



MINUTES

FPB Board Meeting

5:00 PM - Tuesday, June 18, 2019

Community Room

The Frankfort Plant Board met on Tuesday, June 18, 2019 at 5:00 PM in the Community Room.

ATTENDANCE:

Anna Marie Pavlik-Rosen, Board Chair
Walt Baldwin, Board Vice-Chair
Dawn Hale, Board Secretary/Treasurer
Stephen Mason, Board Member
Jeff Bradshaw, Board Member
James Liebman, Board Attorney
Gary Zheng, General Manager
David Billings, Chief Water Engineer
Harvey Couch, Marketing Video Content Coordinator
Katrina Cummins, Finance Director
David Denton, Chief Financial Officer
Vent Foster, Chief Operations Officer
Cassie Estill, Customer Service Supervisor
Scott Hudson, Electric Superintendent
Casey Jones, IT Director
Cathy Jennings, Executive Assistant to CFO
Kathy Poe, Executive Assistant to GM
Hance Price, Assistant GM Administration/Staff Attorney
Leigh Ann Phillips, Support Services Director
Julie Roney, Water Treatment Superintendent
Dianne Schneider, HR Director
Alan Smith, Water Distribution Superintendent
Scott Stafford, Media Services Manager
Deron Rambo, Network Operations Center Director
JC Lyons, Safety Field Assistant
Jennifer Hellard, Purchasing Agent
Sharmista Dutta, Water Engineer
Travis McCullar, Chief Electric Engineer
State Journal

1 ACTION ITEM: APPROVAL OF MINUTES

- 1.1 Action Item: Consider Approval of the June 4, 2019 Special Budget Meeting Minutes, the June 4, 2019 Special Meeting Public Hearing Minutes, and the June 5, 2019 Special Budget Meeting Minutes.

Dawn Hale moved to approve the minutes for the June 4, 2019 Special Budget Meeting Minutes, the June 4, 2019 Special Meeting Public Hearing Minutes, and the June 5, 2019 Special Budget Meeting Minutes. Jeff Bradshaw seconded the motion.

CARRIED. 5 to 0.

<i>Anna Marie Pavlik-Rosen</i>	<i>For</i>
<i>Walt Baldwin</i>	<i>For</i>
<i>Dawn Hale</i>	<i>For</i>
<i>Stephen Mason</i>	<i>For</i>
<i>Jeff Bradshaw</i>	<i>For</i>

2 ACTION ITEM: ACCEPT FINANCIALS

2.1 Action Item: Accept Financials for month ending May 31, 2019.

*Walt Baldwin moved to accept Financials for month ending May 31, 2019.
Jeff Bradshaw seconded the motion.*

CARRIED. 5 to 0.

<i>Anna Marie Pavlik-Rosen</i>	<i>For</i>
<i>Walt Baldwin</i>	<i>For</i>
<i>Dawn Hale</i>	<i>For</i>
<i>Stephen Mason</i>	<i>For</i>
<i>Jeff Bradshaw</i>	<i>For</i>

3 ACTION ITEM: WORKERS' COMPENSATION INSURANCE RENEWAL.

3.1 Consider Approval of the Workers' Compensation Insurance Renewal.

Staff recommends that the Board approve the renewal of its workers' compensation policy with Kentucky Employers Mutual Insurance (KEMI). The renewal premium of \$99,584.86, effective July 1, 2019, decreased by \$11,959.05. This is a decrease of 10.7% from last year and is the lowest workers' compensation premium in the past 20(+) years.

Mr. Price explained details of the renewal and advised that the premium had decreased by \$11,959.05.

Dawn Hale moved to Approve the Workers' Compensation Insurance Renewal in the amount of \$99,584.86. Jeff Bradshaw seconded the motion.

CARRIED. 5 to 0.

<i>Anna Marie Pavlik-Rosen</i>	<i>For</i>
<i>Walt Baldwin</i>	<i>For</i>
<i>Dawn Hale</i>	<i>For</i>
<i>Stephen Mason</i>	<i>For</i>
<i>Jeff Bradshaw</i>	<i>For</i>

4 INFORMATIONAL ITEM: PUBLIC COMMENT

David Hecker thanked the Plant Board for the numerous ways it supports and helps the community. He noted his support of the single tank option at the Reservoir and advised the cable programmers that eventually there will be a point where customers will stop paying high prices for cable content.

In response to Ms. Hale, Mr. Denton explained allocation of revenues to the division or department which is driving the cost so that rate payers are only paying for the services they receive.

5 INFORMATIONAL ITEMS:

5.1 Informational Item: Website Customer Comments

6 INFORMATIONAL ITEM: DEPARTMENTAL REPORTS

- CABLE/TELECOMMUNICATIONS
- CUSTOMER SERVICE

- NETWORK OPERATIONS CENTER (NOC)
- ELECTRIC DEPARTMENT
- SEPA
- KYMEA
- SAFETY
- WATER DISTRIBUTION
- WATER TREATMENT PLANT

7 ACTION ITEMS:

7.1 **Action Item:** Consider Approving TVG & TVG2 Renewal.

Staff and the Cable Advisory Committee recommends approval of the TVG & TVG2 renewal. This National Cable Television Cooperative (NCTC) agreement has a term through March 31, 2023. This renewal affords FPB the opportunity to maintain their current TVG and TVG2 subscriber rates, which are .00. TVG is on Classic Cable channel 41 and TVG2 (formerly known as HRTV) is on Preferred Cable channel 145. Both networks contain live coverage and analysis of horse racing events. No additional carriage requirements obligations are included in this agreement.

Walt Baldwin moved to approve TVG & TVG2 Renewal. Stephen Mason seconded the motion.

CARRIED. 5 to 0.

<i>Anna Marie Pavlik-Rosen</i>	<i>For</i>
<i>Walt Baldwin</i>	<i>For</i>
<i>Dawn Hale</i>	<i>For</i>
<i>Stephen Mason</i>	<i>For</i>
<i>Jeff Bradshaw</i>	<i>For</i>

7.2 **Action Item:** Consider Approving A&E Networks Extension.

Staff and the Cable Advisory Committee recommend approval of the A&E Networks extension. The current National Cable Television Cooperative (NCTC) agreement expires on December 31, 2019. In 2015, NCTC and A&E entered into an amendment that automatically extends the current agreement through December 31, 2022, subject to each Member's right to decline the extension. Under the extended term, carriage, packaging, and all other terms, other than rate, remain the same as the existing agreement. The rate increases are between 3% and 6%. The deadline to decline the extension is July 15, 2019.

A&E Networks include the following channels: A&E, History Channel, Lifetime Network, and Lifetime Movie Network on Classic Cable and FYI, Viceland, and Lifetime Real Women on Preferred Cable. History is the 12th most watched cable network in Frankfort. The other three Classic Cable networks all rank in the top 40. The increases were anticipated and are budgeted. TVE and VOD rights are included in this agreement. No additional carriage requirements or obligations are included in this agreement.

Walt Baldwin moved to Approve A&E Networks Extension. Jeff Bradshaw seconded the motion.

CARRIED. 5 to 0.

Anna Marie Pavlik-Rosen For
Walt Baldwin For
Dawn Hale For
Stephen Mason For
Jeff Bradshaw For

7.3 **Action Item: Consider Award of Bid Invitation #1679 - Annual Price Contract for Distribution Transformers to Cape Electrical Supply.**

Most of FPB's distribution transformers are purchased from an annual price contract. These transformers are kept in FPB's inventory and need to be replenished periodically. Orders for transformers depend on new development and the replacement of bad transformers. Vendors bid with the understanding that they are locking in unit pricing for the year and not for a certain quantity of transformers.

This year's bid invitation was sent to eight vendors with five responses. After evaluating all bids, staff recommends awarding to Cape Electrical Supply as they are the low bidder meeting specifications.

As of June 7, 2019, FPB has purchased approximately \$90,137.00 this fiscal year. The proposed contract reflects a 0.66% price decrease.

Walt Baldwin moved to Award Bid Invitation #1679 - Annual Price Contract for Distribution Transformers to Cape Electrical Supply. Dawn Hale seconded the motion.

CARRIED. 5 to 0.

Anna Marie Pavlik-Rosen For
Walt Baldwin For
Dawn Hale For
Stephen Mason For
Jeff Bradshaw For

7.4 **Action Item: Consider Award of Bid Invitation #1680 – Annual Price Contract for the Purchase of Wood Poles to Brown Wood Preserving.**

FPB's inventory of wood poles is purchased from an annual price contract. These poles are ordered as needed to maintain inventory levels. The bid is to obtain the best price and to hold pricing for the entire fiscal year. Staff estimates the quantity of poles on the annual bid. Vendors bid with the understanding that orders may exceed or fall short of estimated quantities.

This year's bid invitation was sent to nine vendors with five responses. Staff reviewed all bids and recommends awarding to T.R. Miller Mill Company as they are the lowest bid meeting specifications.

FPB has purchased approximately \$51,315 in wood poles in the current fiscal year. The new pricing reflects a price decrease of 10.4%.

Walt Baldwin moved to Award of Bid Invitation #1680 – Annual Price Contract for the Purchase of Wood Poles to Brown Wood Preserving. Jeff Bradshaw seconded the motion.

CARRIED. 5 to 0.

Anna Marie Pavlik-Rosen For
Walt Baldwin For
Dawn Hale For

Stephen Mason For
Jeff Bradshaw For

7.5 **Action Item:** Consider Asplundh Tree Expert Company's Contract Renewal Offer for Tree Trimming Services.

Asplundh Tree Expert Company has offered FPB a contract renewal with a 2.2% price increase for labor charges and 0% increase for equipment charges (contract allows an annual price adjustment). Tree trimming services were bid in 2017 with Asplundh being the lowest bidder. FPB has utilized Asplundh's services for many years with satisfactory service. Rebidding for this service would more than likely result in an increase greater than 2.2%. Funds for tree trimming are included in the proposed FY 2019-2020 budget (Electric \$625,000; Cable \$175,000). As of June 7, 2019, FPB has paid \$639,672.06 for tree trimming services this fiscal year. The total cost for the upcoming year depends on services performed.

Walt Baldwin moved to Approve the Asplundh Tree Expert Company's Contract Renewal Offer for Tree Trimming Services. Stephen Mason seconded the motion.

CARRIED. 5 to 0.

Anna Marie Pavlik-Rosen For
Walt Baldwin For
Dawn Hale For
Stephen Mason For
Jeff Bradshaw For

7.6 **Action Item:** Consider Amendment to the FPB Employee Guidelines to Add Reasonable Accommodations Policy.

The Kentucky Pregnant Workers Act was passed earlier this year and becomes effective June 27, 2019. The law requires employers with more than 15 employees, including FPB, to accommodate employees who are limited due to pregnancy and to accommodate employees who are lactating. As required, we are in the process of posting notifications of the new law at all FPB locations.

In addition, FPB complies with the Americans' with Disabilities Amendments Act of 2008 (ADAAA).

We ask the Board to consider revising the Employee Guidelines Governing Employment to include a Reasonable Accommodations policy. The proposed policy language informs all employees of FPB's accommodation process and covers requests related to pregnancy and requests from employees who have a disability.

See detail pages for policy language.

Stephen Mason moved to Approve Amendment to the FPB Employee Guidelines to Add Reasonable Accommodations Policy. Jeff Bradshaw seconded the motion.

CARRIED. 5 to 0.

Anna Marie Pavlik-Rosen For
Walt Baldwin For
Dawn Hale For
Stephen Mason For
Jeff Bradshaw For

7.7 **Action Item: Consider Award of Bid Invitation #1678—Annual Price Contract for Water Treatment Chemicals (FY 2020).**

Staff prepares an annual bid for the chemicals used in water treatment. The bid includes estimated quantities and explains that orders could exceed or fall short of the estimates. Vendors bid with the understanding that the bid's purpose is to hold unit price throughout FPB's fiscal year.

This bid received 19 responses. After reviewing each bid, staff recommends awarding to the lowest bidders meeting specifications with the exception of Powdered Activated Carbon (explanations below).

Chemical	FY 20 Company	FY 20 Bid	Difference (%) between FY 19 and FY 20
Liquid Ferric Chloride	PVS Technologies	\$268.00	16.50%
Liquid Sodium Hydroxide	Brenntag Mid-South	\$0.1390	-26.40%
Polyaluminum Chloride	USALCO	\$0.1900	17.90%
Powdered Activated Carbon	Calgon Carbon	\$0.75	-3.8%
Hydrofluorosilicic Acid	Brenntag Mid-South	0.1420	11.40%
Anhydrous Ammonia	Airgas	\$1.2980	32.40%
Potassium Permanganate	Brenntag Mid-South	\$1.5900	2.60%
Sulfuric Acid	Chemical Resources	\$0.1440	10.80%
Zinc Orthophosphate	Chemical Resources	\$0.6460	17.50%
OSG Sodium Chloride	Morton Salt	\$232.6000	1.70%
Water Softener Salt	Chemical Resources	\$0.2105	-3.00%

**Based on highest removal of geosmin and MIB (taste/odor compounds)*

As of May 31, 2019, chemical purchases total \$438,181 with one (1) month remaining in FY 2018. Staff have requested \$450,000 in the proposed FY 2020 budget for treatment chemical purchases.

Ms. Roney explained specifics of the auction bid responses and advised that the cost of water treatment chemicals increased overall approximately 7%.

Stephen Mason moved to Award Bid Invitation #1678 - Annual Price Contract for Water Treatment Chemicals for Fiscal Year 2020. Walt Baldwin seconded the motion.

CARRIED. 5 to 0.

Anna Marie Pavlik-Rosen	For
Walt Baldwin	For
Dawn Hale	For
Stephen Mason	For
Jeff Bradshaw	For

7.8 **Action Item: Consider Approving Changes to Job Classification and Compensation Plan - Effective July 1, 2019.**

In July 2014, FPB implemented a job classification and compensation plan developed by the Johanson Group and approved by the Board. The plan supports FPB's ability to attract and retain the best people, comply with applicable government regulations, and allows fair and consistent ongoing internal compensation management.

Historically, FPB has reviewed the compensation plan every 5 years and at the August 2018 meeting, the Board approved a compensation plan review and market study. Blair Johanson attended the June budget meeting to discuss.

Staff asks the Board consider approving the reclassification of 41 positions (35 are currently occupied) effective July 1, 2019 based on the results of the review. See below for the impact by department:

Department	Annual increase	# of occupied positions impacted	# of current employees impacted
Admin. & Safety	\$11,357	2	2
Cable/Telecom	\$17,763	4	7
Cable/Telcom Engineering	\$0	0	0
Customer Service	\$25,147	3	9
Electric	\$58,864	7	16
Electric Engineering	\$4,846	1	1
Finance	\$5,595	2	2
Human Resources	\$8,008	2	2
Information Technology	\$7,821	1	2
Media Services & Marketing	\$2,558	1	1
NOC	\$0	0	0
Support Services	\$9,464	3	4
Water Distribution	\$81,432	6	14
Water Engineering	\$0	0	0
Water Treatment	\$6,739	3	3
TOTAL	\$239,594	35	63

Proposed changes to the List of Authorized Positions is included in the detail pages of the Board package.

Walt Baldwin moved to Approve Changes to the Job Classification and Compensation Plan - Effective July 1, 2019. Jeff Bradshaw seconded the motion.

CARRIED. 4 to 0.

Anna Marie Pavlik-Rosen For
Walt Baldwin For
Dawn Hale For
Jeff Bradshaw For

7.9 **Action Item: Consider Approving the Revised Water Line Extension Cost Recovery Policy.**

As presented at the May board meeting, the Board ceased water and electric refunds for subdivision developers and adopted a water line extension cost recovery policy in 2011. Since that time, the water department has had one

customer apply for cost recovery and it has become evident that the existing policy is very difficult to manage efficiently.

The existing water line extension cost recovery policy has been revised to meet the requirements of KRS 96.539 and will be more manageable than the existing policy. A public hearing was held June 4, 2019. No comments have been received.

Copies of the current and proposed policies are included in the board package.

Staff recommends the Board approve the revised Water Line Extension Cost Recovery policy. If approved, the tariff will be revised accordingly and the policy will go into effect July 1, 2019.

Jeff Bradshaw moved to Approve the Revised Water Line Extension Cost Recovery Policy. Walt Baldwin seconded the motion.

CARRIED. 5 to 0.

<i>Anna Marie Pavlik-Rosen</i>	<i>For</i>
<i>Walt Baldwin</i>	<i>For</i>
<i>Dawn Hale</i>	<i>For</i>
<i>Stephen Mason</i>	<i>For</i>
<i>Jeff Bradshaw</i>	<i>For</i>

7.10 **Action Item: Consider Adjustments to Cable Advertising Rate Card Maximum Rates in Order to Subvert Possible Inventory Shortages During Political Windows. (Scott Stafford to discuss)**

One year ago, the Board approved a new rate structure for Cable Advertising, allowing rates to move up and down freely under a maximum cap in order to quickly adjust to fluctuating market and industry trends.

While monitoring advertising trends since May 2018, staff has foreseen a potential necessity to raise Political Candidate rates above \$32 per 30 second ad during particularly heavy political seasons in order to avert possible inventory shortages and subsequent loss of revenue.

Staff is asking the Board to approve a political candidate rate card maximum of \$50 per 30 second ad and \$35 per 30 second ad for the standard core rate card. Again, our maximum rate is only approached if necessary, to prevent inventory shortages on a few select networks during the most popular daytimes. Political candidates will continue to be able to purchase 30 second ads on many networks for only a few dollars each.

The current maximum rates are:

Cable Advertising Maximum Rates (30 Second)	
Local Core	Political Candidate
\$22.00	\$32.00

The proposed rates are:

Cable Advertising Maximum Rates (30 Second)	
Local Core	Political Candidate
\$35.00	\$50.00

Walt Baldwin moved to Approve Adjustments to Cable Advertising Rate Card Maximum Rates in Order to Subvert Possible Inventory Shortages During Political Windows. Dawn Hale seconded the motion.

CARRIED. 5 to 0.

Anna Marie Pavlik-Rosen For
Walt Baldwin For
Dawn Hale For
Stephen Mason For
Jeff Bradshaw For

7.11 Action Item: Consider Approval of Lowering or Eliminating Service Reconnect Charges on Cable TV, Internet and Telephone Service.

FPB held a public hearing on June 4, 2019 regarding lowering or eliminating service reconnection charges on Cable TV, Internet and Telephone service. Below are the current and proposed service reconnection charges by service:

Service Type	Current Reconnection Fee	Proposed Reconnection Fee
Cable TV – 3 to 5 Business Days	\$64	\$32
Cable TV – Same Day	\$81	\$50
Cable Modem – Internet	\$64	No Fee
Telephone – 3 to 5 Business Days	\$64	No Fee
Telephone – Same Day	\$81	\$50

Reconnection fees are typically set to cover the cost of performing the physical activity of reconnecting the service at each service location. Staff is proposing the elimination of the Internet and Telephone service reconnection fee now that this process has been primarily automated resulting in no truck roll to the service location. Staff is proposing a 50% reduction in the Cable TV reconnection fee to encourage customers to reconnect the service in a highly competitive environment.

No comments have been received from the public to date regarding these changes. Staff recommends the approval of the Proposed Reconnection Fees as noted above.

Stephen Mason moved to Approve Lowering or Eliminating Service Reconnect Charges on Cable TV, Internet and Telephone Service. Walt Baldwin seconded the motion.

CARRIED. 5 to 0.

Anna Marie Pavlik-Rosen For
Walt Baldwin For
Dawn Hale For
Stephen Mason For
Jeff Bradshaw For

7.12 Action Item: Consider Approval of the FY 19-20 Budget.

In response to Mr. Mason, staff discussed the customer rebate, energy efficiency, charging stations, water fountains, WiFi hotspots for kids without internet access, new 401a retirement for employees in tier III of KRS and salary increases included in the proposed FY 19-20 budget.

Ms. Hale noted that she was going to vote for the budget but that she may not support certain items depending on the details of those items.

Walt Baldwin moved to Approve the FY 19-20 Budget. Jeff Bradshaw seconded the motion.

CARRIED. 4 to 1.

<i>Anna Marie Pavlik-Rosen</i>	<i>For</i>
<i>Walt Baldwin</i>	<i>For</i>
<i>Dawn Hale</i>	<i>For</i>
<i>Stephen Mason</i>	<i>Against</i>
<i>Jeff Bradshaw</i>	<i>For</i>

8 INFORMATIONAL ITEM: GENERAL MANAGERS COMMENTS

There was a presentation video regarding the FPB scholarships awarded to 2019 graduating seniors, one each from each of the three public high schools.

9 INFORMATIONAL ITEM: OLD & NEW BUSINESS

None.

10 ACTION ITEM: ADJOURNMENT

10.1 Adjourn the meeting

Walt Baldwin moved to adjourn the meeting. Jeff Bradshaw seconded the motion.

CARRIED. 5 to 0.

<i>Anna Marie Pavlik-Rosen</i>	<i>For</i>
<i>Walt Baldwin</i>	<i>For</i>
<i>Dawn Hale</i>	<i>For</i>
<i>Stephen Mason</i>	<i>For</i>
<i>Jeff Bradshaw</i>	<i>For</i>


Board Chair


Board Secretary/Treasurer