

June 25, 2018

A Special meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at the Frankfort Plant Board Administration Building at 151 Flynn Ave. Frankfort, KY on Tuesday, June 25, 2018 at 1:00 p.m.

**ATTENDANCE:**

Anna Marie Pavlik Rosen, Board Chair  
Walt Baldwin, Vice Chair  
Ralph Ludwig, Board Member  
Dawn Hale, Board Member  
Stephen Mason, Board Member  
James Liebman, Board Attorney  
David Billings, Chief Water Engineer  
Harvey Couch, Marketing and Video Content Coordinator  
Katrina Cummins, Interim Finance Director  
David Denton, Interim General Manager  
Cassie Estill, Customer Service Supervisor  
Vent Foster, Asst. GM Operations  
Adam Hellard, Security Broadband Technology Manager  
Ryan Henry, Asst. IT Director  
Scott Hudson, Electric Superintendent  
Casey Jones, IT Director  
Cathy Jennings, Executive Assistant  
Cathy Lindsey, Public Information Officer  
Kathy Poe, Executive Assistant  
Hance Price, Staff Attorney/Asst. GM Administration  
Mark Redmon, Support Services Director  
Mark Harrod, Assistant Superintendent, Electric  
Julie Roney, WTP Superintendent  
Dianne Schneider, Human Resources Director  
Alan Smith, Water Dist. Superintendent  
Kim Phillips, Safety Director  
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:

1. **Action Item:** Teleconference with Jon Tedesco to discuss positions specifications and candidate check list for FPB General Manager search.  
**Recess FPB and Convene MPC**
2. **Action Item:** Conduct Election of Secretary/Treasurer for the Frankfort Plant Board Municipal Projects Corporation.  
**Adjourn MPC and Reconvene FPB**
3. **Information Item:** Public Comment Period.
4. **Action Item:** Consider approving a motion to request KyMEA Representative, David Denton to make a motion at the June 28, 2018 KyMEA Special Board Meeting; to engage a firm to generate an Integrated Resource Plan. This industry best practice will inform member utilities on decisions concerning energy needs, demand estimates, and risk.
5. **Action Item:** Consider approving board oversight of budget amendments as follows: 1) any budget amendment at or above \$10,000 requires board notification, 2) any budget amendment at or above \$40,000 requires board

- approval, 3) board notification of any surplus property sold, 4) all unspent budget funds reported to the board.
6. **Action Item:** Consider deviating from FPB's compensation plan for one year by approving salary increase of 2.75% to 3% for all employees in lieu of the 2% pay adjustment every six months for employees below midpoint and 2.5% pay adjustment for employees above midpoint as currently budgeted for fiscal year 2018-2019.
  7. **Action Item:** Consider approving a one (1) time rebate to water customers as of June 30, 2019 to be paid based each customers usage and not to exceed a combined total of \$40,000 for the FY 18/19 Budget.
  8. **Action Item:** Consider approval of addition of \$350,000 for energy efficiency program.
  9. **Action Item:** Consider approval of \$15,000 for three (3) water fountains in public areas to be determined and if City agrees to maintain the fountains.
  10. **Action Item:** Consider funds for continuing education and travel expenses for Board.
  11. **Action Item:** Consider a study to design a large scale photo voltaic installation on FPB property and or buildings.
  12. **Action Item:** Consider a partnership with City, County, the Tourism Office and Chamber of Commerce for an Electric Vehicle charging station to be located in public area of downtown Frankfort.
  13. **Action Item:** Consider a study comparing "Frankfort on Tap" drinking water to commercially sold bottled water. Develop an advertising strategy to position FPB water as high quality and a good value product.
  14. **Action Item:** Cease expenditures office employee uniforms and amend dress code policy.
  15. **Action Item:** Consider approval of the 18/19 Fiscal Year Budget.
  16. **Request Permission to Have Chair Call for a Closed Session:** to discuss proposed or pending litigation regarding liquidated damages and Tanglewood pursuant to KRS 61.810(1)(c).
  17. **Closed Door Session:**

## **BOARD ACTION**

Ms. Rosen called the meeting to order and noted five (5) Board members in attendance.

1. **Action Item:** Teleconference with Jon Tedesco to discuss positions specifications and candidate checklist for FPB General Manager.

A teleconference was held between the board and John Tedesco to discuss the process of hiring a new General Manager for FPB. Mr. Tedesco sent drafts of the job description and other information to the board prior to the teleconference and the board discussed the details of that information.

Board members made suggestions and discussed things they would like to see placed in the advertisement for the position. It was decided that further meetings would be required with the soonest meeting to be held in three weeks.

No action was taken.

Mr. Baldwin moved to recess FPB, Mr. Ludwig seconded.

**Recess FPB and Convene MPC**

2. **Action Item: Conduct Election of Secretary/Treasurer for the Frankfort Plant Board Municipal Projects Corporation.**

Ms. Rosen moved to remove Mr. Walt Baldwin from the office of Secretary/Treasurer. Mr. Baldwin seconded, the motion passed unanimously.

Mr. Liebman opened the floor for nominations. Ms. Rosen nominated Mr. Ludwig as Secretary/Treasurer. Mr. Baldwin seconded.

Mr. Liebman closed the nominations.

Mr. Ludwig was elected with 5 yes votes.

**Adjourn MPC and Reconvene FPB**

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

Andy McDonald Read a letter from a group of Frankfort residents listed below supporting energy efficiency programs.

The letter was from the following people: Rev. Donna Aros, Adrienne Bush, John Bush, Joel Fischer, Janet Gates, Annette Hayden, Connie Lemley, Deanna McCord, Andy McDonald, Reba and Jim Pierce, Chris Schimmoeller, Brent Sweger, Nancy and Richard Watkins.

Ms. Rosen asked if there were any website comments pertaining to issues being discussed at this meeting. Mr. Denton read a website comment asking FPB to consider the installation of a water fountain at the Franklin County Farmer's Market.

4. **Action Item: Consider approving a motion to request KyMEA Representative, David Denton to make a motion at the June 28, 2018 KyMEA Special Board Meeting; to engage a firm to generate an Integrated Resource Plan. This industry best practice will inform member utilities on decisions concerning energy needs, demand estimates, and risk.**

An Integrated Resource Plan (IRP) is an industry best practice. The Frankfort Plant Board, engaged an internationally recognized energy consultant, Energy+Environment Economics, (E3) to advise the Board on the transition to Kentucky Municipal Energy Agency, (KyMEA). An important recommendation made by E3 was to follow industry best practice to provide an IRP.

IRP's are a requirement that the Public Service Commission, (PSC), has Investment Owned Utilities and Electric Cooperatives produce Municipal Utilities are not required to generate IRP's however Owensboro Municipal Utility and Henderson Municipal Power & Light do follow this practice. The Frankfort Plant Board voluntarily follows many practices required by the PSC. This would be a worthwhile effort for KyMEA to engage.

An IRP is an energy resource document that addresses strategy, demand and price forecasts, and planning. It answers questions about too many resources, to few resources, and how to determine the correct amount. It includes energy choices, capacity flexibility, and system reliability data, with cost and risk assessment. It is one publication with comprehensive data.

Typical questions an IRP answers as referenced from a Michigan report:

[arhttps://www.michigan.gov/documents/mpsc/May\\_1st\\_-\\_Lawrence\\_Berkeley\\_National\\_Laboratory\\_Presentation\\_Slides\\_560420\\_7.pdf](https://www.michigan.gov/documents/mpsc/May_1st_-_Lawrence_Berkeley_National_Laboratory_Presentation_Slides_560420_7.pdf):

When Will We Need Resources? 2. How Much Will We Need? 3. What Should We Build/Buy? 4. How Much Will It Cost? 5. What's the Risk? 6. Who Can We Blame If We Get It Wrong?

Some of the responses concerning the lack of IRP have been:

We do not have an IRP because we do not have anything to integrate. An IRP does more than deal with the energy mix to be purchased. It addresses demand questions and looks at risks from regulation, environmental concerns, weather forecasts and industry changes.

The Kentucky Procurement Code has been suggested as reason that it is not possible to do an IRP. Owensboro and Henderson municipals and electrical Cooperatives have had IRP's generated.

The KyMEA response to E3's report explains where the answers to an IRP can be found in KyMEA literature. This answer does not reduce the need for a concise IRP document.

The consultants to KyMEA can answer all of the concerns that would be covered in an IRP. Unfortunately this is not the same type of resource as having a publication that shows data for 5, 10, 15. . . year increment projections of energy cost, demand, and risk.

Mr. Baldwin discussed the information above.

Ms. Rosen moved to request KyMEA Representative, David Denton to make a motion at the June 28, 2018 KyMEA Special Board Meeting; to engage a firm to generate an Integrated Resource Plan. Mr. Baldwin seconded.

After further discussion, a vote was taken and the motion failed with a 3-2 vote. Mr. Ludwig, Mr. Mason, and Ms. Hale voted no. Mr. Baldwin and Ms. Rosen voted yes.

5. **Action Item: Consider approving board oversight of budget amendments as follows: 1) any budget amendment at or above \$10,000 requires board notification, 2) any budget amendment at or above \$40,000 requires board approval, 3) board notification of any surplus property sold, 4) all unspent budget funds reported to the board.**

Mr. Mason moved to Consider approving board oversight of budget amendments as follows: 1) any budget amendment at or above \$10,000 requires board notification, 2) any budget amendment at or above \$40,000 requires board approval, 3) board notification of any surplus property sold, 4) all unspent budget funds reported to the board. Mr. Baldwin seconded. The motion passed unanimously.

6. **Action Item: Consider deviating from FPB's compensation plan for one year by approving salary increase of 2.75% to 3% for all employees in lieu of the 2% pay adjustment every six months for employees below midpoint and 2.5% pay adjustment for employees above midpoint as currently budgeted for fiscal year 2018-2019.**

The FPB's current compensation plan included in the Frankfort Electric and Water Plant Board Guidelines Governing Employment lay out procedures for salary increases to be included in the annual budget. See the salary increase procedures below:

J. SALARY INCREASES. Revised: 10/21/2014; 9/19/2000

1. The annual budget shall include any salary increases for the budget year. The budget will identify the salary increases by type as follows:
  - a. Any Board approved Cost-of-Living (COL) increases for employees with salaries at or above their position pay grade range midpoint;
  - b. All pay increases resulting from reclassification of employees from one class to another; and
  - c. Merit Awards (hourly pay rate increases) for employees with salaries at or above their position pay grade range midpoint
  - d. Employees with salaries below their respective position's pay grade range midpoint (market rate) are eligible for a 2% pay adjustment for every six month period with satisfactory performance until they reach the pay grade midpoint (market rate). **New employees**

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Frankfort Electric and Water Plant Board Guidelines Governing Employment

**below the salary range mid-point must complete their introductory period to be eligible for the pay adjustment.**

2. Employees above the maximum salary for their pay grade will not receive merit pay or cost of living increases until the employee's salary is less than the maximum salary of the grade to which the employee's classification is assigned.
3. If a Board approved Cost-of-Living increase occurs during his/her introductory period a new employee shall receive the increase (if his/her pay is at or above the pay grade midpoint).
4. Any escalating adjustments must have prior Board approval, except that the General Manager may make salary adjustments during the year with the approval of the Board Chairman, provided that sufficient funds are included in the budget for the respective department.

FPB Board Member Stephen Mason has asked the board to consider deviating from FPB's compensation plan regarding salary increases and give FPB employees a 2.75% to 3% pay adjustment. If the board decides to go this direction staff recommends the change be for one year only with no modification to the existing FPB compensation plan and the pay adjustment would be considered a cost-of-living pay increase applied to employee pay with half the increase on July 1 and January 1. Since the below midpoint pay adjustments of 2% each six months would go away there would only be one job performance appraisal completed for employees no longer on introductory period, which would be completed in January 2019 for possible raises on July 1, 2019.

In summary, with the assumptions used for our calculations a 2.75% pay adjustment to all employees would save approximately \$80,750 in payroll and wage related benefits and taxes with a 3% raise to all employees saving approximately \$55,000 in payroll and wage related benefits and taxes.

Mr. Mason moved to deviate from FPB's compensation plan for one year by approving salary increase of 2.75% to 3% for all employees in lieu of the 2% pay adjustment every six months for employees below midpoint and 2.5% pay adjustment for employees above midpoint as currently budgeted for fiscal year 2018-2019. The motion died for lack of a second.

After further discussion, Mr. Mason made the motion again. Mr. Baldwin seconded. The motion failed with a 3-2 vote. Ms. Hale, Mr. Ludwig and Ms. Rosen voted no, Mr. Baldwin and Mr. Mason voted yes.

7. **Information Item:** Consider approving a one (1) time rebate of 10% to all water customers to be paid at the end of the fiscal year.

This item was withdrawn from the Agenda.

8. **Action Item:** Consider approval of addition of \$350,000 for energy efficiency program.

Ms. Rosen moved to approve the addition of \$350,000 for energy efficiency program. Mr. Baldwin seconded. After discussion, the motion failed with a 3-2 vote. Mr. Ludwig, Mr. Mason and Ms. Hale voted no. Mr. Baldwin and Ms. Rosen voted yes.

9. **Action Item: Consider approval of \$15,000 for three (3) water fountains in public areas to be determined and if City agrees to maintain the fountains.**

Mr. Ludwig moved to approve \$15,000 for three (3) water fountains in public areas to be determined and if City agrees to maintain the fountains. Mr. Baldwin seconded. The motion passed unanimously.

10. **Action Item: Consider funds for continuing education and travel expenses for Board**

The board discussed adding money to the budget for increased training for board members.

After some discussion Mr. Baldwin moved to consider funds for continuing education and travel expenses for the board. Ms. Hale seconded. The motion passed with a 4-1 vote. Mr. Ludwig, Ms. Hale, Mr. Baldwin, Ms. Rosen all voted yes, Mr. Mason voted no.

11. **Action Item: Consider a study to design a large scale photo voltaic installation on FPB property and or buildings.**

A discussion was had by the board regarding the addition of solar panels to FPB Properties and ask staff to do an analysis of the cost verses the savings of a large scale photo voltaic installation.

Mr. Baldwin moved to ask staff to do a study and report back to the board. Ms. Rosen seconded. Motion passed with 3-2 vote. Mr. Ludwig and Ms. Hale voted no, Mr. Mason, Mr. Baldwin and Ms. Rosen voted yes.

12. **Action Item: Consider a partnership with City, County, the Tourism Office and Chamber of Commerce for an Electric Vehicle charging station to be located in public area of downtown Frankfort.**

Mr. Baldwin discussed the item, which he thought could have a positive impact on local economy. The board discussed ideas regarding the project and compared costs with surrounding cities.

After further discussion by the board Mr. Baldwin moved to direct Staff to engage with the city tourism and the chamber to develop a program for installation of an electric vehicle charging station in town and determine cost sharing and report back to the board. Ms. Rosen seconded. The motion passed unanimously.

13. **Action Item: Consider a study comparing “Frankfort on Tap” drinking water to commercially sold bottled water. Develop an advertising strategy to position FPB water as high quality and a good value product.**

This item was withdrawn from the agenda.

14. **Action Item: Cease expenditures office employee uniforms and amend dress code policy.**

Currently, FPB provides uniforms to office and field employees. Staff recommends providing name tags for office employees and eliminating the uniform expenses. By eliminating uniform expenses for office employees, FPB estimates it can save approximately \$30,000.00 per year. FPB will continue to provide uniforms for field employees. FPB asks that the uniform policy be revised to include name tags as appropriate attire in place of company provided uniforms. All other aspects of the policy will remain unchanged..

Mr. Denton discussed the information outlined above.

Mr. Mason moved to Cease expenditures for office employee uniforms and amend dress code policy. Mr. Baldwin seconded. The motion passed unanimously.

15. **Action Item: Consider approval of the 18/19 Fiscal Year Budget.**

Mr. Denton gave a list of items added to the budget they are:  
\$30,000 for the Tedesco GM Search  
\$15,000 for Water fountains  
\$12,500 for Board Travel  
\$5,400 for E3  
Total Amendments of \$75,900  
Subtract the approximate \$30,000 for Ceasing Uniform Expenditures  
Leaving a total of approximately \$40,900 in additions to the budget.

Ms. Hale moved to adopt the 18/19 Fiscal Year Budget as stated and amended. Mr. Ludwig seconded. The motion passed unanimously.

16. **Request Permission to Have Chair Call for a Closed Session:** to discuss proposed or pending litigation regarding liquidated damages and Tanglewood pursuant to KRS 61.810(1)(c).

17.

Mr. Baldwin moved to go into closed session call a closed session pursuant to KRS 61.810(1)(c) to discuss a pending or proposed litigation regarding liquidated damages claim. Ms. Hale seconded. The motion passed unanimously and the board moved into closed session.

18. **Closed Door Session:**

Mr. Baldwin moved to return to open session Ms. Rosen seconded. The motion passed unanimously.

No further action was taken.

Mr. Baldwin moved to adjourn the meeting. Ms. Hale seconded. The motion passed unanimously and the meeting adjourned.

  
Board Chair

  
Attest: Board Secretary/Treasurer