

May 16, 2017

A Special Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at the Frankfort Plant Board Administration Building, located at 151 Flynn Avenue, Frankfort, Kentucky, on Tuesday, May 16, 2017 at 5:00 p.m.

ATTENDANCE:

Ralph Ludwig, Board Chair
Walt Baldwin, Vice Chair
Dr. Scott Green, Secretary/Treasurer
Anna Marie Pavlik Rosen, Board Member
John Cubine, Board Member
Herbbie Bannister, General Manager
David Billings, Water Engineer
David Columbia, Business Products Specialist
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, Asst. GM Cable/Telecommunications
Mark Harrod, Asst. Electric Superintendent
Casey Jones, IT Director
Cathy Lindsey, Public Information Officer
Kathy Poe, 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
Leanna Comer, Comer Research
Mark Michaels, VASS Solutions
Scott Stein, VASS Solutions

AGENDA

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

May 16, 2017 BOARD MEETING AGENDA

1. **Action Item:** Consider Approving Minutes for the April 18, 2017 Special Board Meeting.
2. **Action Item:** Accept Electric, Water and Cable Financial & Statistical Data for April 2017.
3. **Action Item:** Acceptance of Comer Customer Service Survey Report.
4. **Action Item:** Consider Acceptance of FPB Electric and Water Advanced Metering Infrastructure (AMI) Business Case and Staff Recommendations.
5. **Informational Item:** Public Comment Period.

6. **Informational Item:** Departmental Reports:
 - Website Customer Comments
 - Cable Dept.
 - Tanglewood
 - Customer Service
 - Electric Dept.
 - SEPA
 - KyMEA
 - Safety
 - Water Distribution
 - Water Treatment Plant
 - Administration Building
7. **Action Item:** Consider Approval of the Location for Future Board Meetings from June 2017 until Further Notice.
8. **Action Item:** Consider Approving a Request for Public Hearing Regarding a Retail Electric Rate Increase to be effective July 1, 2017.
9. **Action Item:** Consider Approving Public Hearing Notice regarding establishing rates for: (1) Business Telephone Features and (2) Business Telephone Service, Hosted PBX.
10. **Action Item:** Consider Approving a Request for Public Hearing Regarding proposed water rate increase.
11. **Action Item:** Consider Approving INSP and MavTV Renewals.
12. **Action Item:** Consider Approval of Change Order No. 7 for the Administration Building for an addition of \$24,446.
13. **Action Item:** Consider/Approve pre-release embargo agreement for Envision, City, & County.
14. **Informational Item:** General Manager's Comments.

BOARD ACTION

Mr. Ludwig called the meeting to order. Ms. Poe called the roll and noted five (5) Board members in attendance.

Mr. Ludwig expressed his and the Board's gratitude to United Bank (formerly Farmers Bank) for the use of their facilities for board meetings over the past two years.

1. **Action Item:** Consider Approving Minutes for the April 18, 2017 Special Board Meeting.

Mr. Cubine moved to approve the minutes for the April 18, 2017 Special Board meeting. Mr. Baldwin seconded. Mr. Ludwig called the vote and the motion passed unanimously.

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

Mr. Denton stated that FPB is a municipal non-profit and explained the manner in which the funds collected are utilized as well as the four main factors reviewed to establish rates. He discussed the statement of net position for the period ending April 30, 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. Denton discussed the status of budget preparation. He advised that there was some debt in the first year to be issued for the reservoir but that there was no new debt issuance in years two through five and in the foreseeable future. In response to Mr. Cubine, Mr. Denton explained debt flow and payoff through 2022 and explained that debt would begin to trend down significantly in the next five years. He further advised that Staff anticipated servicing capital investments with cash after that point.

Mr. Ludwig moved to approve. Dr. Green seconded.

In response to Ms. Rosen, Mr. Denton explained income estimates for Cable division and explained that while revenue was down slightly for the fiscal year, cost containment had overcome the difference in the amount of revenue.

3. **Action Item: Acceptance of Comer Customer Service Survey Report.**

Leanna Comer of Comer Research Consultants has provided a written report of the findings regarding the customer service survey. Between October 2016 and March 2017, 532 customers were contacted and interviewed regarding their interaction with customer service representatives and FPB personnel.

Significant survey findings include, just over half of customer interactions (53%) were related to billing questions and 23% were related to starting, stopping or changing of service. Of the customers surveyed 3 out of 4 customers (75%) were satisfied with their customer service experience; 86% of customers felt that the CSRs were professional, 87% felt they were friendly and 81% felt the CSRs were knowledgeable about FPB products and services. The overall satisfaction with wait time was 54%, with 53% satisfaction for customers contacting FPB via phone and 75% for those customer served in the office. Overall, 75% of customers reported that they were satisfied with the length of time it took to handle their request, situation or problem. Approximately 64% of customers indicated that they were satisfied with FPB, however lower satisfaction scores often focused on FPB pricing or internet and cable reliability.

Ms. Gilliam-Avery explained the history of the customer service transaction survey and introduce Leanna Comer.

Ms. Comer reviewed her presentation and explained the results of the survey. She advised that it was a telephone survey conducted October 2016 through March 2017. She stated that 83 customers were randomly selected from those customers that had some interaction with FPB customer service the previous month for a total of 583 customers over the six-month period. Ms. Comer stated that the margin of error was 4.2% at the 95% confidence level. She stated that this was a statistically significant survey.

Ms. Comer stated that customers were chosen based on the type of transaction with FPB: 52% billing questions, 19% problems reported, 17% start/stop service, 6% change service, and 30 customers were contacted regarding payment arrangements.

Ms. Comer stated that the purpose of the survey was to evaluate the customer service representatives as well as to better understand the experience of the

customer when contacting FPB. She explained that the experience rating was done on a 7-point scale with (1) being completely dissatisfied and (7) being completely satisfied. She stated that 3 out of 4 customers or 75% gave a rating of satisfied to completely satisfied with the utility.

Ms. Comer reviewed scores based on the type of interaction and noted those as follows: 67% for payment arrangements, 70% for reporting problems, 75% for change services/billing questions, and 85% for start/stop services. She stated that these numbers were typical for these types of transactions. She explained that the most customers giving scores of 1-4 stated that the reason for dissatisfaction was not the transaction itself but that they were not happy with the answer they received or issue was not solved as quickly as they expected. She explained that customers who gave a rating of five often complained about the wait time while those who gave 6-7 made very positive comments about the customer service representatives. She noted that the overall scores on customer service representatives was very positive at 80%.

Ms. Comer stated that work performed was scored at 78% with those who were dissatisfied stated that they were not satisfied with follow through and the length of time for resolution.

Ms. Comer discussed the overall rating of Frankfort Plant Board as a whole. She explained the questions asked of those customers and advised that the highest rated category was the statement that FPB was customer friendly, with the second being reliability and third being good value. She noted that the rating was good overall.

Ms. Comer explained that customers were asked to rate FPB overall and noted that rating at 64%. She explained that the national average is 68% for municipal utilities and cable companies at 65%. She stated that FPB would be a little bit below average but not significantly below average. She stated that the lowest scores were given due to cost mostly with some complaints about reliability.

In response to Mr. Ludwig, Ms. Comer stated that no distinction was made between types of services. In response to Ms. Rosen, Ms. Comer stated that cable/telecommunication outages industry wide are much more frequent and common place than electric and/or water outages so it would be expected for that area to have more complaints with reliability. She further stated that people have long memories and that even with recent improvements in Cable/Telecommunications that it may take some time for customers to forget those bad experiences.

Mr. Higginbotham confirmed that this survey was representative of transactions from September 2016 through February 2017 and that FPB moved over all services from the old headend to the new headend beginning August 2016 through October 2016. He noted that there were many outages as a result of the move and discussed underperformance over the past few years in broadband prior to infrastructure improvements. He explained that in addition, a cable rate increase went into effect during this survey window and only cable cutoffs were allowed during the winter months. Mr. Higginbotham acknowledged that additional improvements could be made but extenuating circumstances may have contributed to some of the scoring and comments regarding cable/telecom.

Ms. Comer stated that context is important to keep in mind. In response to Mr. Baldwin, Ms. Comer stated that she could more closely look at the data to review the time period in which the cable complaints were noted. Mr. Price added that looking at the context, the customer service representatives in dealing with all that was happening within this time frame still got very high scores. Mr. Ludwig added the issues with crowding at the downtown office and hopeful that the new location will be more customer friendly and confidential, which will allow for a better customer experience. Ms. Comer added that she was impressed with the new location.

In response to Mr. Baldwin, Ms. Comer stated that they set quotas to randomly select and adjust as needed however, there was very little adjustment. She discussed differences in weighted data but stated that there would have been no significant difference.

In response to Mr. Baldwin, Ms. Comer further explained that this was intended to be a transaction survey and wanted to add questions regarding the utility because it was important to understand the aspect of how customers perceive the overall experience of the customer.

Ms. Comer advised that FPB was sitting just a little above average. She stated that the range could go as high as 90% and as low as the 50% range. She advised that 70%-72% was a pretty standard average.

In response to Mr. Cubine, Ms. Comer stated that going forward that customer are most dissatisfied with wait time, which is either a staffing issue or a technology issue. Mr. Price stated that FPB has been in the process of hiring two CSR's since last Fall. Ms. Gilliam-Avery noted that customer service was currently working on staffing issues as well as technology issues and adding additional options for customers for contacting FPB. Ms. Gilliam-Avery further advised that the CSR's stay after closing time return calls until every call has been answered or returned.

Ms. Comer stated that there is always room for improvement but that none of the scores were alarming in any area. She advised that this survey would allow staff to potentially develop additional training in some areas.

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

4. **Action Item: consider Acceptance of FPB Electric and Water Advanced Metering Infrastructure (AMI) Business Case and Staff Recommendations.**

At the January meeting, the Board approved a contract to have VASS Solutions perform a business case study for both an electric and water AMI system. Upon contract approval, the team at VASS worked with staff to investigate both the costs and benefits of an advanced metering system for FPB and our customers. Several on site work sessions were conducted with the primary stakeholder groups to determine where our services could be improved, and how AMI technology may be applied to implement those improvements.

The business case study performed by Vass included a comprehensive cost and benefit model and a proposed AMI implementation plan. The business case model is a conservative estimation that only includes benefits that can be feasibly achieved during the life cycle of the system. Staff recommends accepting the AMI business case.

Mr. McCullar discussed the history of this project to date. He further explained the benefits of the AMI network, and phasing in the infrastructure to take advantage of savings with new power supply arrangement. He introduced Mark Michaels and Scott Stein of Vass Solutions to discuss specifics of the business case.

Mr. Michaels reviewed a presentation of the business case. He explained operating efficiencies and data collection to assist FPB and its customers with regard to electric and water. He explained and described equipment installed, implementation and project assumptions. He stated that the rollout would take place over a 24-month period starting in 2018 and explained timing of each part of the installation, integration, implementation and deployment.

Mr. Michaels discussed joint automation and deployment with electric and water meters and timing with KyMEA for funding the project as well as metering assistance for installation.

In response to Mr. Cubine, Mr. Michaels explained that two systems would be running in parallel for a period of time until AMI is fully implemented. He further explained the staging period between installation and operation for customers.

In response to Ms. Rosen, Mr. Michaels stated that he did not have pictures of the meters but that they look much like the meters currently installed. He explained that most of the automation is located behind the devices.

Mr. Michaels explained that this was a collaborative effort with members of staff from IT, Electric, Water, Engineering, and Finance to obtain cross-functional input on all aspects.

Mr. Stein reviewed the presentation regarding benefits. He explained they used a very conservative approach in that if a number could not be associated with benefit it was not included as a quantifiable benefit. He explained quantifiable annual benefits over the 20-year life cycle as well as the periodic and one-time benefits.

Mr. Stein explained billing benefits, which will help alleviate customer service issues and call volumes over time, benefits with reliability, quality and data collection benefits. At the request of Ms. Rosen, Mr. Stein further explained "blink outages" and data collection.

Mr. Stein discussed voltage reduction savings and power quality as well as conservation effort improvements. He further discussed some improvements for cable issues caused by power outages.

In response to Mr. Baldwin, Mr. Stein discussed the soft benefits, which were not quantifiable and explained that they were listed as soft benefits in the study. He further discussed distribution load management and stated that those were discussed but had not been quantified. Mr. Foster added that this was a major change and that it was staff's opinion to do the basics first and then implement other benefits down the road once the new system was up and running. Mr. Stein added that there were also discussions on adding pre-pay in the future after the system is running and fully online and adding other options in the future.

In response to Mr. Cubine, Mr. Stein stated that this change would significantly improve reliability and accuracy as well as improvements in outage restoration.

In response to Mr. Baldwin, Mr. Stein back end analytics. He stated that it could be an off the shelf system, could be built by FPB and some AMI systems would be available with that built-in. He further discussed various solutions for data collection.

In response to Ms. Rosen, Mr. Stein stated that the meter/network connection was a fixed wireless system very similar to a cell phone system. Mr. Michaels advised that the density of the fixed wireless access points would differ with the system but that some systems place a number of wireless towers in the geographic area. He further stated that other systems offer meters that communicate with each other and those would utilize a pole top device at determined intervals usually $\frac{1}{4}$ to $\frac{1}{2}$ mile. He advised that those costs had been incorporated into the study.

In response to Ms. Rosen, Mr. Michaels explained life span of the various equipment. He stated that software was depreciated on 5 year schedule, computer hardware depreciated on a 4-5 year schedule, communications network on a 10 year schedule but that funds has been included in the study to refresh, and the meters depreciated on a 17-20 year schedule. In discussion, Mr. Michaels further stated that the cost of some of this equipment would come down over time.

In discussion, Mr. Michaels stated that he believed that FPB would find good competition when the project goes to bid. He discussed operationally based benefits. He explained that they were very confident in the cost numbers and benefits presented. He further discussed comparison of costs and benefits and reiterated the time frame for the project and payback expectations. The total lifetime (20 year) cost

was noted at \$16.5 million with a benefit of \$36 million with a payback period of just under 5 years. Mr. Denton stated that the numbers speak for themselves and it appears to be a very good case study.

Mr. McCullar stated that staff was asking the Board to approve the business case, and to accept Staff's revised deployment plan to push the project out one year. He explained that it made better business sense to begin the project in 2019 and include in the 18-19 fiscal year budget.

In discussion, Mr. Denton confirmed that no money would be included in the 17-18 fiscal year budget for AMI. Mr. Foster added that with the positive outlook of potential savings with KyMEA that the AMI project could be funded with those savings with no additional borrowing and no rate impact to the customers.

In response to Mr. Baldwin, Mr. Foster stated that Staff's concern was that if KyMEA does not materialize exactly as projected and the Board chose to move ahead with AMI in 2018 then FPB could be in a contract position where it would be forced into borrowing and could cause problems. He advised that waiting one year would ensure the ability to eliminate a rate impact for the customer. Mr. Denton reiterated that Staff wanted to stay debt free going forward. He reiterated that except for the reservoir and additional spending in infrastructure upgrades in the near future, the financial outlook for FPB is to fund projects with cash and maintain the ability to hold rates steady over the next 5-10 years. Mr. Denton reiterated that with the uncertainty in the future with KyMEA it would be better to wait one year on implementation to allow Staff to see what savings KyMEA is going to produce. Mr. Denton further acknowledged that if this project is pushed through in 2018 that it could cause a significant cash flow issue with the power supply switch in 2019.

Mr. Foster reiterated that Staff would like the Board to accept the business case and include AMI in the budget. He further stated he was impressed with the consultants and believe the business is very good. He stated that Staff believes this will pay great dividends in the future.

Mr. Cubine moved to accept the report and include in the budget to further discuss the implementation date.

Mr. Cubine added that LG&E-KU went before the PSC for approval on AMI, which was rejected due to the significant cost increase to its customer.

Mr. Ludwig reiterated that motion. Ms. Rosen seconded.

In response to Mr. Baldwin, Mr. Michaels explained that the system would utilize 1.4 employees to manage the system. Mr. Foster explained that FPB would transition away from the current meter reading department. He stated that Staff believes that 3 current employees could be impacted. He further noted that with the positions that AMI would necessitate, current employees could have opportunities to move into another position.

Mr. Bannister stated that management and HR had met with meter reading department and discussed AMI and potential for movement with AMI. Mr. Michaels stated that retraining costs were included in the business case.

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

5. Informational Item: Public Comment Period

Mr. Ludwig opened the floor for public comment. There was no member of the public present who wished to speak.

6. Informational Item: Departmental Reports:

Website Customer Comments: Mr. Goodlett noted that there were two customer comments regarding cycle billing and that customer service had addressed those issues.

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 as compared to budgeted numbers.

Mr. Higginbotham discussed the Engineering Associates report to date. He stated that he was hopeful to get the final report to the Board at the July regular meeting.

Tanglewood: Mr. Bannister stated GRW Engineers has been conducting a site survey, which should wrap up this week. He advised that the plan was to have renderings complete and available to TNA residents by May 30 as well as a plan sheet showing existing utilities and a summary of all fencing options. He stated that Staff would propose that the Board vote on fence and roof options on June 6. Mr. Baldwin noted his concern on the turn around with a vote on June 6.

Customer Service: Ms. Avery discussed graphs and data provided to the Board. She noted that telephone customer calls had decreased which seemed to be offset by an increased number of walk in customers. She discussed cycle billing and flexibility of payment arrangements as well and educating customers regarding all options for communicating with customer service.

Ms. Avery further explained education of customers regarding the move of customer service to the administration building on Flynn Avenue on June 19.

Electric Dept.: Mr. Harrod explained information regarding outages and explained the total number of customers effected for the month of April. Mr. Foster stated that he would provide SAIDI numbers to the Board via email.

SEPA: Mr. Bannister explained information included in the SEPA graphs for the month of March 2017. He noted a loss of \$517 for the month of March. He noted that the hope was that the Summer months would be positive. He further noted a profit of 10.2 million since its inception. In response to Ms. Rosen, Mr. Bannister stated that market price was higher in March, which contributed to better numbers.

KyMEA: Mr. Foster stated that the last KyMEA meeting was held April 26, 2017 and that the discussion was mostly routine and housekeeping. He stated that the next meeting would be next Thursday in Bowling Green. He stated that the discussion would likely be of the higher-level aspects of the renewable energy but the natural gas issues will be the main focus due to impending decision necessary for natural gas resources.

SAFETY: Ms. Phillips noted no (0) OSHA recordable accidents and one (1) vehicle accident.

Water Distribution: Mr. Smith noted four (4) main breaks and four (4) outages for the month of April. In response to Ms. Rosen, Mr. Smith stated that one main break was due to aging infrastructure and the others were due to a land owner driving fence posts through a water main.

Water Treatment Plant: Ms. Roney stated that the water treatment plant produced 235 million gallons of potable water with an average daily production of 7.8 million gallons per day. She further discussed rainfall and river flows.

Administration Building: Ms. Dutta stated that substantial completion had been reached and that Marrillia was completing the punch list items and other paperwork and documentation. She discussed the gradual move to the building and that the first big move was schedule for May 18 with a final move mid-June to be open for customers on June 19th. She further discussed customer education.

In response to Ms. Rosen, Ms. Dutta explained bus service and that she and Mr. Bannister were going to meet with the City to have the bus stop at the front door.

Ms. Rosen noted her concerns of no sidewalk from Sower. Ms. Dutta stated that Staff was looking at a sidewalk from Sower and would look into bicycle parking.

Mr. Bannister proposed that customer service be closed in Friday, June 16 for walk in customers only in order to finalize the move to the new building.

Mr. Ludwig moved that the customer service office will close on Friday, June 16 with the exception of telephone services for customers to facilitate moving. Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

7. **Action Item: Consider Approval of the Location for Future Board Meetings from June 2017 until Further Notice.**

Staff recommends that regularly scheduled FPB Directors' meetings be held the third Tuesday of every month at the Frankfort Plant Board Administration Building beginning June 20, 2017 until further notice.

Mr. Ludwig explained the necessity for a fixed place to hold the Board meetings. Mr. Price suggested that the regular meeting of the Frankfort Plant Board will be the 3rd Tuesday of each month at 5:00 p.m. with the location of 151 Flynn Avenue at the new FPB Administration Building. Mr. Cubine moved to adopt that schedule for all future regular meetings. Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

8. **Action Item: Consider Approving a Request for Public Hearing Regarding a Retail Electric Rate Increase to be effective July 1, 2017.**

Starting in 2009, Kentucky Utilities (KU), with Federal Energy Regulatory Commission (FERC) approval, instituted an annual formulated rate mechanism. This allows KU to change the wholesale electric rate charged to the Frankfort Plant Board (FPB) based on KU's actual charges incurred. FPB is notified of the new rate every May with an effective date of July, 1 of that same year. This year KU has notified the municipal customers of an estimated 7.08% wholesale rate increase including projected ash pond cleanup costs, effective for energy used from July 1, 2017.

Due to these annual rate changes from KU and in keeping with good utility practice, FPB conducts periodic cost and cost allocation reviews by means of a cost-of-service (COS) study. These reviews insure that FPB's retail rates generate adequate revenue based on consideration of wholesale power cost, operating expenses as well as adequate working capital and reserves. Based on the most recent electric cost of service study, which was approved by the Board in May 2013, this 7.08% KU increase will translate differently for FPB's various customer classes.

Staff recommends the Board approve a Public Notice for the purpose of conducting a public hearing at a special called meeting of the Frankfort Plant Board on 6th June 2017 at 5:00 p.m. at the Frankfort Plant Board Administration Building, 151 Flynn Ave, Frankfort, Kentucky 40601.

Mr. Foster explained the history of the Kentucky Utilities (KU) rates as noted above. He explained that KU has notified FPB of an estimated 7.08% wholesale rate increase. He stated that the KU increase would translate into a 5.9% rate increase to the retail customers. Mr. Foster requested that the Board approve and public notice to hold a public hearing at a special meeting on June 6, 2017 at 5:00 p.m. at the FPB Administration Building at 151 Flynn Avenue.

In response to Mr. Cubine, Mr. Foster confirmed that this rate increase was a 100% pass through. He further explained how the wholesale increase would translate for

different customer classes. He stated that the average residential customer would see an increase of \$6.71 per month.

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

9. **Action Item: Consider Approving Public Hearing Notice regarding establishing rates for: (1) Business Telephone Features and (2) Business Telephone Service, Hosted PBX.**

Staff recommends the Board approve a Public Notice for the purpose of conducting a public hearing at a special called meeting of the Frankfort Plant Board on 6th June 2017 at 5:00 p.m. at the Frankfort Plant Board Administration Building, 151 Flynn Ave, Frankfort, Kentucky 40601.

FPB staff has received requests from customers and potential customers for additional features with our Business Telephone Service. The added features will enhance FPB's Business Telephone service and will give customers more options than exist currently. FPB staff also looks to add a new service that will dynamically change our Business Telephone offerings. Hosted PBX service will provide an internet based phone service solution that will help small businesses get big business features and will help big businesses control their phone service and costs more efficiently. The added features and services are optional and are in addition to the current FPB Business Telephone offerings.

Mr. Couch stated that staff was excited about the potential new business telephone options. He stated that there was no request to increase rates but to establish new services and rates for those new services.

Mr. Columbia explained the specifics of the types of new services/features to be added. He stated that these were business options only and that several business customers had requested these services. He noted that these were services that Big Rivers offers which would afford FPB the ability to offer them to its customers.

In response to Ms. Rosen, Mr. Columbia stated that he did not have specifics on the number of business customers but that competitors do offer these services. Mr. Columbia stated that there are over 1,500 businesses and easily half of those are options for FPB.

In response to Mr. Ludwig, Mr. Columbia confirmed that the services are optional and that there are no additional fees if there was no interest except for potential widget expense if FPB keeps telephone equipment on hand.

Mr. Cubine moved to hold a public hearing on June 6 at 5:00 p.m.

Mr. Baldwin stated that he would like to hear what the other options and costs are prior to scheduling a public hearing. Mr. Columbia stated that the services are already included in the Big Rivers contract and that FPB needed only to set a rate in order to offer the service to customers.

Dr. Green seconded the motion.

Mr. Higginbotham stated that staff would need to look at the Big Rivers contract regarding the use of another vendor for telecommunications services and that it was doubtful that the contract would allow use of another vendor.

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

10. **Action Item: Consider Approving a Request for Public Hearing Regarding proposed water rate increase.**

The recent Cost of Service study indicates water revenues fall short of revenue requirements. In an effort to minimize larger future rate increases, staff recommends smaller annual incremental rate increases over the next four years. As a matter of course, Staff recommends the Board approve a Public Notice for the purpose of conducting a public hearing to solicit oral or written comments at a special called meeting of the Frankfort Plant Board on June 6, 2017 at 5:00 p.m. at the Frankfort Plant Board Administration Building located at 151 Flynn Ave, Frankfort, Kentucky, 40601.

Mr. Billings stated that the water department would like to hold a public hearing on June 6 at 5:00 p.m. He discussed the 2016 cost of service study and the plan to implement smaller incremental rate increases over a period of time as a part of the five-year plan. He discussed operational expense increases, decrease in usage and an increase in debt services.

Mr. Billing stated that the rate increase would equate to \$1.90 per month for the average retail water customer using 4,000 gallons of water monthly and \$6.25 monthly for the average commercial customer using 30,000 gallons monthly.

Mr. Cubine moved to hold a public hearing to consider water rate increase on June 6 at 5:00 p.m. Mr. Baldwin seconded.

In response to Ms. Rosen, Mr. Billings and Mr. Denton stated that this is the rate for water used by FPB, which is metered. Mr. Ludwig requested the magnitude of that amount. Mr. Billings stated that he would forward that information to the Board.

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

11. Action Item: Consider Approving INSP and MavTV Renewals.

Staff recommends approval of the INSP renewal. This National Cable Television Cooperative (NCTC) agreement has a term from April 1, 2017 through March 31, 2020. INSP is a Preferred Cable Channel, which exists on channel 164 and contains programming focused on delivering positive, family-friendly entertainment, quality dramas and inspiring stories that celebrate the American spirit and honor timeless, traditional values. INSP is the 3rd most watched Preferred Cable network. FPB has carried INSP since 2015. There has not been a fee associated with this network and that trend continues with this new agreement. 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.

Staff recommends approval of the MavTV renewal. This NCTC agreement has a term from May 1, 2017 through April 30, 2021. MavTV is a Sports Plus Cable Channel, which exists in HD on channel 787 and contains programming focused on exclusive motorsports as well as related original programming. MavTV is the most watched Sports Plus network. FPB has carried MavTV since 2014 when we launched the Sports Plus tier. The rate increase is 2.5% on this optional channel. 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.

Mr. Couch state that staff recommended renewal of INSP. He noted that it was on an optional tier and was the third most watch network on the Preferred tier. He stated that staff recommended renewal of the MavTv network. He stated that MavTv was on an optional tier and that it was the most watched network on the Sports Plus tier. He further advised that TV Everywhere and VOD rights were included and the no new rate increases or additional carriage requirements where necessary for these renewals.

In response to Mr. Baldwin, Mr. Couch stated staff felt that the benefit of additional bandwidth would not offset the loss in the customer experience.

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

12. Action Item: Consider Approval of Change Order No. 7 for the Administration Building for an addition of \$24,446.

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.

The summary of change orders are 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):	\$ 23,470.65
<u>Change Order #7 (addition):</u>	<u>\$ 24,446.00</u>

New Contract Amount: \$15,652,416.33

Staff recommends the Board approve Change Order #7 with Marrillia Design and Construction.

Ms. Dutta introduced change order #7. In response to Mr. Cubine, Ms. Dutta stated that there are times when things can be missed in design and are not realized until actual construction. She further stated that there were no other additions for extended engineering even though the project has been extensively delayed. Ms. Dutta advised that even with this change order the overall project was still under the original budgeted amount. She further acknowledged that FPB was withholding two times the amount necessary for the items that remain to be completed or repaired.

Mr. Cubine moved to approve change order #7 for \$24,446.00. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

13. Action Item: Consider/Approve pre-release embargo agreement for Envision, City, & County.

Mr. Baldwin stated that the intent was to deliver the information to the interested parties as soon as possible. However, since the Board has not yet approved the report the interested parties should sign an agreement stating that the information could not be shared outside of the entity signing the agreement. Mr. Cubine stated that those entities would also be responsible to keep all information in the report confidential.

Mr. Cubine moved to authorize the Board counsel to prepare and execute these agreements with the parties as identified in this action. Mr. Baldwin seconded. After discussion, Mr. Cubine revised the motion to authorize the Board counsel to prepare and execute the necessary pre-release agreements with the parties identified here plus other interested parties including KyMEA. Mr. Baldwin seconded. Mr. Ludwig added that the Board would look to Attorney James Liebman to handle this work. Mr. Ludwig called for the vote and the motion passed unanimously.

14. Informational Item: General Manager's Comments.

1. Mr. Bannister discussed developing a policy to make the community room available to the public. He stated that Staff was looking to have policy drafted for the July regular meeting. In discussion, Mr. Bannister advised that at a minimum, Staff would recommend a fee to cover janitorial services and FPB to ensure the building was locked and alarmed appropriately.
2. Mr. Bannister stated that he and Ms. Dutta were going to meet with the City to include a stop at the front door of FPB's administration building by the City bus.
3. Mr. Bannister discussed a working calendar presented to the Board. After discussion, it was decided that the meeting on May 30, 2017 would be noticed as a special meeting.

After additional discussion, Mr. Cubine moved to hold a special meeting on June 13, 2017 at 3:00 p.m. to discuss reservoir roof and fence options with Tanglewood and a separate special meeting on June 13, 2017 at 5:00 p.m. The motion died for lack of a second.

It was decided that the calendar would be adjusted so that Tanglewood discussion would be tentatively added to the June 6, 2017 5:00 p.m. special meeting with potential action at the June 20, 2017 regular meeting.

4. Mr. Bannister discussed the status of the potential Ethics Committee appointees. He confirmed that three people had stated that they were willing to serve. He noted that Mr. Price and Mr. Liebman would need to follow up with each potential appointee regarding any incompatible offices.

In discussion, Mr. Baldwin asked if additional names could be added to the list. Mr. Price answered Yes if the Board wanted to additional names could be added. Mr. Cubine added that he would like to continue with the three names if there were no incompatible offices and Mr. Price agreed. Mr. Ludwig added that he would like to have this item on the July agenda for approval.

5. Mr. Bannister discussed the action plan for the customer service survey and that Staff would come back to the Board with an action plan for approval. In response to Mr. Cubine, Ms. Avery stated that the survey cost was \$19,100. Mr. Cubine discussed possibly revisiting the survey once FPB was settled into the new building.

In response to Ms. Rosen, Ms. Avery stated that industry standard for customer service surveys was typically 2 to 3 years but that Ms. Comer advised that FPB might want to revisit in about 18 months due to all the changes and improvements currently being made.

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



ATTEST: