

June 7, 2018

A Special Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at Frankfort Plant Board Administration Building, located at 151 Flynn Ave, Frankfort, Kentucky, on Tuesday, June 7, 2018 at 1:00 p.m.

**ATTENDANCE:**

Anna Marie Pavlik Rosen, Board Chair  
Walt Baldwin, Vice Chair  
Ralph Ludwig, Board Member  
Dawn Hale, Board Secretary/Treasurer  
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  
Vent Foster, Asst. GM Operations  
Adam Hellard, Asst. GM Telecommunications  
Ryan Henry, Asst. IT Director  
Scott Hudson, Electric Superintendent  
Casey Jones, IT Director  
Cathy Jennings, Executive Assistant  
Cathy Lindsey, Public Information Officer  
Travis McCullar, Electric Engineer  
Andrea Pulliam, Work Order Coordinator  
Kathy Poe, Executive Assistant  
Hance Price, Staff Attorney/Asst. GM Administration  
Julie Roney, WTP Superintendent  
Alan Smith, Water Dist. Superintendent  
Scott Stafford, Production Manager Media Services  
Jeremy Blackburn, Cable 10 Videographer

**AGENDA**

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

**June 7, 2018 1:00 p.m. SPECIAL BOARD MEETING AGENDA**

1. **Action Item:** Consider Approval to Purchase one (1) Peerless 26HXB 4-stage Raw Water Pump at a cost of \$220,000.
2. **Informational Item:** Review of FY 18-19 Budget.

**BOARD ACTION**

Mr. Rosen called the meeting to order. All five (5) board members were in attendance.

1. **Action Item:** Consider Approval to Purchase one (1) Peerless 26HXB 4-stage Raw Water Pump at a cost of \$220,000.

Ms. Roney explained that the pump being replaced had irreparable damage. She stated that this pump was original to the water treatment plant in 1972 and that the purchase was included in the fiscal year 2019 budget at a cost of \$220,000. She stated that staff was asking to purchase the pump at this meeting due to two instances: 1) the 5 month lag time that it will take to actually get the pump

manufactured and delivered to the plant board and 2) and that there may be an increase in pump cost by Peerless. We are asking for approval at this meeting to issue a PO for this purchase.

Mr. Baldwin moved to approve the purchase of one (1) Peerless 26HXB 4-stage Raw Water Pump at a cost of \$220,000. Ms. Hale seconded. The motion passed unanimously.

2. **Informational Item: Review of FY 18-19 Budget**

Mr. Mason asked staff a few questions before the budget review began.

- 1) The incremental value of a 1% pay raise including benefits.
- 2) Car Allowance and cost associated.
- 3) How often computers are replaced.
- 4) Do we utilize the state price contract?
- 5) How much money was in the budget for extracurricular activities?
- 6) How often are non-specialized vehicles replaced?
- 7) How many computers and or vehicles are being replaced in this budget and the age of those vehicles?
- 8) What dues and subscriptions do we pay for employees?
- 9) What would be the impact of a 1% decrease in the budget?
- 10) What are the major cost drivers in the Administrative areas?
- 11) What is the \$201,000 Engineering cost on page 45 of the Electric budget?

Mr. Baldwin added that he would like more information on software licensing costs, outsourcing and in general across organization and professional services.

Mr. Denton stated that we will not have electric rate increases in this budget and likely would not for the foreseeable future. He added that the only increase would be cable TV due to programmers passing on increases annually to their customers. He advised that water was the only other line of service where rates were going up but debt will be paid off and investments will be made in the water department to purchase Advanced Metering Infrastructure (AMI) for water metering.

Mr. Denton noted that there was a public misconception that the Administration Building cost FPB Rate payers over 25 million dollars. However, he stated that the building actually cost 16 Million to build and noted that the impact of that cost was at .9% of the customers' rates.

Mr. Hellard reviewed the Cable/Telecom budget. He discussed the Fiber to the home project (FTTH), headend improvements, cable building upgrades and cable meter replacements.

There was discussion regarding the fence in Tanglewood and the impact that expense had on rates.

Mr. Hellard discussed repairs to the cable building parking lot and other budget items carried over due to unfinished projects. He further discussed expenses related to equipment such as modems and wireless combo units and other equipment.

Mr. Hellard discussed the Media Services budget and various upgrades to the FPB Tv studio as well as other equipment needed in Media Services.

Mr. Hellard answered questions regarding the Security services materials and equipment and Medical Alert systems.

Mr. Hellard discussed expenses and increasing continuing education budget to train employees on installation and construction of the upcoming fiber project. He further discussed expenses for repairs and maintenance for a continuation of the parking lot removal in Tanglewood.

After additional discussion, Mr. Denton stated that he would send out a debt schedule to the board members.

Mr. Denton reviewed the Administrative Departments portion of the budget. He stated that these were expenses that do not land in any particular department or division.

In discussion regarding items that could be removed or reduced, Mr. Denton that the uniform allowance for Administrative Employees could remove as a way to reduce expenses in the amount of roughly \$30,000.

Ms. Lindsey reviewed the Public Information budget. She stated that many of the items in the Public Information Coordinator budget focuses on community engagement and events. She discussed the Summer Concert Series, Frankfort Plant Board Youth Scholarships program, Christmas Parade, Educational Materials, Email Marketing Services, Communications and Media training, Community Support Programs and a one-time ask of money for a 75<sup>th</sup> Anniversary event.

There was additional discussion regarding the scholarship program and future ways of distributing the money awarded to students and the criteria involved for them to qualify for scholarships.

Mr. Denton reviewed details of the administrative budget for the board of directors, which included their salaries, health insurance, cell phone allowance that covers the board iPads, board security to have an officer at the meetings, advertising for notices that go in the newspaper, and board training.

There was additional discussion regarding continuing education for board members and the difference in cost between going to live conferences verses online training for board governance. The board also discussed a board retreat.

Mr. Denton discussed the Customer Service budget and Ms. Cassie Estill and Ms. April Rhodes discussed increases to the Customer Service budget.

Ms. Rhodes pointed out an increase in the Customer Service budget due to increased training for staff in the coming fiscal year. Ms. Estill discussed resulting improvements from previous training for CSR's. Ms. Rhodes also discussed re-evaluating collection for bad debt, review and revise the general section of the Tariff, the installation of scanners for CSRs to expedite their processes and reduce paper usage. Ms. Estill discussed the addition of a new CSR, evaluating processes to make sure that the workflow reduces wait times increases the amount of calls that get answered by CSR's. Ms. Rhodes stated that uniform expenses could be removed in order to reduce costs as Mr. Denton previously stated. Ms. Rhodes added that there is a line item in the budget to make the one-time purchase of name tags for the employees in Customer Service.

Staff discussed customer deposits, interest rates paid on the deposits and customer's options for reducing their deposit amount. Mr. Denton responded to questions about deposits related to unclaimed property and stated that the plant board is up to date with that process.

Ms. Cummins discussed the Finance Department budget. She discussed reallocating funds for maestro software and the postage machine, and an increase in the budget to pay for the annual audit. Mr. Denton discussed annual training for the payroll accountant, and tuition reimbursement for one employee in the Finance department.

In response to Mr. Mason, Mr. Denton stated he would forward the tuition reimbursement policy to the board.

Mr. Redmon discussed the budget for Fleet Services such as vehicle purchases and the Service Center Warehouse roof replacement. He also discussed employee training and certifications.

In response to Ms. Rosen, Mr. Redmon discussed the process in selling inventory on Gov Deals and how the funds from those sales go back to the division the inventory came from.

Mr. Redmon stated that FPB utilizes the state price contract on most purchases.

Mr. Redmon discussed the Support Services purchases such as touch up paint, building maintenance purchases, grounds maintenance and HVAC supplies, lighting, plumbing, and several different professional services for electrical issues. He also discussed procedures for inventory control. Mr. Denton added that FPB now has a policy for obsolete inventory.

In response to Ms. Hale, Mr. Redmon stated that the plant board does try to use local business whenever possible for purchasing and or services.

Mr. Denton and Ms. Angie Hart discussed the Human Resources budget. Ms. Hart stated that FPB has hired 56 new employees this year. Mr. Denton reviewed dues and subscriptions, and memberships in other professional organizations. He discussed tuition reimbursement companywide, drug and alcohol training, EEO training, and web training. Mr. Denton also discussed the employee activity expense which includes flower arrangements when employee members pass or their immediate families, holiday luncheon once a year at Christmas, service and perfect attendance awards, budget of \$250 per retirement to take employees out to lunch to show appreciation, the employee anniversary recognition luncheon quarterly.

Mr. Denton stated that money was in the budget to look at job descriptions every 5 years as part of the compensation plan. He stated that there were extensive expenses involved in hiring new employees such as driving records, drug testing and background checks. He also added that FPB provided an employee assistance program which was included in the HR budget.

Mr. Denton and Mr. Casey Jones reviewed the IT Budget. Mr. Jones stated that the PC equipment is on a 6-year refresh schedule. He also discussed replacement of switches, firewalls and routers which are on a 7 to 10 year refresh cycle. He stated that phones, UPS's, servers and data storage, and 220 monitors were on a 10-year refresh cycle. Mr. Jones also discussed the various types of printers, and their maintenance and replacement schedules.

Mr. Jones discussed the carryover for the GIS flyover as it has not taken place yet and is scheduled to occur at a later time. He added that the stated contract amount was considerably less than had been originally approved. He added that there was also money available for security and encryption to add additional security for our internal network.

Mr. Jones also discussed expenses related to training and added that money had been moved from computer equipment expense to software expense. Mr. Jones stated that the majority of IT expenses are in software services such as licenses, subscriptions, support and maintenance, or updates to the software. He reviewed the Microsoft software expense, Kronos software and Dell Secureworks.

In response to Mr. Mason, Mr. Jones stated that FPB had approximately 170 PC's and 40 Laptops. He also added that FPB does sell any surplus items on the GovDeals website.

Mr. Denton reviewed the Meter Reading budget. He stated that several employees in this department had retired in the past year. He noted that there were currently six (6) Meter Readers with one vacant position.

Mr. Denton discussed the timeline of the move to Advanced Meter Infrastructure (AMI) and the process of moving two employees over to the Meter Tech positions in the Electric department. He stated that outside of payroll, there was a cellphone budget, employee training, and various other supplies needed to perform their jobs.



Ms. Kim Phillips reviewed the budget for the Safety department, which includes multi departmental training expenses such as CPR and First aid training, ladder inspections, and a reduction in worker's comp rates. She stated that the safety department was down to one person due to an internal transfer one position was vacant in the safety department. She further reviewed various dues and subscriptions involved in the safety department.

Mr. Denton reviewed the budget to return the Onsite after hours dispatch service. He stated that the third party after hours expense was currently around \$30,000 per year but staff was proposing to bring the service back in-house. He discussed the benefits of bringing back the Network Operations Center. Mr. Denton stated that the expense was in the budget as a placeholder for the additional personnel and future expansion.

There was further discussion regarding the Network Operations Center and the advantage to having a local group of employees working in the after hours dispatch for customer service and the need for a manager to manage the proposed seven (7) employees.

Mr. Denton stated that it was Staff's plan to include the budget in the June 19, 2018 Board Package and any additions or changes to the budget be discussed prior to the deadline of June 30, 2018 to approve the budget.

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

  
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ATTEST: