

June 20, 2017

A 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, June 20, 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  
James Liebman, Board Attorney  
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  
Adam Hellard,  
Ryan Henry, Asst. IT Director  
John Higginbotham, Asst. GM Cable/Telecommunications  
Mark Harrod, Asst. Electric Superintendent  
Cathy Jennings, Traffic & Billing Coordinator  
Casey Jones, IT Director  
Cathy Lindsey, Public Information Officer  
Kathy Poe, Executive Assistant  
Leigh Ann Phillips, Purchasing Agent  
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  
Austin Horn, State Journal  
Charlie Hamilton, Powell Walton Milward  
Stanley Marcenik, Powell Walton Milward  
Charlie Musson, Rubin & Hays  
Josh Marrillia, Marrillia Design & Construction

**AGENDA**

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

**June 20, 2017 BOARD MEETING AGENDA**

1. **Action Item:** Consider Approving Minutes for the May 16, 2017 Board Meeting.
2. **Action Item:** Consider Approving Minutes for the May 30, 2017 Board Meeting.
3. **Action Item:** Consider Approving Minutes for the June 6, 2017 Special Board Meeting for Budget.
4. **Action Item:** Consider Approving Minutes for the June 6, 2017 Special Board Meeting for Public Hearing.

5. **Action Item:** Accept Electric, Water and Cable Financial & Statistical Data for May 2017.
6. **Action Item:** Consider Approval of Workers' Compensation Insurance Renewal.
7. **Informational Item:** Public Comment Period.
8. **Informational Item:** Departmental Reports:
  - Website Customer Comments
  - Cable Dept.
  - Tanglewood
  - Customer Service
  - Electric Dept.
    - SEPA
  - KyMEA
  - Safety
  - Water Distribution
  - Water Treatment Plant
  - Administration Building
9. **Action Item:** Consider Accepting and Taking Action on Report from Energy and Environmental Economics.
10. **Action Item:** Consider Approving Proposed Retail Electric Rate Increase to be effective July 1, 2017.
11. **Action Item:** Consider Approving Proposed Water Increase.
12. **Action Item:** Consider Approving Consider Approving (1) Business Telephone Features & (2) Business Telephone Services.
13. **Action Item:** Consider Approving 17/18 Fiscal Year Budget and 5-Year Plan.
14. **Action Item:** Consider Executing a Contract with Whitehouse Concrete Construction to Construct a Sidewalk and Bus Pad for the Administration Building.
15. **Action Item:** Present City of Frankfort Comments on the Administration Building.
16. **Action Item:** Consider Award of Bid Invitation #1639—Annual Price Contract for Water Treatment Chemicals (FY 2018).
17. **Action Item:** Consider Award of Bid Invitation #1635 – Annual Price Contract for Tree Trimming Services to Asplundh Tree Expert Company.
18. **Action Item:** Consider Award of Bid Invitation #1637 – Annual Price Contract for Ductile Iron Pipe, Ductile Iron Fittings, Valves, Hydrants and Tapping Sleeves to Ferguson Water Works and Hayes Pipe Co.
19. **Action Item:** Consider Award of Bid Invitation #1636 – Annual Price Contract for the Purchase of Wood Poles to T.R. Miller Mill Company.



20. **Action Item: Consider Renewal of Cable Installation Services to Custom Cable Services.**
21. **Old & New Business:**
  1. **Action Item: Discussion of KyMEA Nondisclosure Agreement**
22. **Informational Item: General Manager's Comments.**
23. **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 for liquidated damages.
24. **Closed Door Session:**

### **BOARD ACTION**

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

1. **Action Item: Consider Approving Minutes for the May 16, 2017 Board Meeting.**

After discussion, Mr. Cubine moved to approve the minutes for the May 16, 2017 Board meeting, the May 30, 2017 Board Meeting, the June 6, 2017 Budget meeting and the June 6, 2017 Public Hearing meeting. Ms. Rosen seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

2. **Action Item: Consider Approving Minutes for the May 30, 2017 Board Meeting.**

Approved in Action Item 1.

3. **Action Item: Consider Approving Minutes for the June 6, 2017 Special Board Meeting for Budget.**

Approved in Action Item 1.

4. **Action Item: Consider Approving Minutes for the June 6, 2017 Special Board Meeting for Public Hearing.**

Approved in Action Item 1.

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

Mr. Denton discussed the statement of net position for the period ending May 31, 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. He stated that the cash activity report and check register was also included in the Board package information.

Mr. Cubine moved to accept the financial and statistical data for May 2017. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

6. **Action Item: Consider Approval of Workers' Compensation Insurance Renewal.**

Staff recommends that the Board approve the renewal of its workers' compensation policy with Kentucky Employers Mutual Insurance (KEMI). The renewal premium, effective July 1, 2017, decreased by \$6,313 or 4.8% less than last year. This is the lowest workers compensation insurance premium in 10 years.

Mr. Price explained specifics of the policy renewal as noted above. Mr. Hamilton added that the reason for the favorable rates was the good work of FPB's Safety program.

Mr. Cubine moved to approve the worker's compensation insurance renewal as presented. Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

7. **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.

8. **Informational Item: Departmental Reports:**

**Website Customer Comments:** Mr. Goodlett noted that there were two customer comments.

**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 cable advisory meeting minutes, the monthly progress reports from Engineering Associates and the Tanglewood mitigation update. Mr. Cubine offered accolades to Wayne McDonald on an outstanding job with the Tanglewood residents regarding drainage complaints.

**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 the increase of walk-in customers from April – May, and reported a correction to the report for customer calls. Ms. Avery discussed the stats for the opening day at the new Admin building and commended staff for working overtime and doing a great job on opening day. In response to Mr. Cubine, Ms. Avery stated that most customers liked the drive thru rather than having to get out of their vehicles. Mr. Bannister added that the drop box downtown will remain in place for customer use.

**Electric Dept.:** Mr. Harrod explained information regarding outages and explained the total number of customers effected for the month of May. He stated that the yearly average for SAIDI is 33.7. Mr. Cubine complimented the crews that worked on Sunday 6/18/17 for the Shady Lane outage and said they did an outstanding job. Ms. Rosen stated her appreciation as well.

**SEPA:** Mr. Bannister explained information included in the SEPA graphs for the month of April 2017. He noted a loss of \$16,175. for the month of April. He noted that we received \$33.94/mwh but we were charged \$41/mwh, which was the reason for the loss.

**KyMEA:** Mr. Foster stated that the last KyMEA meeting was held May 25, 2017 and that the discussion was mostly routine and housekeeping. There was discussion of electing officers and they decided to maintain the current officers, a budget was also approved. Mr. Foster added that KyMEA hired a search firm to find a CEO and he explained where to find the KyMEA minutes FPB's website. He stated that the next meeting would be Thursday June 22, 2017 in Bowling Green. Items on the Agenda for that meeting are: E3 recommendations, confidentiality policy, executive search

status, salary, benefits, office location, and possibly locating the office in FPB's admin building in Frankfort.

**SAFETY:** Mr. Higginbotham noted no (0) OSHA recordable accidents and one (1) vehicle accident.

**Water Distribution:** Mr. Smith noted seven (7) main breaks and five (5) outages for the month of May. Mr. Smith discussed the progress of the reservoir and upcoming inspections with a timeline of when it will back online. Mr. Smith added information about construction on St. Clair Mall and plans for a water fountain in the future detailing location of said fountain. Mr. Baldwin asked that we pull the café permit to make sure we are not imposing on any easements for the surrounding businesses.

**Water Treatment Plant:** Ms. Roney stated that the water treatment plant produced 279 million gallons of potable water with an average daily production of 9 million gallons per day she noted it was an increase over production from this time last year. She further discussed rainfall and river flows.

**Administration Building:** Ms. Dutta stated employees moved from the downtown office on Friday officially opening for business on Monday. She stated that Customer Service did a great job, she thanked Ms. Lindsey for organizing the opening to welcome our guests to the new building. She stated that we are in the warranty period and that contractors are addressing issues as they arise. She thanked her supervisor, the board, staff and the rest of her coworkers for their outstanding work during the entire process. She added thank yous to GRW design and Marillia design and construction.

9. **Action Item: Consider Accepting and Taking Action on Report from Energy and Environmental Economics.**

Mr. Cubine moved to accept the report, Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion carried with a vote of 4-1. Mr. Ludwig, Mr. Cubine, Mr. Baldwin and Ms. Rosen voted yes. Dr. Green voted no.

Mr. Cubine moved to send the list of eleven items as presented to the board prior to the meeting to KyMEA for review and response. Mr. Baldwin seconded.

In discussion Dr. Green noted objections and stated that he believed it could have been handled without the study.

Mr. Baldwin discussed the process in obtaining documentation from KyMEA. In response, Mr. Musson stated that the documents could be delivered if FPB signed the non-disclosure agreement (NDA) as provided. In addition, Mr. Musson stated that KyMEA was looking to revise its policy for release of documentation. He further stated that KyMEA was very pleased with the E3 study and that they would review and respond to the eleven items whether FPB's board approved them or not.

Mr. Liebman stated that the documentation was given to him with the understanding that it not be distributed until NDA's were signed by the board, the NDA's were not signed so the board did not have the documentation at this time. In response to Ms. Rosen, Mr. Musson stated that the original NDA's did not include this particular request for information. Mr. Musson stated that he would take the concerns to the KyMEA board on Thursday.

Mr. Cubine stated that the board owes it to our customers to go through this process. In addition, he moved that the eleven items be given to KyMEA and allow them to respond. Dr. Green stated that he was opposed to one of the items: extending the E3 contract and asked where the eleven items came from. Mr. Cubine responded that he and Mr. Baldwin worked on the list together and that in the interest of time wanted to vote to give the list to the KyMEA for them to respond. Mr. Ludwig gave an overview of how much work has gone into forming the KyMEA and he didn't want to derail and get off schedule. He stated giving them a long list of demands could



derail the process. For that reason, he stated he was not in favor of the motion but he was in favor of relying on Mr. Musson's good faith and give them the list.

Dr. Green asked if this was a motion to give the list to Mr. Musson and Mr. Cubine confirmed this was a motion to give the list to Mr. Musson stating that the preliminary response was due on August 4. Mr. Cubine also stated that it needs to be on record that we asked every tough question we could because of the longevity of this deal. He stated that future board members would inherit what is done here today.

Ms. Rosen stated that we are a big part of KyMEA and by saying we are in favor of these things it gives legitimacy to these requests. Mr. Baldwin added that the goal is to find an optimal solution for the power for our community for decades to come. He also added that there are serious questions pointed out in the report from E3 and now is the time to address these issues.

Mr. Ludwig asked if the motion was to submit this formally or to submit it informally to Mr. Musson. Mr. Cubine stated that his motion is to adopt it formally and submit it. Mr. Ludwig asked for a vote to formally submit this motion to KyMEA. The motion carried with a vote of 3-2. Mr. Cubine, Mr. Baldwin, Ms. Rosen voted yes. Dr. Green and Mr. Ludwig voted no.

**10. Action Item: Consider Approving Proposed 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.

As a matter of course, the Board approved the Notice of a Public Hearing on May 16th, 2017 and a Public Hearing was conducted on June 6th, 2017. No oral or written comments were received from the public hearing. Staff recommends that the Board approve the proposed electric rate increase effective July 1, 2017.

**The current and proposed rates for electric services are:**

<u>Rate Classification</u>	<u>Existing Rate</u>	<u>Proposed Rate</u>
<b>Residential (Rate 10)</b>		
Energy Charge (all kWh)	\$0.08899	\$0.09400
Power Cost Adjustment (variable)	variable	variable
Customer Charge	\$10.75	\$11.45
<b>General Service (Rate 15 &amp; 18)</b>		
Energy Charge (all kWh)	\$0.09300	\$0.09665
Power Cost Adjustment (variable)	Variable	Variable
Customer Charge	\$16.00	\$18.50
<b>Large Power Customer (Rate 20)</b>		



Energy Charge (all kWh)	\$0.05770	\$0.05875
Demand Charge	\$10.80	\$12.12
Power Cost Adjustment (variable)	Variable	Variable
Customer Charge	\$70.00	\$75.00
<b>Large Power – High Load Factor (Rate 21)</b>		
Energy Charge (all kWh)	\$0.05185	\$0.05310
Demand Charge	\$10.45	\$11.83
Power Cost Adjustment (variable)	Variable	Variable
Customer Charge	\$175.00	\$225.00
<b>Municipal (Rates 2 &amp; 19)</b>		
Energy Charge (all kWh)	\$0.08500	\$0.08950
Power Cost Adjustment (variable)	Variable	Variable
Customer Charge	\$16.00	\$18.50
<b>Company Use (Rates 3 &amp; 17)</b>		
Energy Charge (all kWh)	\$0.08500	\$0.08950
Power Cost Adjustment (variable)	Variable	Variable
<b>Outdoor Lighting (Rate 1)</b>		
Security Lights		
129 Watt LED	\$12.36	\$13.06
175 Watt Light (HPS)	\$10.67	\$11.28
400 Watt Light (HPS)	\$13.76	\$14.54
250 Watt Light (HPS)	\$12.36	\$13.06
100 Watt Light (HPS)	\$8.89	\$9.40
91 Watt Light (LED)	\$12.36	\$13.06
Street/Signal Lights		
Energy Charge (all kWh)	\$0.08859	\$0.09364
Power Cost Adjustment (variable)	Variable	Variable
Customer Charge	\$16.00	\$18.50
<b>Area Lighting</b>		
1000 Watt Directional Fixture	\$27.58	\$29.15
1000 Watt MH with 35' Metal Pole	\$32.36	\$34.20
1000 Watt MH with 35' Wood Pole	\$29.69	\$31.38
1000 Watt MH with 45' Metal Pole	\$36.70	\$38.79
250 Watt Directional Fixture	\$9.54	\$10.08
250 Watt MH with 35' Metal Pole	\$14.33	\$15.15
250 Watt MH with 35' Wood Pole	\$11.63	\$12.29
320 Watt Directional Fixture	\$13.44	\$14.21
320 Watt MH with 35' Metal Pole	\$18.23	\$19.27
320 Watt MH with 35' Wood Pole	\$15.54	\$16.43
400 Watt Directional Fixture HPS	\$13.44	\$14.21
400 Watt Directional Fixture MH	\$13.44	\$14.21
400 Watt HPS with 35' Metal Pole	\$18.23	\$19.27
400 Watt HPS with 35' Wood Pole	\$15.54	\$16.43
400 Watt MH with 35' Metal Pole	\$18.23	\$19.27
400 Watt MH with 35' Wood Pole	\$15.54	\$16.43

The above rates are proposed to be effective July 1, 2017.

Mr. Foster read the above statement and summarized the reasons behind the electric rate increase. He stated that this rate increase will cost on average \$6.71 for the average residential customer. Mr. Cubine stated KU is imposing this rate



increase he then asked if we have any other option. Mr. Foster responded that if we do not increase our rates we would go into the red the first month.

Mr. Cubine moved that we approve the rates, Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

**11. Action Item: Consider Approving Proposed Water Increase.**

The recent Cost of Service study indicated that the revenue streams for the water department continue to fall short of revenue requirements. In addition, reserve levels together with ongoing and future projects indicate additional revenue increases will be required. In an effort to minimize larger future rate increases, staff recommended smaller incremental rate increases in the future.

As a matter of course, the Board approved the Notice of a Public Hearing on May 16, 2017 and a Public Hearing was conducted on June 6, 2017. No oral or written comments were received at that time. Staff recommends that the Board approve the proposed water rate increase effective August 1, 2017 or as soon thereafter as the material may be presented to the City Commission pursuant to HB 1.

**The current and proposed rates for water services are:**

	RATE	<u>Existing Rate</u>	<u>Proposed Rate</u>
	<b><u>CITY &amp; COUNTY CUSTOMERS</u></b>		
	Customer Charge Per Month:		
1	5/8 Inch	\$7.60	\$8.30
2	3/4 Inch	\$11.40	\$12.45
3	1 Inch	\$19.00	\$20.75
4	1 ½ Inch	\$38.00	\$41.50
5	2 Inch	\$60.80	\$66.40
6	3 Inch	\$114.00	\$124.50
7	4 Inch	\$190.00	\$207.50
8	6 Inch	\$380.00	\$415.00
9	8 Inch	\$608.00	\$664.00
	<b><u>CITY CUSTOMERS</u></b>		
	Consumption Charges, Per Thousand Gallons		
10	Residential	\$4.95	\$5.25
11	Commercial/Public	\$4.50	\$4.65
12	Industrial	\$2.75	\$2.96
	<b><u>COUNTY CUSTOMERS</u></b>		
	Consumption Charges, Per Thousand Gallons		
13	Residential	\$6.49	\$6.49
14	Commercial/Public	\$4.50	\$4.65
15	Industrial	\$2.75	\$2.96
	<b><u>FIRE SERVICES</u></b>		
16	2 Inch Line	\$11.10	\$11.57
17	3 Inch Line	\$22.18	\$23.12
18	4 Inch Line	\$41.50	\$43.25
19	6 Inch Line	\$82.97	\$86.47
20	8 Inch Line	\$110.61	\$115.27
21	10 Inch Line	\$138.29	\$144.12
22	12 Inch Line	\$172.91	\$180.20



	<b><u>SALES FOR RESALE – WATER PRODUCERS</u></b>		
23	Consumption Charges, Per Thousand Gallons	\$3.60	\$3.77
	<b><u>WATER LOADING STATION AND MISC SALES</u></b>		
24	Consumption Charges, Per Thousand Gallons	\$7.08	\$7.48
	<b><u>FPB GRATIS WATER</u></b>		
25	Consumption Charges, Per Thousand Gallons	\$0.819	\$0.865

The above rates are proposed to be effective August 1, 2017.

Mr. Billings read the statement above and summarized reasons for the water rate increase. He stated that the average city residential customer would see about \$1.90 per month increase. He also stated that we are putting water into customers' homes for about \$1.00 per day.

Mr. Cubine moved that we approve the rate increase, Mr. Baldwin seconded. Mr. Ludwig called for a vote and the motion was passed unanimously.

**12. Action Item: Consider Approving (1) Business Telephone Features & (2) Business Telephone Services.**

Staff recommends the approval of proposed additional features and services to the FPB Cable-Telecom Business Phone line-up. These additional features and services have been requested by existing and potential customers and will be optional to FPB Business Telephone customers.

The Board approved a Public Hearing on May 16, 2017 and that Public Hearing was conducted on June 6, 2017 regarding these additional features and services. No public comments were received. If approved, the additional features and services would be available August 1, 2017 to FPB Business Telephone Customers.

The proposed features, services, and rates are:

<b>Business Telephone Features Additions</b>	<b>Existing Monthly Rate</b>	<b>Monthly Rate</b>
Call Transfer Disconnect	N/A	\$2.00
Telebranch (plus Long Distance)	N/A	\$15.00
Unavailable Call Forwarding	N/A	\$3.00
Reserved Telephone Number	N/A	\$2.00
Complex Listing per line	N/A	\$3.00
Vfax (incoming faxes only)	N/A	\$5.00
Ultimate Vfax per line (plus \$0.06 per page)	N/A	\$5.00
PRI DID Parked	N/A	\$1.00
<b>Business Telephone Service Additions</b>		
PRI Line	N/A	\$650
T-1 Line w/Existing FPB Fiber Service	N/A	\$400
PRI Line w/Existing FPB Fiber Service	N/A	\$400
Partial PRI (per concurrent call) First business line unlimited, each additional line secondary price	N/A	\$44.95 First Line \$21.45



		Secondary Lines
<b>Hosted PBX Service</b>		
Basic Station	N/A	\$16.00
Standard Business user	N/A	\$21.45
Standard Business user w/Unlimited Long Distance	N/A	\$25.00
Call Center User - Agent	N/A	\$30.00
Call Center User - Supervisor	N/A	\$30.00
<b>Optional Hosted PBX Services</b>		
Easy Auto Attendant (Business Group)	N/A	\$3.00
Premium Auto Attendant (Business Group)	N/A	\$5.00
Music On Hold (Business Group)	N/A	\$3.00
Soft Client (User)	N/A	\$2.00
Hunting for standard business user	N/A	\$6.00
Multi-Line Hunt Group Pilot (Virtual TN)	N/A	\$7.50
<i>Installation, hardware, and other non-recurring services charges negotiated by contract.</i>		

Mr. Columbia read the above statement summarizing the new features to be made available to FPB business telephone customers.

Mr. Ludwig asked if the features, services and rates were optional and Mr. Columbia answered that yes they were optional features and services.

Mr. Cubine moved that we approve the features and adopt the rates schedule. Mr. Ludwig seconded. Mr. Ludwig called for a vote and the motion was passed unanimously.

**13. Action Item: Consider Approving 17/18 Fiscal Year Budget and 5-Year Plan.**

Mr. Denton gave a summary of the work session and detailed meetings concerning the revised budget and 4-year plan.

Mr. Cubine commended Mr. Denton and staff on a job well done and asked if all board initiatives were included in the revised budget. Mr. Denton confirmed that revisions were made and changes were included in the revised version of the budget.

Mr. Cubine moved to adopt the budget and Mr. Baldwin seconded.

Mr. Bannister clarified line items concerning office space and future plans to analyze the Data Center as well as a space analysis.

Mr. Ludwig asked for more details on cable and primary focus on outside infrastructure and how it fits into the budget. Mr. Denton gave a breakdown of the cable budget as it pertains to infrastructure and how much money was spent and is left to be spent to complete those projects. Mr. Higginbotham added that money was set aside in the budget for when they received a report back from Engineering Associates and that staff would revisit at a later time.

Ms. Rosen expressed her appreciation to staff for their hard work on the budget. Mr. Denton used this opportunity to thank his staff: Katrina, Angela, Andrea, Charlie and Jennifer as well as the entire staff for all their hard work. Mr. Ludwig echoed those accolades and asked for a vote. And the motion passed unanimously.



14. **Action Item: Consider Executing a Contract with Whitehouse Concrete Construction to Construct a Sidewalk and Bus Pad for the Administration Building.**

Per the May 2017 board meeting, it was requested that staff research constructing a sidewalk to the front of the building. A drawing of the proposed sidewalk and bus pad is included in the board package.

Staff requested three quotes, which are summarized below.

Whitehouse Concrete Construction:	\$ 7,975.00
Karsner Construction Co. Inc:	\$ 8,578.00
ADE Contracting Inc:	\$11,440.00

Per Board approval, Staff will proceed with executing the contract with the low bidder, Whitehouse Concrete Construction for \$7,975.00.

Ms. Dutta explained the above information and added that the city of Frankfort will add a shelter to the bus pad.

Dr. Green asked if a bike rack would be included in this bid. Ms. Dutta responded that Ms. Phillips and Mr. Redmon have done research and found some fairly inexpensive bike racks that we will order and handle through support services. Ms. Rosen asked if this will come out of the support services budget and Mr. Redmon confirmed.

Mr. Cubine moved to approve the proposal and Mr. Ludwig seconded. Mr. Ludwig called for a vote and the motion passed unanimously.

15. **Action Item: Present City of Frankfort Comments on the Administration Building.**

The City of Frankfort reviewed the Administration Building site and provided comments based on their site visit. Staff has met with the City of Frankfort to further discuss.

Ms. Dutta outlined her meeting with the city of Frankfort and their suggestions for landscaping the new facility to meet with planning and zoning requirements. Ms. Dutta gave specifics on the location of trees to be planted, and landscape islands that will be added to the parking lots as well as the addition of a hedgerow on the side of the parking lot facing the road, with a tree planted every 25 feet. This would require fifty (50) shrubs and seven (7) trees. She stated that she has reached out to two local nurseries as well as two in Lexington for bids and they have responded that the best time to plant is in the fall. She stated that this was an informational item and requested direction on the matter.

Mr. Cubine stated that Mayor May commended the plant board on working with the city of Frankfort on a utility arboretum where they have trees that will not grow into the power lines. Mr. Foster stated that the arboretum was right outside the service center and anyone could come look at the different type of trees that are utility friendly. Mr. Ludwig stated that Ms. Dutta was right on track with her plans.

Ms. Dutta stated that the sign needed to be adjusted and pulled away from utility lines and drainage ditches.

In response to Mr. Baldwin, Ms. Dutta stated that the sign has the address for delivery purposes, etc. and the sign is needed. Ms. Rosen asked if a message could be written on the back of the sign with vinyl letters a "thank you" and Ms. Dutta responded yes.

Ms. Rosen stated that she had talked with Keith Chastain with the Army Corp of Engineers in Louisville about pollinator friendly plants to replace landscaping



plants. She has arranged an informational meeting to be held at FPB on July 11<sup>th</sup> at 10am. Ms. Rosen asked the other board members if the meeting on that date needed to be an official board meeting, with a quorum and no other members were available to attend the meeting. Mr. Ludwig stated that the meeting would not be an official board meeting. Ms. Rosen stated that media services would tape the meeting for later viewing if anyone wished to do so.

Mr. Bannister asked for clarification on the plans for the sign out front. Mr. Cubine responded that it was to be turned facing the road, a message placed on the back of the second sign and we were going to keep the sign since it was already there. Ms. Dutta reiterated that the sign was useful for deliveries and visitors to the plant board. Mr. Smith stated that it would be a simple fix.

The board directed Ms. Dutta to proceed with the plans for landscaping, signage, and bike rack as discussed.

**16. Action Item: Consider Award of Bid Invitation #1639—Annual Price Contract for Water Treatment Chemicals (FY 2018).**

Staff prepares an annual bid for the chemicals used in water treatment. The bid includes estimated quantities and also explains that order could exceed or fall short of the estimates. Vendors bid with the understanding that the bid's purpose is to hold unit price throughout FPB's fiscal year.

This bid received 24 responses. Staff reviewed each bid and recommends awarding to the low bidders meeting specifications with the exception of Powdered Activated Carbon and bulk Sodium Chloride (explanations below).

Chemical	FY 18 Company	FY 18 Bid	Difference (%) between FY 17 and FY 18
Liquid Ferric Chloride	PVS Technologies	\$197.80	5.8%
Liquid Sodium Hydroxide	Univar	\$0.1401	37.4%
Polyaluminum Chloride	USALCO	\$0.1500	26.1%
Powdered Activated Carbon	Calgon Carbon*	\$0.7700	6.9%
Hydrofluorosilicic Acid	Penco	\$0.1200	-33.3%
Anhydrous Ammonia	Airgas	\$0.9500	3.3%
Potassium Permanganate	Chemrite	\$1.5780	-4.3%
Sulfuric Acid	Chemical Resources	\$0.1200	50.0%
Zinc Orthophosphate	Shannon	\$0.4872	3.0%
OSG Sodium Chloride	Morton Salt**	\$214.6800	0.0%
Water Softener Salt	Chemical Resources	\$0.1948	8.8%

\*Based on highest removal of geosmin and MIB (taste/odor compounds)

\*\*Contract extended/No bids received

As of May 31, 2017, chemical purchases total \$330,244 for the year with one (1) month remaining. Staff has requested \$400,000 in the proposed FY 18 budget for chemical purchases.

Ms. Phillips read the above statement to the board and answered questions regarding the vendors and chemicals. Mr. Cubine moved to adopt the recommendation and Mr. Ludwig seconded. Mr. Ludwig called for a vote and the motion passed unanimously.

**17. Action Item: Consider Award of Bid Invitation #1635 – Annual Price Contract for Tree Trimming Services to Asplundh Tree Expert Company.**



FPB's existing tree trimming contract will expire June 30, 2017. After evaluating all bids, staff recommends awarding to Asplundh Tree Expert Company as they are the low bidder meeting specifications. Pricing for the upcoming year includes a 33% increase from last year. This bid invitation was sent to six companies with two responses, one late response, and one that was a "no bid" response. This contract includes two full time crews and one part time crew used during the growing season to help with hot spots and annual spraying crew but does not include any overtime resulting from storms and incidents that would require them to perform additional work.

As of May 31, 2017, FPB has spent \$634,422 (\$492,039 for electric and \$142,383 for cable) for tree trimming services. The proposed budget for 2017-2018 includes \$575,000 for the electric department and \$175,000 for the cable department. Budgeted amounts include the contract price as well as historically estimated overtime. This new contract will run from July 1, 2017 thru June 30, 2018. The contract has an annual renewal option up to five years. Staff attorney has reviewed the contract and meets his approval.

Ms. Phillips read the above statement and after some discussion by the board concerning the lower rate of Asplundh, and the quality of their work, Mr. Cubine moved to approve the contract. Dr. Green seconded. Mr. Ludwig called for a vote and the motion passed unanimously.

18. **Action Item: Consider Award of Bid Invitation #1637 – Annual Price Contract for Ductile Iron Pipe, Ductile Iron Fittings, Valves, Hydrants and Tapping Sleeves to Ferguson Water Works and Hayes Pipe Co.**

Most of FPB's ductile iron pipe, ductile iron fittings, valves, hydrants and tapping sleeves are purchased from an annual price contract. The material is kept in FPB's inventory and needs to be replenished periodically. Orders for this material depends on new development and the maintenance and repair of old material. Vendors bid with the understanding that they are locking in unit pricing for the year and not for a certain quantity of material.

This year's bid invitation was sent to 14 vendors with four responses. After evaluating all bids, staff recommends awarding the pipe, valves, hydrants, and tapping sleeves to Ferguson Water Works as they were the low bidder meeting specifications. Staff recommends awarding the fittings to Hayes Pipe Company as they are the low bidder. The bid states that each category would be awarded on an "all or none" basis. Pipe prices are down 5.9%, fittings are down 19.7%, valves are down 5.4%, hydrants are up 12.8%, tapping sleeves are down 5.7%.

As of June 12, 2017 FPB has purchased approximately \$115,674 from the current contract.

Ms. Phillips presented the above information to the board regarding the proposed contract and answered questions. Mr. Cubine moved to approve the contract and Mr. Ludwig seconded. Mr. Ludwig called for a vote and the motion passed unanimously.

19. **Action Item: Consider Award of Bid Invitation #1636 – Annual Price Contract for the Purchase of Wood Poles to T.R. Miller Mill Company.**

FPB's inventory of wood poles is purchased from an annual price contract. These poles are ordered as needed to maintain inventory levels. The bid is to obtain the best price and to hold pricing for the entire fiscal year. Staff estimates the quantity of poles on the annual bid. Vendors bid with the understanding that orders may exceed or fall short of estimated quantities.

Staff reviewed all bids and recommends awarding to T.R. Miller Mill Company as they are the lowest bid meeting specifications.



As of June 1, 2016 FPB has purchased approximately \$51,687 in wood poles so far in the current fiscal year. The new pricing reflects a price decrease of 3.8%

Ms. Phillips presented the above information to the board regarding the proposed contract. Mr. Cubine moved to approve the contract and Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

20. **Action Item: Consider Renewal of Cable Installation Services to Custom Cable Services.**

Custom Cable has offered to extend its pricing, terms and conditions of Bid Invitation #1623 for another 12 months, ending June 30, 2018. These services are needed to assist in the installation of cable TV, telephone and broadband products in the Cable/Telecom Department. Custom Cable has successfully provided these services to FPB for several years and has met all of the requirements in the bid specifications.

Staff has budgeted \$250,000 for these services in the FY18 budget and expects to utilize all of the available funds for the assistance in installation of Cable-Telecom services.

Mr. Higginbotham read the above proposal. In response to Mr. Baldwin, Mr. Higginbotham explained that work is done on an as needed basis, no guarantee of work for the contractors. Mr. Higginbotham also added that the HR department is starting the process to hire two (2) new cable installers to assist with the demand on the current installers due to the turnover in the past year. He also added that it takes up to 12 months for those hires to be fully trained and working independently. Mr. Higginbotham stated that he expects new hires to be here by September. He also explained turnover in the last year due to promotions and other circumstances.

Mr. Higginbotham stated that in past years we budgeted \$325,000 so it has been cut back. He also stated that so far this year we have spent \$270,000 for Custom cable services and expect to spend another \$12,000 before the end of the fiscal year.

In response to Mr. Baldwin, Mr. Higginbotham responded that the agreement does not guarantee any work or dollar amount so it is possible to decrease the number of contractors we use at any time.

Mr. Cubine asked Ms. Schneider what the applicant pool looked like for potential cable installers. Ms. Schneider deferred the question to Mr. Goodlet who answered that we don't get as many applicants as in past years but we still get a good number. Mr. Higginbotham added that it takes about 3 months during the hiring process.

Mr. Cubine moved to approve the contract. Dr. Green seconded. Mr. Ludwig called for a vote and the motion carried.

21. **Old & New Business:**

Dr. Green stated that if two members held a meeting that the Secretary/Treasurer should be notified pursuant to the statute. Mr. Cubine stated that two board members could meet and talk with out there being a meeting and special meeting was not required.

After further discussion, it was decided that the Board Attorney and Staff Attorney would research and write an opinion regarding the requirements of calling a special meeting and notification of the Secretary/Treasurer.



**1. Action Item: Discussion of KyMEA Nondisclosure Agreement**

After discussion it was decided that no action should be taken at this time. The Board will await a decision on policy changes from KyMEA.

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

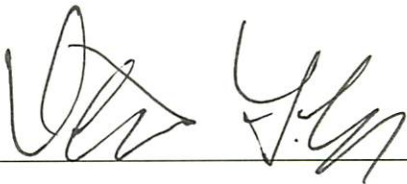
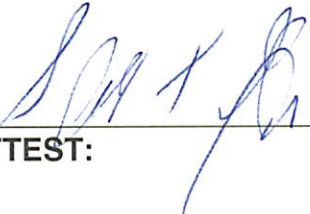
None

**23. 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 for liquidated damages.**

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

**24. Closed Door Session:**

With no further business to discuss, the meeting was adjourned.

  
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**ATTEST:**