

March 21, 2017

A Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at Western Hills High School, located at 100 Doctors Dr, Frankfort, Kentucky, on Tuesday, March 21, 2017 at 5:00 p.m.

**ATTENDANCE:**

Ralph Ludwig, Board Chair  
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 Superintendent  
Katrina Cummins, Asst. Finance Director  
David Denton, Finance Director  
Sharmista Dutta, Water Engineer  
Vent Foster, Asst. GM Operations/Chief Electric Engineer  
Monique Gilliam-Avery, Customer Service Director  
Dana Goodlett, Cable Installation Supervisor  
Ryan Henry, Asst. IT Director  
John Higginbotham, AGM Cable/Telecommunications  
Scott Hudson, Electric Superintendent  
Casey Jones, IT Director  
Cathy Lindsey, Public Information Officer  
William Lynn, Executive Assistant  
Kim Phillips, Safety Director  
Hance Price, Staff Attorney/Asst. GM Administration  
Mark Redmon, Support Services Director  
Julie Roney, WTP Superintendent  
Dianne Schneider, HR Director  
Alan Smith, Water Dist. Superintendent  
Jeremy Blackburn, Cable 10 Videographer  
Alfred Miller, State Journal

**AGENDA**

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

**March 21, 2017 BOARD MEETING AGENDA**

1. **Action Item:** Consider Approving Minutes for the February 21, 2017 Board Meeting.
2. **Action Item:** Accept Electric, Water and Cable Financial & Statistical Data for February 2017.
3. **Informational Item:** Public Comment Period.
4. **Informational Item:** Departmental Reports:
  - Website Customer Comments
  - Cable Dept.
  - Tanglewood
  - Customer Service
  - Electric Dept.

- SEPA
  - KyMEA
  - Safety
  - Water Distribution
  - Water Treatment Plant
  - Administration Building
- 5. **Action Item:** Consider Compensation Changes for the Electric Department and Cable Construction Employees.
- 6. **Action Item:** Consider Plan Amendment and Termination of Frozen Pension Plan Effective March 31, 2017.
- 7. **Informational Item:** Board Update on FPB Cash and Reserve Balances.
- 8. **Action Item:** Consider Approving Reelz, Fox Cable Services, and Fox News Services Renewals.
- 8a. **Request Permission to have Chair call for a Closed Session** Chairman moves for a closed session pursuant to KRS 61.810(1)(c) for the discussion of proposed litigation regarding zoning matters related to the reservoir property and for the discussion of litigation regarding easements regarding Genesco Pump Station.
- 9. **Action Item:** Consider Accepting Report of Reservoir Site Alternatives Evaluation by Strand Associates.
- 10. **Action Item:** Consider Accepting Reservoir Replacement Public Comments and Responses by Strand Associates.
- 11. **Action Item:** Consider Approving Recommendations from FPB Staff and Strand Associates Regarding Design and Construction Criteria for the Reservoir Replacement Project.
- 12. **Action Item:** Consider Award of Bid Invitation #1624, (North Basin Reservoir Lining Project), to Colorado Lining International for \$183,600 and approve Change Order No. 1 in the amount of \$3,350 to reflect increase in materials price since bid submission.
- 13. **Action Item:** Approve Amended Agreement with Engineering Associates for Cable-Telecom Infrastructure RFP.
- 14. **Action Item:** Independent Review of KyMEA Contracts.
- 15. **Informational Item:** Constituent Liaison Services.
- 16. **Informational Item:** General Manager's Comments.
- 17. **Request Permission to have Chair call for a Closed Session** Chairman moves for a closed session pursuant to KRS 61.810(1)(c) for the discussion of proposed litigation regarding zoning matters related to the reservoir property and for the discussion of litigation regarding easements regarding Genesco Pump Station.
- 18. **Closed Door Session:**

## **BOARD ACTION**

Mr. Ludwig called the meeting to order. Mr. Lynn called the roll. He noted four (4) Board members in attendance. Dr. Green was absent.

1. **Action Item: Consider Approving Minutes for the February 21, 2017 Board Meeting.**

Mr. Cubine moved to approve the minutes for the February 21, 2017 Board meeting. Mr. Ludwig seconded. Mr. Ludwig called the vote and the motion passed unanimously.

2. **Action Item: Accept Electric, Water and Cable Financial & Statistical Data for February 2017.**

Mr. Denton gave an update on the upcoming audit, Crowe Horwath has been hired. Mr. Denton discussed the statement of net position for the period ending February 28, 2017. 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. Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

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

Mr. Ludwig opened the floor for public comment.

Suzanne Gray stated her concerns about a taller reservoir being an eyesore for Frankfort and lowering property values for the entire Tanglewood neighborhood.

Lee Waterfield stated her concern about a taller reservoir lowering her property value.

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

**Cable:** Mr. Goodlett explained graphs and numbers provided to the Board. He discussed trouble call numbers and issues, outage numbers, customer penetration numbers and VOD views.

**Website Customer Comments:** There were no website comments during the month of February.

**Tanglewood:** Mr. Higginbotham stated he felt positive about the meeting with Tanglewood on March 16, 2017.

**Customer Service:** Ms. Avery explained call volume and walk-ins for the last month. She also discussed the customer interaction survey.

Mr. Cubine asked if there was an increase or decrease of customers paying at the cashier window as opposed to mailing in their payment. In response, Ms. Avery stated fewer customers are paying at the cashier window, and there has been an increase in customers using the drop-box, mailing in, or using the online portal.

**Electric Dept.:** Mr. Hudson explained information regarding outages and explained the total number of customers effected for the month of February. He further explained the types and causes of the outages.

**SEPA:** Mr. Bannister explained information included in the SEPA graphs for the month of January 2016. He noted a profit of \$1,996 for January, the amount of kilowatts sold and the total profit margin since 1997. He further noted that additional information regarding SEPA energy futures would be presented in Item #6 by the consultants.

**KyMEA:** Mr. Foster reminded everyone that the KyMEA board meetings are available on FPB's website under the electric services tab – View KyMEA Board Meetings. Mr. Bannister asked when the next board meeting would take place. Mr. Foster responded it would be Thursday, March 23, 2017 at 10:00AM Central Time in Bowling Green.

In the February board meeting, KyMEA approved to publish an RFQ for Renewable Capacity & Energy. They are due April 10, 2017. Results should be available at the May KyMEA board meeting.

The current PPA's require a line of credit. They are currently in the process of acquiring the line of credit in the event that they do not have an investment grade rating. FPB and KyMEA have been going through interviews with rating agency to acquire the rating.

Mr. Cubine asked for more information about the line of credit and who would get it. In response to Mr. Cubine, Mr. Foster stated that KyMEA is responsible for obtaining the line of credit and the PPA contracts are between KYMEA and the individual agency from which they buy power. Frankfort Plant Board and Madisonville are the two largest utilities with Frankfort Plant Board currently having an "A" rating.

**SAFETY:** Ms. Phillips noted no (0) OSHA recordable accidents. Ms. Phillips reminded everyone of the upcoming CPR/First Aid/AED training. FPB has about 150 employees who attend the training.

**Water Distribution:** Mr. Smith noted four (3) main breaks and two (2) outage for the month of February. He stated that they met with the city council concerning the community water fountain project. The Recreation Department has agreed to put monies in their budget for the project.

Ms. Rosen asked if only the East Side Park would be getting the fountain. In response, Mr. Smith stated that Juniper Hills Park would be the first park to install the fountain and that he has been in contact with the County to install a fountain at Lakeview Park. The water department also looked into a location downtown on Saint Clair Mall, but will postpone work at this time due to the amount of labor involved with the project. Mr. Smith stated they may have to dig up part of Saint Clair for another water service, and at that time, he may install the infrastructure for the fountain at a later date.

**Water Treatment Plant:** Ms. Roney stated that the water treatment plant produced 221.5 million gallons of potable water with an average daily production of 7.9 million gallons per day. She further discussed rainfall and river flows.

Mr. Cubine asked based on the data provided Frankfort Plant Board is treating more water than last year. In response to Ms. Roney stated that yes, Frankfort Plant Board is currently treating more water.

**Administration Building:** Ms. Dutta discussed work at the administration building. She advised that FPB Staff has been going through training to learn the mechanical, audio/visual, drive-thru, and fire alarm systems. She stated training for the dry agent fire protection system, alarm system, and additional mechanical trainings will be held this week. All trainings are recorded.

GRW has performed a complete walkthrough of the building and has submitted a substantial completion checklist to Marrilla. These items are currently being completed.

Mr. Cubine asked about the current hold back against the current punch list. In response to Mr. Cubine, Mr. Bannister stated there is currently a 5% retainage. Once the project was classified as substantially complete, the retainage will drop significantly.

5. **Action Item: Consider Compensation Changes for the Electric Department and Cable Construction Employees.**

At the January 2017 Board meeting, the Board accepted the compensation study for the Electric Department and Cable Construction employees presented by the Johanson Group and directed Staff to proceed with developing an implementation plan.

Based on the study results and to address critical employee recruitment and retention issues, Staff has reviewed the classifications and current pay for all employees included in the study and proposes the following changes:

**Electric Department:**

Staff calculated a proposed pay rate for each current position. The proposed pay rate reflects a higher starting pay in the entry level (Lineworker IV and System Technician IV) positions (\$21.36 compared to \$17.06). For employees within the Lineworker and System Technician job series, proposed pay rates reflect promotional increases and time in position. For employees who have been promoted to Journeyman and higher level positions, proposed pay is calculated starting at mid-point of the position, with credit for time in their current position.

Reclassification/pay grades changes are recommended for 13 classifications; and adding 2 classifications (Journeyman Lineworker and Journeyman System Technician). The total number of Electric employees impacted is 29.

**Cable/Telecommunications Department Construction Group:**

The proposed pay rate reflects a higher starting pay in the entry level (Apprentice Construction Lineworker) position (\$16.69 compared to \$14.83) and time in position for these employees. The proposed adjustment in entry level pay will address employee recruitment and retention in Cable Construction. Since only Cable Construction was included in the study, adjusting the pay for higher level construction positions will create internal inequity within the Cable/Telecom. department. The total number of Cable employees impacted is 3.

If approved, the total funds necessary for pay adjustments in both departments is approximately \$337,000 (\$326,000 for Electric and \$11,000 for Cable Construction) annually.

The pay changes and reclassifications would become effective July 1, 2017 and include all compensation increases these employees would receive for 2017.

Mrs. Schneider explained that a review of turnover in the last year has indicated that electric line workers were leaving after two to three years of experience to work at other utilities. After a closer look of turnover company wide, FPB was losing electric lineman and cable construction employees at a higher than expected rate. The Johansson Group was retained to conduct a compensation study of these two areas. The study found that FPB's was significantly below the market pay average. The starting salary for electric lineman was 30% below and cable construction was 17% below the market average. For the electric department the career progression also needs adjustments so that in five years, employees will be at market pay. Staff recommends increasing the starting pay for electric lineman from \$17.06 to \$21.34 an hour. In addition, staff recommends increasing the rate in which electric employees are promoted. Electric employees can move up to a higher position each year and receive a 5% increase with the promotion. In the cable department, staff determined a high starting pay would address the retention issue. Newly hired apprentice cable employees and employees who are currently in the apprentice would increase to \$16.69 from \$14.83.

Mr. Cubine asked if anyone had spoken to staff about the compensation plan. In response to Mr. Cubine, Mr. Hudson stated he had met with a group of individuals,

one from each pay grade classification, and discussed the new proposed plan. He stated that each individual was happy the proposed plan.

Mr. Cubine stated it was important to put on record that the proposed plan would retain employees and save money by not having to repeat the hiring process as often. Mr. Hudson added that the starting pay for other utilities is equivalent to a senior lineman at FPB.

Mr. Ludwig asked if the plan would take effect July 1, 2017 for the next budget year. In response to Mr. Ludwig, Mr. Hudson confirmed the effect date.

Ms. Rosen asked if the program would be phased in over two years. In response to Mr. Rosen, Mr. Hudson stated they recommended the plan take full effect at one time.

Mr. Cubine made the motion to approve the proposed compensation plan for the 2017 – 2018 budget. Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

6. **Action Item: Consider Plan Amendment and Termination of Frozen Pension Plan Effective March 31, 2017.**

In February 2016, the Board approved engaging legal counsel to research and assist in the possible termination of the pension plan that has been frozen since July 1988. Staff has been working with Sharon Mattingly with Stoll, Keenon, Ogden to update the plan document and prepare for plan termination.

The proposed amendment updates the plan to include regulatory changes and terminates the plan effective March 31, 2017. Staff proposes purchasing annuities for the 5 remaining plan members. Three of the members are currently receiving monthly benefits and two will be eligible for future benefits. A copy of the proposed amendment and the most recent plan valuation is included in the detail pages.

Plan termination will save administrative expenses including approximately \$3,000 every three years for actuarial studies, expenses for future plan document maintenance, approximately \$1,000 for each benefits analysis, related banking fees, and Staff's time spent working on the plan. The actuary has indicated that the plan is overfunded. It is Staff's understanding that upon termination and after plan participants receive distributions, excess plan assets revert to FPB.

A retirement committee consisting of Dianne Schneider, David Denton, Hance Price, and Ralph Ludwig was appointed in 2013. If approved, the retirement committee will select a company to provide annuities to the plan members. Staff will notify plan members of the plan termination and that within the next 12 months, they will receive information on benefit distribution arrangements. Staff recommends approval of the following resolution to proceed with plan termination:

WHEREAS, the Electric and Water Plant Board of Directors of the City of Frankfort, Kentucky, established the Electric and Water Plan Board of the City of Frankfort, Kentucky Revised Retirement Plan effective July 1, 1965, which Plan has been subsequently amended; and

WHEREAS, the Board of Directors froze the plan to participation by active employees at June 30, 1988, and any future employees after that date; and the only current participants in the plan are three retirees and two former employees with a deferred vested benefit; and

WHEREAS, the Board of Directors desires to terminate the Plan effective March 31, 2017, and have the Plan purchase annuity contracts for payment of the benefits to the current participants;

NOW, THEREFORE, be it resolved that the Board of Directors hereby authorizes the amendment of the Plan in substantially the same form as the proposed Amendment document presented to the Board, and further authorizes the termination of the Plan effective March 31, 2017, and be it further

RESOLVED, that the Board of Directors authorizes the Board Chairman to sign the Amendment on behalf of the Electric and Water Plant Board of Directors of the City of Frankfort, Kentucky, and further authorizes the Human Resource Director to work with legal counsel and with the Plan's actuary, and any other applicable advisors, in carrying out the steps necessary to complete the termination of the Plan, including the purchase of the applicable annuity contracts for the benefit of the remaining participants.

Mrs. Schneider explained in February 2016, the board approved engaging legal counsel to research and assist with the termination of the pension plan that has been frozen since July 1988. Staff has been working with Stoll, Keenon, Ogden to update the plan documents and prepare to terminate the plan. The proposed amendment captures all changes in the law that have occurred since the plan was frozen. None of the provisions has an impact on the benefit amount. The amendment would terminate the plan effective March 31, 2017, and staff proposed purchasing annuities for the five remaining plan members. Three of the members are currently receiving benefits, and two members will be eligible for future benefits.

Mr. Cubine wanted to clarify the termination does not mean the benefits will end. It means the plan will terminate and the annuities cover the benefits. The current members will see no changes to their benefits.

Mrs. Schneider further explained the plan termination would save administrative expenses roughly \$3,000 every three years or sooner for actuarial studies, expenses for future plan document maintenance, the expense of benefit analysis, related banking fees and staff time. The actuary indicated the plan was over funded, Staff understands that after the plan was terminated and participants receive distributions, excess plan assets revert to FPB. A retirement committee would determine would select a company to provide the annuities to plan members. They would notify plan members of the termination and of the pending change and within the next 12 months have time to purchase the annuities.

Mr. Ludwig moved that the board authorize staff to move forward to amend and terminate the frozen pension plan effective March 31, 2017. Mr. Cubine seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

**7. Informational Item: Board Update on FPB Cash and Reserve Balances.**

It is important for the Frankfort Plant Board to maintain adequate cash balances in order to:

- Pay operating and administrative expenses
- Fund system improvements at approximately the amount of depreciation expense to help ensure reliability
- Pay debt service (principal and interest)
- Fund unanticipated cost contingencies
- Phase in large rate adjustments
- Keep utility financially healthy for future management
- Assist in maintaining acceptable bond rating

FPB has adopted a reserve policy based on the initial framework provided in KRS 96.182 titled "Application of funds derived from operations; use of surplus". FPB's reserve policy does not lead to a specific minimum cash reserve figure, so staff has set internal guidelines to follow. The minimum cash reserve balance is the sum of all cash required by debt covenants, plus one month's expenses less depreciation and amortization expense. The recommended minimum reserve balance is the sum of all cash required by debt covenants, plus three month's expenses less

depreciation and amortization expense. The industry standard for acceptable cash reserve balances is 90 to 180 days of operating and administrative expenses. In order to receive the highest bond ratings, an entity typically needs 150 days of cash or more on hand.

Included in this board packet is a schedule of cash reserve balances by division as of February 28, 2017. It is important to note that cash reserves are influenced by timing differences between when expenses are incurred and revenues are received from customers, timing of capital infrastructure spending, annual debt service payments, stability of power supply costs, cash cycles and various other factors. In other words, reserve balances can have sizable variances from one month to the next. In addition to the cash reserve summary, there is a summary of accounts payable, accrued expenses, customer deposits and unearned revenue as of February 28, 2017. This payables schedule has been included to show there are significant cash obligations at any given time, in addition to debt service obligations, that affect cash reserve balances.

The February 28, 2017 cash reserve summary shows that the electric and cable division meet the recommended minimum cash reserve target while the water division falls short of even the minimum cash target. These results mirror the FY 2016-2017 budget and five-year plan estimated cash balances and reserve targets. As we prepare the 2017-2018 budget, staff plans to present a plan to meet the operational and capital infrastructure needs of the board while minimizing new debt issuance, continuing to build cash reserves and offering competitive rates to our ratepayers.

Mr. Denton informed everyone that the budget meeting would be Monday, March 27, 2017 from 3:00PM – 7:00PM at United Bank.

Mr. Denton explained that reserve balance was considered cash on hand. Cash balances on hand are used toward administration expenses, to fund system improvements, pay debt service, unanticipated cost contingencies, phased-in large rate adjustments, utility financial health for future management, and assisting and maintaining bond rating. He further explained the details of the total cash on hand.

**8. Action Item: Consider Approving Reelz, Fox Cable Services, and Fox News Services Renewals.**

Staff recommends approval of the Reelz renewal. This National Cable Television Cooperative (NCTC) agreement has a term from January 1, 2017 through December 31, 2020. Reelz is a Preferred Cable Channel, which exists on channel 100 and contains programming related or connected to Hollywood, entertainment, and celebrities. Reelz is the 10<sup>th</sup> most watched Preferred Cable network. FPB has carried Reelz since 2012. There has not been a fee associated with this network until this agreement. The increase was anticipated and will not have any effect on the Preferred Cable retail rate. TVE and VOD rights are included in this agreement. No additional carriage requirements or obligations are included in this agreement. The Asst. GM for Administration has reviewed the agreement and it meets with his approval.

The Cable Advisory Committee and Staff recommend the Board approve the standard National Cable Television Cooperative (NCTC) agreement for Fox Cable Services and Fox News Services. This NCTC agreement has a term from January 1, 2017 through December 31, 2019. The networks covered include: Fox News Channel, National Geographic, FX, Fox Sports 1, and FXX on Classic Cable; Fox Business Network, FXM, Nat Geo Wild, and Fox Sports 2 on Preferred Cable; and Fox College Sports on Sports Plus. This agreement also covers TVE and VOD rights.

The agreement represents programming license fee increases of 22.6% in 2017, and 6.5% in the two years after that. The increases were budgeted and anticipated.



Fox News Channel is top rated cable network by viewership in Frankfort. This agreement covers 4 more of the top 50 cable networks in Frankfort.

As part of this agreement, FPB would commit to repositioning Fox Business Network from Preferred Cable to Classic Cable. FPB would not be required to pay on the incremental subscribers (the difference in customer count between Classic and Preferred) until January 1, 2018. This was also budgeted and anticipated.

Please consider the networks as a take all or have none scenario as this agreement does not allow a la carte purchasing. The Assistant GM-Administration has reviewed the agreement and it meets with his approval.

Mr. Couch explained staff recommends the approval of the Reelz renewal; it was a NCTC agreement effective January 1, 2017 – December 31, 2020. He stated that Reelz on the Preferred package, and is the tenth most watched network on the Preferred lineup. FPB has carried Reelz since 2012 with no licensing fee. The new agreement will have a fee, but was anticipated and will not have any effect on the Preferred cable retail rate. There are no additional carriage requirements or obligations.

The Cable Advisory Committee and Staff recommend the approval of the Fox Cable and Fox News renewal. This is also an NCTC agreement effective January 1, 2017 – December 31, 2019. The agreement covers ten networks including Fox News, National Geographic, FX, FS1, FXX, Fox Business, FXM, Net Geo Wild, FS2, and Fox College Sports. Fox News is the top rated cable network as far as viewership in Frankfort. Fox Business would move to the Classic package. This agreement should be considered as a take all, or have none network. The agreement does not allow for a la carte purchases.

Ms. Rosen asked if expanding Fox Business to Classic cable was FPB choice. In response to Ms. Rosen, Mr. Couch explained that it was not a choice made by FPB, but a requirement of the negotiated agreement.

Mr. Cubine asked what the agreement meant for the customer's bill. In response to Mr. Cubine, Mr. Couch stated that the agreement would have no effect through the end of the current year, as they approach budget time, they would evaluate how it would effect next year's rate. Mr. Cubine asked to clarify if the agreement were adopted; customers would not see any increases on the next billing cycle. Mr. Couch confirmed there would not be an increase until next year.

Mr. Baldwin voiced his concern about moving Fox Business to Classic cable having an effect on the ratepayer. In response, Mr. Couch explained that the original NCTC agreement was to move three networks to the Classic package, however, after negotiations, it was agreed only one network would move, and the financial impact would be in 2018.

Mr. Cubine asked how many people the NCTC negotiates on behave of. Mr. Couch asked for clarity as far as subscribers or operators. Mr. Cubine clarified operators, including FPB. Mr. Couch responded 800 operators that include roughly seven million subscribers.

Mr. Cubine asked if the other operators were getting the same deal as FPB. Mr. Higginbotham stated that each agreement was a little different because each operator has the ability to opt in or out of the agreement. He further explained that previously, the agreement was two separate agreements, and now that they are one, it is significantly more difficult. Negotiations started in October 2016, and the deadline was extended a month to work out not only the rate, but also the technology aspect of the agreement.

Mr. Cubine made the motion to accept the agreement as presented. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

- 8a. **Request Permission to have Chair call for a Closed Session** Chairman moves for a closed session pursuant to KRS 61.810(1)(c) for the discussion of proposed litigation regarding zoning matters related to the reservoir property.

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

9. **Action Item: Consider Accepting Report of Reservoir Site Alternatives Evaluation by Strand Associates.**

During the comment period for the Reservoir replacement project, some general comments were received with respect to the current design criteria and location of the proposal by FPB staff.

In an effort to be open and transparent, the FPB desired to have our consultant review the data and make recommendations as to location, size, type roof, and which side first (North or South basin).

Strand Associates has conducted a thorough review of the data and design constraints provided by staff and has made specific recommendations for the project.

As a matter of course, staff recommends the Board accept the Report of Reservoir Site Alternatives Evaluation by Strand Associates.

Ms. Rosen moved to accept the report of the Reservoir Site Alternatives. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

10. **Action Item: Consider Accepting Reservoir Replacement Public Comments and Responses by Strand Associates.**

A public meeting was held on December 15, 2016 on the proposed Reservoir replacement project. The primary goal of that meeting was to inform the public about the proposed design and solicit comments about the project from the public. A public comment period was open between December 15, 2016 and January 31, 2017.

As part of the engineering contract, Strand Associates along with staff, reviewed and discussed those comment received from the public comment period.

As a matter of course, staff recommends the Board accept the Reservoir Replacement Public Comments and Responses by Strand Associates.

Mr. Cubine moved to accept Reservoir Replacement Public Comments and Responses. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

11. **Action Item: Consider Approving Recommendations from FPB Staff and Strand Associates Regarding Design and Construction Criteria for the Reservoir Replacement Project.**

FPB staff and Strand Associates have been working on a solution for our aging Reservoir for several years. The current design is a blend of the most cost effective solution that will offer operational flexibility and very affordable additional storage in the future should conditions warrant so.

A public meeting occurred on December 15, 2016 to solicit public input. To date, all the comments that could be addresses at this point have been.

Additionally, the original design criteria and constraints have been verified by our consultant, Strand Associates.

As a matter of course, staff recommends the Board approve the current design and construction criteria related to the Reservoir Replacement Project by FPB staff and Strand Associates:

- Location – Existing site
- Which Side – South Basin first
- Size – One 7 million gallon tank (35 foot sidewall height)
- Roof type - domed

Mr. Billings explained FPB has been working with Strand Associates for several years on the solution for the reservoir. He stated the current design is the most cost effective and will provide additional storage in the future if needed. A public meeting was held on December 15, 2016 to solicit public input, to date; all comments that could be addressed have been addressed. Four directives that are important at this time are the decision of the location, which side to replace first, the size, and which rooftop.

Mr. Cubine asked upon making the recommendations, had Mr. Billings reviewed all comments received by FPB. Mr. Billings responded that all comments received by him had also been received by the Board. Mr. Ludwig stated that he also had reviewed all comments and Strand report.

Mr. Cubine asked Mr. Billings to review the potential four locations sites of the reservoir. In response to Mr. Cubine, Mr. Billings referred to the Strand report and stated that the four locations were 1) the existing location, 2) Berry Hill or Juniper Hills Park for an additional \$2 million, 3) the AT&T Tower site on Sower Blvd for an addition \$7 million, and 4) the most expensive location is behind Franklin Square Shopping Center for about \$10.5 million.

Ms. Rosen concluded that the present location would be the best location for the reservoir. Mr. Billings agreed with Ms. Rosen.

Mr. Cubine moved to accept staff recommendations with the exception of the roof design, and request the General Manager to schedule a tank manufacture for the April board meeting to discuss the cost of a flat roof vs a dome roof, including both construction and cost/maintenance costs. Ms. Rosen seconded. Mr. Ludwig confirmed the motion is to accept the existing location, south basin, 7 million gallon tank, and to ask staff to arrange for a tank manufacture to make a presentation in April to discuss roof options.

Mr. Lynn called the vote by member and the motion passed unanimously approving.

12. **Action Item: Consider Award of Bid Invitation #1624, (North Basin Reservoir Lining Project), to Colorado Lining International for \$183,600 and approve Change Order No. 1 in the amount of \$3,350 to reflect increase in materials price since bid submission.**

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.

Please recall the Board decided to wait on a decision to line the North Basin until the location issue was decided. During that time, pricing for materials has increased and Colorado Lining has asked for an adjustment to reflect the increase in materials. Staff also recommends that the Board approve Change Order No. 1 in the amount of \$3,350.

Mr. Ludwig explained this action was for additional safety and insurances for FPB and the community. The north basin would be lined while the south basin is being rebuilt. Mr. Billings confirmed this is considered a construction related insurance policy.

Mr. Cubine wanted to confirm that no matter what phase of construction, the lining is needed for the north basin. Mr. Billings confirmed the lining is needed and staff would feel more comfortable with construction if the lining was installed.

Mr. Baldwin moved to award the Bid Invitation #1624 to Colorado Lining International. Mr. Ludwig seconded. Mr. Lynn called the vote by member and the motion passed unanimously approving.

13. **Action Item: Approve Amended Agreement with Engineering Associates for Cable-Telecom Infrastructure RFP.**

Staff recommends the approval of the amended scope of work in the agreement with Engineering Associates approved by the Board at the February 21, 2017 meeting. The Board requested staff work with Engineering Associates to amend the language in the agreement to include:

- FTTH impact on customers (residential and business).
- Economic benefits to a community that has chosen to build a high speed infrastructure.
- How building a new network improved the “quality of life” in that community.
- And any other relevant feedback from other communities you deem important to share.

The additional information is located on Page 3 of the agreement under “Project Deliverables”. The modifications are offered by Engineering Associates at no additional cost to FPB. The Assistant GM-Administration has reviewed the agreement and finds it acceptable.

Item was tabled for further review and will be represented at a later meeting.

14. **Action Item: Independent Review of KyMEA Contracts.**

Item was pulled.

15. **Informational Item: Constituent Liaison Services.**

Based upon discussion with City Commissioner Scott Tippet, Monique Avery will schedule regular meetings with the City and County to discuss any customer service issues as a matter of course in providing constituent liaison services.

Mr. Bannister and Mr. Cubine met with Scott Tippet regarding the possibly of having a Constituent Liaison person at FPB. This person would be for the City and County officials for potential customer service issues resolved and more of a one-on-one resolution. Mr. Bannister proposed Mrs. Monique Avery to have regular meetings

with both City and County offices to discuss specific issues and have the one-on-one attention.

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


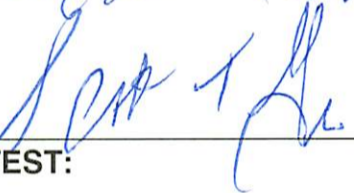
None

17. **Request Permission to have Chair call for a Closed Session** Chairman moves for a closed session pursuant to KRS 61.810(1)(c) for the discussion of proposed litigation regarding zoning matters related to the reservoir property and for the discussion of litigation regarding easements regarding Genesco Pump Station.

No closed session needed

18. **Closed Door Session:**

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

  
\_\_\_\_\_  
CHAIRMAN  
FPS-  
  
\_\_\_\_\_  
ATTEST: