8 to award Bid Invitation #1632; and for Action Item 9 to award Bid Invitation #1634. Mr. Ludwig requested that the Board act on these two items together. Mr. Foster stated that both bids were for the purchase of standard items.

Mr. Cubine moved to approve action items 8 and 9. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

9. **Action Item: Consider Award of Bid Invitation #1634 for Two (2) Pad Mounted Transformers to C.G. Power in the Amount of \$17,564 and One (1) Pad Mounted Transformer to Wesco Distribution in the Amount of \$16,240.**

Staff prepared a bid invitation for three (3) pad mounted transformers. The invitation was sent to eight vendors with seven responses received. After reviewing all bids, staff recommends awarding to C.G. Power and Wesco Distribution as they are the lowest bids meeting specifications. Language in this bid allows for the bid to be divided. Award recommendations are:

- Item #1 to C.G. Power - \$17,564 (\$8,782 x 2)
- Item #2 to Wesco - \$16,240

Cape Electrical was the apparent low bid but did not meet all bid requirements. These transformers will be used to replenish depleting inventory levels.

Item Approved in number 8.

10. **Action Item: Consider Approval of Letter of Agreement (“LOA”) to Share Easements with Kentucky Wired.**

Kentucky Wired is working to deploy fiber resources in Kentucky. The agency has contacted FPB, as well as other utilities, and asked to share existing easements. The LOA provides that FPB will share its easements with Kentucky Wired to the extent permitted by law. Moreover, the LOA notes that the agency’s use shall be subordinate to that of FPB. Staff reviewed the LOA and does not believe it will interfere with FPB operations or existing attachments. While there exists risk in allowing the use of the easements by other parties, the LOA requires that the agency will provide insurance coverage for the agency’s operations. Staff recommends consideration of the agency’s request.

Mr. Price explained the request of KyWired to share FPB’s easements and rights of way. He explained the manner in which the sharing would work. He noted that legally the document was acceptable but explained policy concerns as follows:

1. Principals of non-discriminatory services – If FPB shares with KyWired then FPB must share with other competitors as well.
2. Financial consideration – Over the years FPB staff has acquired and purchased these easements and rights of way and the Agreement under consideration did not provide for any compensation to FPB or its rate payers for these interests.
3. Practical consideration – FPB has no control over any contractors working for KyWired who could potentially cause property damage by utilizing the easements and rights of way.

In response to Mr. Cubine, Mr. Price explained that if a KyWired contractor damaged property the homeowner could have a claim against both KyWired and FPB. Mr. Price stated that his preference would be to not approve the agreement due to the risks involved.

Mr. Price further discussed other legal issues regarding assignability of the easements. He explained that some easements would only permit certain utility services and some easements may not be assignable. In response to Mr. Cubine, Mr. Price stated that he had never seen an agreement to share easements or rights of way.

In response to Mr. Baldwin, Mr. Price stated that there were other options for FPB to assist KyWired. Mr. Higginbotham stated that there was a great opportunity to meet with KyWired to discuss other options to find a better fit for both KyWired and FPB.

In response to Mr. Ludwig, Mr. Price stated that other municipalities have not approved requests by KyWired to share easements or rights of way.

Mr. Cubine moved to defer this item until Mr. Higginbotham was ready to come back with more information on the outcome of his negotiations for other options as long as they are meaningful. Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

11. **Action Item: Consider Amendments to the Job Classification and Compensation Plan to Re-classify One Position in the Water Treatment Department: the Water Treatment Plant Operator III.**

FPB currently has a Water Treatment Plant Operator position open. Under state regulations, all Operators in charge of the plant must have a Class IV certification except that 1 shift per day can be manned by staff with a Class III certification. A Class IV Operator is required to have 5 years of treatment experience and a Class

III Operator is required to have 3 years of treatment experience. In filling the current opening, staff would like to attract a Class III or Class IV certified operator.

In reviewing the position descriptions, the department noticed that it appears the Operator III position description (requiring a Class III certification) was written with the assumption that the incumbent would not have full responsibility for operating the Plant. As a result, several factors that determine the grade were undervalued during the pay classification process. These factors include initiative and ingenuity; analytical ability; freedom to act; and impact on end results.

The department has updated the job description and a copy with the changes is included in the detail pages.

Staff asks the Board to consider approving the reclassification of the Water Treatment Plant Operator III position from grade 104 to grade 107 based on the position description's requirements, duties and responsibilities. The pay range for grade 107 is \$19.29 to \$28.94 per hour.

Ms. Schneider discussed necessary changes in the job description which required a reclassification of the pay grade based on the re-evaluation. She explained the monetary difference in the pay grades. In response to Mr. Cubine, Ms. Schneider confirmed that the qualifications for this position were contained in the Kentucky Administrative Regulations and that FPB assigned the salary level. She further advised that the pay rate under the new grade should be competitive in the market.

Mr. Cubine moved to approve the request. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

12. Action Item: Consider Changes to the FPB Employee Guidelines, Vacation Leave Policy.

Earlier this year, Staff received two suggestions regarding the FPB Vacation policy from the electronic Employee Suggestion Box. Staff asked six employees from different areas of the company to participate in an employee work group to research and make recommendations to the General Manager regarding proposed changes to the policy. The work group members are Angie Hart, Human Resources; Katrina Cummins, Finance; Robert Frye, Water Treatment Plant; Mark Harrod, Electric; Stacey Elkin, Cable/Telecommunications; and Brian Bourne, Water Distribution.

Staff asks that the Board consider approving the proposed changes to vacation leave to remain competitive and help attract and retain qualified employees.

The work group's recommendations are summarized below:

- change years of service requirements to accumulate vacation leave in 5 year increments & allow employees to earn up to 3 additional vacation days annually with each additional 5 years of service;
- require that employees request vacation leave 10 days in advance of the time they desire to take the leave, (rather than 30 days);
- allow employees who have accumulated more than 32 days of vacation leave to cash out up to 10 days per year (in addition to the current option of converting it to sick leave);
- delete the requirement that vacation cannot be taken in less than full day increments

Based on our current employee population, the change will increase our employee benefit expense by approximately \$103,500 annually. However, employees will accrue the leave monthly and FPB will recognize the expense as it is taken through payroll. Implementing this change January 1 will not require a budget amendment

as we expect payroll expense to be below current budgeted amounts due to the number of retirements and the time required to fill open positions.

Members of the work group are in attendance to help answer any questions. A copy of the suggestions, the work group's memo with recommendations, the proposed changes to the policy language and a comparison of vacation leave accruals at other organizations are included in the detail pages.

Ms. Schneider discussed employee suggestions to review the current vacation policy and to consider changes. She explained the work group formation to perform research and the recommend changes. She stated the names of the employees in the work group.

Ms. Schneider explained the proposed changes in the policy language and accrual table as well as the comparison with other organizations. She further explained the revision for the vacation request notification period and changes, which would allow employees to cash out up to 10 days of accrued vacation time. Ms. Schneider explained the increase in the employee benefit expense and the manner in which the expense would be realized. She further noted that a budget amendment would not be necessary.

In response to Mr. Ludwig, Ms. Schneider stated that if approved the changes would take effect January 1, 2017. Dr. Green stated that he would like to change the notification period to 14 days. Mr. Bannister stated that it may be cleaner to make the change to 14 calendar days.

In response to Mr. Cubine, Ms. Hay explained the manner in which the cost would be realized whether an employee chose to roll extra vacation time to sick or chose to be paid for the time. She further explained the comparison of FPB's sick and vacation benefit versus the benefits for the State, City and County, and the manner in which this will affect new employees hiring in at this time. She further explained FPB's holiday leave compared to the State and advised that FPB does not give comp time.

Dr. Green moved to approve the item as written with the correction of the 14 calendar day advance notice. Mr. Cubine seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

13. Action Item: Consider Group Life & AD&D Insurance Coverage, and Voluntary Life Insurance Coverage with Minnesota Life Insurance Company effective January 1, 2017.

FPB has provided employees with group life & accidental death and dismemberment (AD&D) coverage through American United Life Insurance Company (AUL) since 2010. The group life benefit amount is two times the annual base salary with a \$50,000 minimum; the AD&D benefit is two times the annual base salary with a minimum of \$50,000. Employees may also purchase additional life & AD&D coverage voluntarily, at their own expense, through payroll deduction.

Staff received notification in late November that AUL will increase our group life rates as of January 1, 2017 by approximately \$4,000 annually. At Staff's request, Sherrill Morgan, FPB's insurance consultants, requested proposals from 8 companies and received 4 responses. Group life and voluntary life are provided without commission fees. A summary of the proposals is included in the detail pages.

The proposal from Minnesota Life offers a total annual savings of approximately \$16,000 for group life rates compared to AUL's proposal; voluntary life rates are unchanged. Other points regarding Minnesota Life's proposal:

- will maintain all current levels of coverage provided to employees;
- 3 year rate guarantee;

- does not reduce Group Life and AD&D benefits based on age (starting at age 70);
- new hires are eligible for up to \$250,000 of voluntary term life coverage; the maximum with AUL is \$150,000;
- different rate for retiree life coverage, but is less expensive overall
- Minnesota Life is rated A+ by AM Best

Staff recommends the Board consider approving the proposal from Minnesota Life effective January 1, 2017.

EMPLOYEE GROUP LIFE INSURANCE ESTIMATED ANNUAL COST			
AUL Current	AUL Proposed	Minnesota Proposed	Life
\$44,325	\$48,077	\$32,351	

This expense is included in the annual FPB budget.

Ms. Schneider explained the changes in the cost of life insurance with the change to Minnesota Life. She further explained the manner in which Minnesota Life would streamline the changes for employees and explained benefits available to employees.

Mr. Cubine moved to approve. Mr. Baldwin seconded. In response to Mr. Cubine, Ms. Nichell Brown stated that employees would have the option to convert the insurance at retirement. Mr. Ludwig called for the vote and the motion passed unanimously.

14. **Action Item: Consider Award of Bid Invitation #1624, (North Basin Reservoir Lining Project), to Colorado Lining International for \$183,600.**

The south basin of the Reservoir is scheduled for replacement beginning next fiscal year. During construction, the existing north basin will be relied on for storage while the south basin is being replaced. Out of an abundance of caution following last year's seepage event, staff recommends a liner be installed in the north basin to act as an insurance policy against any unforeseen construction related occurrences or delays.

Invitations to Bid for construction were direct mailed to seven different companies and publicly advertised on October 12, 2016.

On October 26, bids were received from the following companies (see attached bid tabulation):

1. Colorado Lining International \$183,600

The Water Distribution Department budgeted \$220,000 in the FY 16-17 budget for the project.

Based on vast work experience and favorable reference check, Staff recommends that the Board award the bid to Colorado Lining International for \$183,600.

Mr. Billings requested that the Board advise as to how they wanted to proceed with this item in light of the request during public comments.

In response to Mr. Cubine, Mr. Billings explained the timing from ordering the liner until installation. Mr. Billings further stated that the liner was necessary if the

reservoir were replaced at its current location. He advised that if the Board chose to relocate the reservoir, then Staff would not request the liner.

In discussion, Mr. Billings noted that Staff had completed its due diligence and was convinced that the most cost effective manner to complete the project was to replace the reservoir at its current location. He further noted that he had contacted the company with the successful liner bid and that they stated they would hold their bid until February.

In response to Mr. Cubine, Mr. Billings stated that the current reservoir would be in service longer if the Board decided to build the reservoir at an alternate location. In response to Mr. Baldwin, Mr. Billings reiterated that the liner was likely not necessary if the Board decided to move to an alternate location.

Mr. Billings and Mr. Foster stated that the only downside to waiting would be the delay in beginning construction. Mr. Bannister stated that FPB would be criticized if all comments from neighboring home owners were not vetted. He further advised that a few years ago FPB spoke to Berry Hill, which is a State owned property, and were told that the reservoir could not be relocated at Berry Hill. Mr. Bannister further advised that substantial additional engineering would be required to relocate to Juniper Hills or the Berry Hill location. Mr. Foster added that even relocating to Berry Hill or Juniper Hills would put the tank in the front yards of the Berry Hill Condominiums.

Ms. Rosen moved to delay the decision on the liner until the February meeting. Mr. Baldwin seconded. Mr. Foster added that all ideas and options would be fully vetted.

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

15. Information Item: Community Water Fountain Concept Pilot Project.

The Water Distribution Department was asked by the Board to explore the possibilities of community water fountains. Staff has discussed this with Mr. Jim Parrish of the City Parks & Recreation Dept. and Mr. Charlie Lewis of the County's "Lakeview Park". Four possible locations were discussed. One, at Juniper Hills Park near the new walking track (Mr. Parrish already has a need for water in this area). Second, at Lakeview Park near the new splash pad and walking trail (already served with water). Third at Riverview Park somewhere along walking trail (already served with water). Fourth, somewhere on St. Clair Mall or around the Old Capitol lawn. Staff has prepared a short presentation and pictures for the Board. Cost estimates, pictures and drawings are included in the detail section.

Mr. Smith discussed the power point presentation regarding placing water fountains at various locations throughout Frankfort. He discussed the costs of the fountains, specifications of the fountains, potential locations, advantages and disadvantages of the locations, and year round usage and maintenance. He further explained year round use and noted that there was an additional cost of \$1,500-\$2,000 per unit as well as additional excavation necessary and increased liability in the case of a leak during the winter months.

In response to Ms. Rosen, Mr. Smith discussed the difference in frost free hydrants and meters, and why the water fountains would need to be taken out of service in the winter months. In response to Mr. Ludwig, Mr. Smith noted that the only location close to a road was in St. Clair Mall. In response to Mr. Cubine, Mr. Smith stated that there are no other good locations for excavation or with existing water lines. In response to Mr. Baldwin, Mr. Smith explained the possibilities of adjusting exact locations at the various parks and downtown. Mr. Bourne explained discussions regarding maintenance sharing with parks and recreation, as well as the City and County. He further discussed the potential for vandalism and placement of fountains in an effort to mitigate that issue.

In response to Mr. Baldwin, Mr. Smith stated that Staff had not researched partnering with local businesses or groups to assist with reporting or cost sharing with upkeep and maintenance at this point but would follow up on that issue.

In discussion, Mr. Smith explained what was included in the \$8,000 installation cost. He advised that the \$8,000 was a very simple installation and that some of the locations could cost more. He further noted that the fountain and water lines would be drained and closed from approximately November through March.

Mr. Baldwin requested Staff to reach out to City and County to confirm their roll and/or interest in cost sharing for the project and then talk more with the Board regarding how to move forward.

16. Action Item: Consider Approving Master Service Agreement with Jones/NCTI, Inc., for Online Customer Care and Technician Courses (\$16,512).

Staff recommends the approval of the agreement renewal with Jones/NCTi for online training courses. The term of the renewal is 12 months ending December 2017. The Cable-Telecom Dept. has utilized NCTi services for required training for many years and this renewal will continue to allow employees to take as many classes as they'd like from a pre-selected grouping of classes, over the next 12 months. In many cases, the value in purchasing these online classes as a package is equal to the cost of purchasing one class a la carte.

With this renewal, the per-employee cost will not increase but with turnover of staff in the last 12 months, new employees without previous NCTi training have been included in this new agreement. The NCTi training for these 37 employees is budgeted in FY17. The Assistant GM-Administration has reviewed the agreement and it meets with his approval.

Mr. Goodlett explained the agreement and courses included which the Cable Installers and Service Representatives would utilize. He further noted that the cost was within the budgeted parameters. In response to Mr. Cubine, Mr. Goodlett stated that FPB has utilized this service for approximately 25 years. He stated that it was very beneficial for employees.

Mr. Cubine moved to approve. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

17. Action Item: Consider Approving Ovation Renewal.

Staff recommends approval of the Ovation renewal. This is an NCTC agreement that has a term through June 30, 2020. The 2017 rate reset and annual increases are within budgeted parameters. Ovation is a Preferred Cable channel, which exists on channel 117. According to the network, Ovation celebrates the artists across the world by amplifying their voices and distributing their talents to viewers who demand and want exciting artistic programming and unique creative expression. No additional carriage requirements obligations are included in this agreement. The Assistant GM for Administration has reviewed the agreement and it meets with his approval.

Mr. Couch explained the renewal terms of the NCTC Agreement. He advised that the increase was budgeted and that the programming was on the optional Preferred Tier. In response to Mr. Cubine, Mr. Couch explained that the estimated increase was included in the current budget.

Mr. Cubine moved to approve. Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

18. **Action Item: Consider Extension for Fox Regional Sports Networks (Fox Ohio, Big Ten Network and YES Network) and FOX VOD.**

Staff recommends approval of the extension with Fox Regional Sports Networks (for carriage of Fox Sports Ohio, Big Ten Network, YES Network), and Fox Broadcast VOD. These networks are carried through a direct agreement with Fox. Staff has been engaged with Fox since early October on these renewals. We have a mutual understanding on rates and most issues, however Fox added several items at the agenda deadline that we felt merited further negotiation. Fox asked staff to come to the board with the agreed upon rates and finalize the legal matters later. Staff felt it was important to present the final agreement in whole to the board. Staff plans to bring an executable agreement at the regular January 2017 meeting.

Mr. Couch explained that negotiations were still ongoing and that the current direct agreement expired on December 31, 2016. He explained which networks were included and stated that the extension would run through January 31, 2017. He advised that he expected the renewal to be ready for consideration at the January board meeting. Mr. Couch stated that the rates were mutually agreeable and within the budget parameters.

In response to Ms. Rosen, Mr. Couch explained viewership for Ovation and for these Fox Channels.

Mr. Cubine moved to approve the extension. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

19. **Action Item: Consider creation of web based document store to allow public access to information pertinent to FPB operations.**

The document store would provide a central location to access documents of interest to the public such as presentations, meeting notes, agendas, tariff, contracts, active project status, etc. and would be based on the Drupal CMS (Content Management System). Leveraging this technology will place FPB on the technology path to better support transparency and active communication with our customers."

Mr. Baldwin suggested that Staff generate a public document store that would allow the public access to information and would make a strategic change in the manner in which FPB was currently offering data to the public. He stated that this change would allow the public to consume the data better. He explained that implementing the droople CMS would allow FPB to provide more detail and richer data to the community for better communication with the public. He further advised that this would allow FPB to better utilize other technologies and apps in the future to benefit the customers.

In response to Mr. Ludwig, Mr. Baldwin stated that this document store would blend in with the existing website in a similar way as the my.fpb portal does today. In response to Mr. Cubine, Mr. Bannister advised that several different departments would be involved in creating this new site. He noted that IT, Media Services, and Website development would be involved in creating this document store. Mr. Baldwin added that the new CMS would provide a distributed content offering to remove the central point of contact for the addition or development of content.

Mr. Baldwin stated that droople had no license charges and was a free open source product. He added that there would be internal man hours involved in the project but they should not be significant. Mr. Cubine noted that the Board did not expect that this action must happen immediately. He added that Staff should work on this and update the Board on the progress. Mr. Baldwin stated that he would like Staff to look into this idea and come back to the Board with a time frame and update.

Mr. Couch explained that Staff had created a document store within the current FPB website, which was currently live and available to the public through the current

CMS. Mr. Baldwin noted that what FPB has today is notably different than droople and that same level of options and access is not available on the current CMS. Mr. Baldwin stated that he wants the existing documents implemented via the droople CMS. Mr. Couch expressed his concerns with current available manpower to manage current projects and this new project. Mr. Baldwin stated that hosting and maintenance of the site could be outsourced and that the additional work load could be diminished with a CMS like droople once it was up and running.

Mr. Baldwin moved to direct staff to develop a web based document store based on the droople CMS. Ms. Rosen seconded. Mr. Ludwig added that Staff move in that direction at a pace they can cope with. Board members agreed. Mr. Ludwig called for the vote and the motion passed unanimously.

20. Action Item: Consider application for Energy Efficiency and Conservation (EEC) grants from the State of Kentucky.

Energy Efficiency and Conservation (EEC) grants are being offered by the State of Kentucky. The application time period is December 7, 2016 through January 31st, 2017. The application process is open to County and City government. Others including FPB can apply for money through them.

I would like to see FPB apply for funding for a project. Below are the areas which are of interest but others could also be considered:

- 100k Solar array on the new Admin Building, Service Center Buildings, or at the Water Treatment Plant
- Electric vehicle and charging station
- Funding to implement a Community Energy Efficiency program

<https://kydlgweb.ky.gov/StateGrants/specProg.cfm>

Ms. Rosen explained the grant program through the State of Kentucky to encourage energy efficiency. She advised that only the City and County could apply however, other entities can apply through the City or County, and that the deadline for application was January 31, 2017. She discussed potential pilot projects such as a solar project, electric vehicles and recharging stations, and energy efficiency programs for customers with possible on-bill financing.

In response to Mr. Cubine, Ms. Rosen stated that the City was looking into to a LED lighting project. Mr. Bannister stated that Mr. Zisoff wanted to work with FPB on the LED project. Mr. Foster stated that FPB would need to manage the contractor, prepare specifications for the fixtures, ensure the work is completed and work out all the technical details of making sure the project was completed. He advised that the City would pay for the project as they would see the benefit of the reduced energy cost. He discussed the cost of the project, the amount of savings and noted that the project would also reduce maintenance, which would save the City in cost and free up man hours for FPB as well. Mr. Bannister advised that his understanding was that FPB would be writing the grant application for the LED street light project and expressed concern that with the application deadline so close it would be difficult to prepare the information for more than one application. In response to Ms. Rosen, Mr. Foster advised that there was a great deal of work in gathering detailed engineering and cost information in order to complete one application. He advised that Staff would attempt to complete whatever the Board wanted to complete.

At this point, the Board discussed the possibilities of working with other entities to take the lead on the application but working with them to complete projects of interest in the community.

Mr. Cubine moved to pursue a grant for the LED project with Tim Zisoff and the City, and to make it known to interested and eligible groups that FPB would be interested in applying for other projects with the understanding that those entities do the

groundwork for the application. Mr. Cubine added that Staff would decide with whom to work as would be feasible and give the Board an update in January.

Mr. Bannister and Mr. Foster explained potential issues and concerns with a solar array if it exceeded the 30 kW limitation in the current Kentucky Utility contract. Mr. Foster further noted that after 2019 that limitation would no longer be an issue. In response to Mr. Foster, Mr. Cubine and Mr. Baldwin clarified that if multiple parties came to FPB with a project, that Staff had the discretion to choose which project was the most feasible with the understanding that updates would be provided to the Board.

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

21. Action Item: General Manager Evaluation

Mr. Ludwig discussed Mr. Bannister's contract, specifics of salary considerations and contract extensions based on the terms of the contract. He advised that the overall consensus evaluation was positive. He noted Mr. Bannister's current salary and that any salary increase, if approved, would take effect retroactively to October 1, 2016. Mr. Ludwig advised that employees below the mid-point of their paygrade received a 2% increase bi-annually and employees at or above mid-point of their paygrade received 1.5% COLA increase and 1% Merit increase in 2016.

Dr. Green moved to approve a salary increase of 2% for Mr. Bannister. Mr. Cubine stated that the amount should be fair and suggested 2.5%. Dr. Green agreed to amend the motion for 2.5% salary increase for Mr. Bannister. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

22. Old & New Business:

None

23. Informational Item: General Manager's Comments.

Mr. Bannister discussed the status of Tanglewood mitigation. He discussed his December 12, 2016 meeting with Ms. Gray, Ms. Waterfield and Mr. Pierce. He stated that Tanglewood was going to research fencing options and hoped to have information back from them by the January Board meeting. Mr. Bannister advised that he had signed the contract with GRW to begin the design for demolition of the wall and for fencing. He stated that design should take approximately 90 days.

In response to Mr. Cubine, Mr. Billings and Mr. Bannister stated they would research the size of a new water tank under construction in Fayette County for reference purposes.

24. 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.

Dr. Green moved to go into closed session. Mr. Cubine seconded. Mr. Ludwig called the vote and the motion passed unanimously.

25. Closed Door Session:

With no further business to discuss, the meeting adjourned



ATTEST: