

August 18, 2015

A Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at Farmers Bank and Capital Trust, located at 125 W. Main Street, Frankfort, Kentucky, on Tuesday, August 18, 2015 at 5:00 p.m.

ATTENDANCE:

Ralph Ludwig, Board Chair
Dr. Scott Green, Vice Chair
Rick Pogrosky, Board Secretary/Treasurer
Patricia B. Lynch, Board Member
James Liebman, Board Attorney
Herbbie Bannister, General Manager
David Billings, Chief Water Engineer
Billy Briscoe, Water Dist. Supt.
David Denton, Finance Director
Vent Foster, Chief Electrical Engineer/Asst. GM Operations
Monique Gilliam, Customer Service Director
Dana Hawkins, Executive Assistant
Adam Hellard, Broadband/Security Manager
John Higginbotham, Asst. GM Cable/Telecommunications
Scott Hudson, Electric Supt.
Karl Pitzer, IT Director
Hance Price, Staff Attorney/ Asst. GM Administration
Mark Redmon, Support Services Director
Chris Riddle, WTP Superintendent
Julie Roney, Asst. WTP Superintendent
Dianne Schneider, HR Director
Kim Phillips, Safety Director
Glenn Waldrop, Public Information Officer
Zach Hubbard, Cable 10 Videographer
Seth Littrell, State Journal Reporter

AGENDA

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

AUGUST 18, 2015 BOARD MEETING AGENDA

1. **Conduct Public Hearing Regarding:** Revisions of Tariff Language to Provide Clarification and Standardization of Deposit for Electric, Water and Cable/Telecommunications Services; and Incorporate Language for the Use of Utility Scoring.
2. **Action Item:** Consider Approving Minutes of the July 21, 2015 Board meeting.
3. **Action Item:** Accept Electric, Water and Cable Financial & Statistical Data for June 2015.
4. **Informational Item:** Departmental Reports:
 - Cable Dept.
 - Customer Service
 - Electric Dept.
 - SEPA
 - Safety

- Water Distribution
 - Water Treatment Plant
 - Administration Building
 - Headend Building
5. **Action Item: Consider Award of Bid Invitation #1608 for a 2000KVA Pad Mounted Transformer to HD Supply Power Solutions.**
 6. **Action Item: Consider Execution of Easement Providing the City of Frankfort a Sewer Easement across FPB Property at 151 Flynn Avenue.**
 7. **Action Item: Consider the Award of Bid Invitation #1609 for Cisco Switches and Related Equipment to GovConnection in the Amount of \$53,684.30.**
 8. **Action Item: Consider Cable Advisory Committee Appointment.**
 9. **Action Item: Old & New Business:**
 10. **Informational Item: General Manager's Comments.**
 11. **Request Permission to have Chair call for a Closed Session pursuant to KRS 61.810 (1)(c) for the discussion of proposed or pending litigation against or on behalf of FPB; KRS 61.810 (1)(f) for discussions which might lead to the appointment, discipline, or dismissal of an individual employee; and KRS 61.810(1)(b) for the discussion of the future acquisition or sale of real property.**
 12. **Closed Door Session:**

BOARD ACTION

Mr. Ludwig called the meeting to order at 5:00 p.m. Ms. Poe called the roll. She noted four (4) Board members present and noted Mr. McKee absent.

Mr. Ludwig turned the meeting over to Dr. Green to conduct the public hearing.

1. **Conduct Public Hearing Regarding: Revisions of Tariff Language to Provide Clarification and Standardization of Deposit for Electric, Water and Cable/Telecommunications Services; and Incorporate Language for the Use of Utility Scoring.**

Dr. Green called the public hearing to order.

My name is Dr. Scott Green. I have been requested by the Board to conduct this Hearing. With me today are the Board Members and Staff of the Frankfort Electric and Water Plant Board. We are here to receive comments regarding the Revisions of Tariff Language to Provide Clarification and Standardization of Deposit for Electric, Water and Cable/Telecommunications Services; and Incorporating Language for the Use of Utility Scoring. This Public Hearing was advertised in accordance with the Regulations for Public Notification and appeared on August 9, 2015 in The State Journal newspaper.

We have asked that you register if you request to speak. If you have not already done so, please register with the Secretary so that we will have a record of those in attendance and wishing to speak today.

A brief statement about the conduct of this Public Hearing is in order. This Hearing will be conducted informally. This Hearing is being conducted voluntarily by the Frankfort Electric & Water Plant Board in order to accept comments on the above items. Formal rules of evidence will not apply. Both oral and written comments will be accepted. Any and all persons present who wish to make a statement will be

afforded an opportunity to do so. If you have a written statement to accompany your oral presentation, a copy of the written statement should be provided to me prior to your presentation. If you have a lengthy statement, I ask that you summarize your comments. Oral presentations should be limited to no more than 3 minutes. If necessary, I will interrupt and request the presentation to be completed due to this time limit. I may ask questions of any person presenting oral comments where it is necessary to clarify the nature or substance of the comments.

The reasons for conducting the Hearing by these rules are so that we can collect information, especially information that the Board has not previously considered, and take it under review.

The Board may not answer questions because we do not want to make hasty judgments on specific issues that are brought out if technical in nature. This is especially true since different points of view may come up during the course of the day from different speakers. It is the job of the Board to fairly consider these points of view and information as part of the setting. We do want public input and involvement and I hope you do not find our standard procedures restrictive.

The oral comment period for this Hearing will end at the close of business on August 18, 2015. Written comments received on or before August 18, 2015, will be accepted and considered.

Before we open the floor for comments, Ms. Monique Gilliam will provide a summary of tariff revisions regarding customer deposits.

Dr. Green stated that the Board encouraged public participation in these hearings. He advised that the Board does listen to and consider public comments carefully. He further advised that the Board does not make decisions until all public comments have been heard and carefully considered. He noted that the Board did not approve the recent proposed paper bill fee after considering customer comments.

Ms. Gilliam summarized the proposed tariff changes which included relocating deposit language for all lines of business to one section of the tariff, utilizing utility scoring to determine deposit amount, and options established for landlords. She further noted that Staff requested that the changes become effective September 1, 2015.

Dr. Green opened the floor for public comments. Two citizens were in attendance to speak, Paula Moore and Jeff Kell.

Paula Moore began by thanking Staff for their work in developing the policy changes and proposals. She continued by requesting that homeowners associations such as the Berry Hill Council of Co-Owners be included in the utility scoring process for utility deposits. Ms. Moore advised that the Council of Co-Owners held twenty (20) separate accounts which encompassed nine (9) agriculture meters and eleven (11) pump stations. She advised that under the current policy a \$5,800 deposit would be required by the Council of Co-Owners and that if the utility scoring were utilized that amount would be significantly reduced to approximately \$1,500. She noted that the Council of Co-Owners was not requesting a waiver, just the opportunity to utilize the utility scoring process to reduce the amount of their deposit.

In response to Ms. Lynch, Ms. Moore explained that the Berry Hill Council of Co-Owners was considered a true homeowners association.

In response to Mr. Ludwig, Ms. Gilliam stated that this subject was not considered because homeowners associations fall under the commercial class of customers. Mr. Ludwig stated that Staff needs to revisit and re-evaluate this subject regarding the feasibility of allowing homeowners associations to utilize the credit scoring option.

Ms. Moore stated that all Berry Hill residents were condominium owners, that the units are all owner occupied, and that renting of the condominium units is strictly prohibited.

In discussion, Ms. Moore advised that Berry Hill was one of the largest homeowners associations in Franklin County with 112 units. She further noted that her research indicated that all homeowners associations were established differently and that Berry Hill was strictly a condominium community.

Jeff Kell noted his appreciation for the opportunity to speak. He stated that he was a long time landlord of approximately forty (40) years. He explained that he was presented with a large utility bill recently when he purchased a new building in connection with the landlord agreements. He further noted that these charges that had been waived in the past. He further advised that he was not aware of any other utility (Kentucky Utilities, Columbia Gas, etc...) charging deposits to landlords and noted that he was confused as to whether the deposit was a tax or a fee. Mr. Kell stated that he did not understand why FPB was charging him a deposit.

At the request of Dr. Green, Mr. Denton explained that FPB occurs \$50,000-\$60,000 of bad debt per month. He advised that the reason for the customer deposit was to allow FPB to recover a portion of any bad debt if a customer were to leave the system with an outstanding balance. Mr. Denton further advised that all deposits would be refunded or deducted from the final bill of any customer discontinuing services.

Mr. Kell noted that FPB was not losing money on him.

With no further comments, Dr. Green concluded the hearing.

2. **Action Item: Consider Approving Minutes of the July 21, 2015 Board meeting.**

Ms. Lynch moved to approve the minutes of the July 21, 2015 Board meeting. Mr. Pogrotsky seconded. Mr. Ludwig called for the vote and the motion passed.

3. **Action Item Accept Electric, Water and Cable Financial & Statistical Data for June 2015.**

Mr. Denton explained the statement of net position and balance sheet for the 14-15 fiscal year. He discussed assets, liabilities, revenues and expenses for the company as a whole and separately for each line of business. He further discussed the comparison of budget to actual numbers for the 14-15 fiscal year.

Mr. Pogrotsky moved to accept the electric, water and cable financial and statistical data for June 2015. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed.

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

Cable: Mr. Higginbotham discussed the July storms and the resulting storm damage. He noted that significant lightening damage had impacted cable equipment and noted that changes had been made to mitigate further issues. He stated that more than 100 set top boxes and cable modems had been replaced. Mr. Higginbotham reminded customers to place surge protectors on the electronic equipment and to call 352-4372 if they were having issues.

Mr. Higginbotham reviewed graphs for the first month of the new fiscal year. He noted customer numbers were below projections a little on cable but were higher than projected on broadband and security.

In response to Dr. Green, Mr. Higginbotham advised that there were budgeted funds in the 5 year plan for some expansion and upgrades for three (3) different areas in 2017, 2018, and 2019.

Customer Service: Mr. Price explained Renegade Communication training for the customer service representatives at the downtown office.

Electric: Mr. Hudson noted 82 electric outages for the month of July due in large part to numerous storms.

SEPA: Mr. Bannister noted a profit of nearly \$66,000 for the 2015 calendar year 2015, \$9,000 profit for the month of June 2015 and nearly \$10.4 million since FPB's involvement with SEPA. Mr. Bannister discussed the status of the pending rate increase and ongoing negotiations to potentially reduce the rate increase.

Safety: Ms. Phillips noted three (3) OSHA recordables and one (1) vehicle accident for the month of July.

Water Distribution: Mr. Briscoe noted seven (7) new service, one (1) main break, and three (3) outages. He noted that two (2) outages were scheduled and one (1) was due to a main break. In response to Ms. Lynch, Mr. Briscoe advised that the sink hole at the intersection of Fourth and Shelby Streets had been filled in and that the State would take of repaving the area.

Water Treatment: Mr. Riddle reviewed the Water Treatment Plant report and stated that FPB produced more than 237 million gallons of potable water for the month of July for an average daily production of 8.6 million gallons per day. He further noted that Frankfort received approximately 10 inches of rain in 2015 compared to 5.88 inches in 2010. He noted the significant rainfall as the most likely reason for the reduction in water sales.

Headend Building: Mr. Hellard advised that construction was moving well and there were no major issues or concerns. He further advised that construction was on schedule and that the building was scheduled to be under roof in October.

Administration Building: Mr. Bannister advised that approximately 200 feet of wall had been poured and that the sub-contractor stated that they could get 100 feet poured per week. He further noted that it would take approximately five (5) more weeks to complete the basement. Mr. Bannister stated that an updated schedule would be provided in the upcoming days and that the project was somewhat behind schedule.

5. **Action Item: Consider Award of Bid Invitation #1608 for a 2000KVA Pad Mounted Transformer to HD Supply Power Solutions.**

Staff prepared a bid invitation for a 2000KVA pad mounted transformer. The invitation was sent to eight vendors with seven responses received. After reviewing all bids, staff recommends awarding to HD Supply Power Solutions in the amount of \$28,335 as they are the lowest bid meeting specifications.

This transformer will be used to replenish depleting inventory levels.

Mr. Redmon explained the bid invitation and responses. He advised that Staff recommended awarding the bid to HD Supply Power Solutions as the lowest bidder meeting specifications.

Dr. Green moved to award bid invitation #1608 for a 2000 KVA pad mounted transformer to HD Supply Power Solutions in the amount of \$28,335. Mr. Pogrotsky seconded. Mr. Ludwig called for the vote and the motion passed.

6. **Action Item: Consider Execution of Easement Providing the City of Frankfort a Sewer Easement across FPB Property at 151 Flynn Avenue.**

The City of Frankfort has requested a sewer easement across the FPB property located at 151 Flynn Avenue. Staff has reviewed the location of the easement and the easement document. Staff recommends execution of the easement.

Mr. Price explained the sewer easement and contract provided by the City for FPB's property located at 151 Flynn Avenue. He stated that the documents met with Staff's approval and that Staff requested that the Board ratify the documents. Mr. Bannister stated that the Easement and Contract needed to be executed in order to obtain the proper permits to begin work in a timely fashion. He advised that Staff was requesting that the Board ratify the execution of the Easement and Contract.

Mr. Pogrotsky moved for the ratification of the execution of Easement providing the City of Frankfort a sewer easement across FPB property at 151 Flynn Avenue. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed.

7. **Action Item: Consider the Award of Bid Invitation #1609 for Cisco Switches and Related Equipment to GovConnection in the Amount of \$53,684.30.**

Staff prepared a bid invitation for Cisco switches. The invitation was sent to eight vendors with three responses received. After reviewing all bids, staff recommends awarding to GovConnection in the amount of \$53,684.30 as they are the lowest bidder meeting specifications.

These switches are for FPB's HiCap Business Fiber connections. The existing switches are approaching their current bandwidth capacity. The new switches provide additional bandwidth capacity that should satisfy demands for the next few years.

This purchase is included in the current budget (page 17, item 85). While the line item is \$300,000 for several projects, \$100,000 of that was allotted for the switches purchase.

Mr. Pitzer explained the bid invitation, responses and the necessity for the equipment purchase. He stated that Staff recommended awarding the bid to GovConnection as they were the lowest bidder meeting specifications.

In response to Mr. Ludwig, Mr. Pitzer stated that this purchase would increase the backbone of the system to allow for additional growth.

Mr. Ludwig moved to award bid invitation #1609 for Cisco switches and related equipment to GovConnection in the amount of \$53,684.30. Ms. Lynch seconded. Mr. Ludwig called for the vote and the motion passed.

8. **Action Item: Consider Cable Advisory Committee Appointment.**

Staff recommends the Board appoint Mr. Tim Smith to the Cable Advisory Committee with a term beginning August 19, 2015 through August 19, 2017. The appointment is needed to fill the vacancy left by Ms. Emily Crowe, student representative from WHHS, who's term ended and she's leaving Frankfort to attend college. Mr. Smith is an 11th grader at Franklin County High School. As a reminder to the Board, Staff endeavors to rotate the student rep between the three public schools while seeking input from schools leaders for potential student reps.

A copy of the nominee's letter of interest is included in the detail section.

Mr. Higginbotham stated that Staff recommended the appointment of Tim Smith to the Cable Advisory Committee. He explained the rotation of high school students and explained Mr. Smith's qualifications.

Ms. Lynch moved to approve the appointment of Mr. Tim Smith to the Cable Advisory Committee with a term beginning August 19, 2015 through August 19, 2017. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed.

9. **Old & New Business:**

None

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


None


11. **Request Permission to have Chair call for a Closed Session** pursuant to KRS 61.810 (1)(c) for the discussion of proposed or pending litigation against or on behalf of FPB; KRS 61.810 (1)(f) for discussions which might lead to the appointment, discipline, or dismissal of an individual employee; KRS 61.810(1)(b) for the discussion of the future acquisition or sale of real property.

12. **Closed Door Session:**

Dr. Green moved to go into closed session. Mr. Pogrotsky seconded. Mr. Ludwig called for the vote and the Board moved into closed session.

With no further business to discuss, Dr. Green moved to adjourn. Mr. Pogrotsky seconded. The motion passed and the meeting adjourned.





ATTEST: