



MINUTES

FPB Board Meeting

5:00 PM - Tuesday, January 18, 2022
Community Room- Zoom

The Frankfort Plant Board met on Tuesday, January 18, 2022 at 5:00 PM in the Community Room- Zoom.

ATTENDANCE:

John Cubine, Board Chair
John Snyder, Board Vice Chair
Stephen Mason, Board Secretary/Treasurer
Kathryn Dutton-Mitchell, Board Member
Jason Delambre, Board Member
Gary Zheng, General Manager
David Billings, Director of Water Operations
Harvey Couch, Marketing Video Content Coordinator
Katrina Cummins, Finance Director
David Denton, Chief Financial Officer
Vent Foster, Chief Operations Officer
Cassie Estill, Customer Service Supervisor
Adam Hellard, Cable/Telecom Superintendent
Scott Hudson, Electric Superintendent
Cathy Lindsey, Communications & Marketing Director
Kathy Poe, Executive Assistant to GM
Hance Price, Assistant GM Administration/Staff Attorney
Kim Phillips, Safety Director
JC Lyons, Interim Safety Director
Leigh Ann Phillips, Support Services Director
Julie Roney, Water Treatment Superintendent
Scott Stafford, Media Services Manager
Deron Rambo, Network Operations Center Director
Travis McCullar, Chief Electric Engineer
Jennifer Hellard, Purchasing Agent
Nichell Brown, Human Resource Director
Shane Holt, Asst. Cable/Telecom Superintendent
David Columbia, Community Television Coordinator
Brian Bourne, Water Distribution Superintendent
State Journal

- 1 NOTICE OF REGULAR MEETING VIDEO TELECONFERENCE
 - 1.1 NOTICE OF VIDEO MEETING.

2 ACTION ITEM: APPROVAL OF MINUTES

- 2.1 Consider Approval of the Minutes for the December 17, 2021 Special Board Meeting.

John Snyder moved to approve the Minutes for the December 17, 2021 Special Board Meeting. Stephen Mason seconded the motion.

CARRIED. 5 to 0.

- 2.2 Consider Approval of the Minutes for the January 10, 2022 Special Board Meeting.

John Snyder moved to approve the Minutes for the January 10, 2022 Special Board Meeting. Jason Delambre seconded the motion.

CARRIED. 5 to 0.

3 ACTION ITEM: ACCEPT FINANCIALS

- 3.1 Consider Accepting the Financial Statements for Month Ending December 31, 2021.

Kathryn Dutton-Mitchell moved to Accept the Financial Statements for Month Ending December 31, 2021. Jason Delambre seconded the motion.

CARRIED. 5 to 0.

4 ACTION ITEM: FPB INSURANCE POLICY RENEWALS

- 4.1 Consider Approving Renewal of FPB's Insurance Policies. *(Hance Price and Charlie Hamilton will discuss)*

FPB's current insurance coverages expire February 5, 2022. Staff has completed renewal forms and worked with Charlie Hamilton at Powell Walton Milward to obtain the best coverage and prices available. Staff is prepared to renew the coverages shown in the detail section upon the Board's approval.

Given the insurance markets, the cost to renew has increased substantially and Staff is presenting two (2) options for the Board's consideration:

A. Renew all coverages in their current amounts for a total premium of \$1,192,511.16. This represents a 24.68% increase over last year's total premium in the amount of \$956,461.17.

B. Renew all coverages; except dropping the 5M excess cyber coverage (saving \$94,494.40) and the 5M excess directors and officers coverage (saving \$52,577.29). This would leave 5M for cyber coverage and 5M for directors and officers coverage. This results in a total premium of \$1,045,439.17 and

represents a 9.3% increase over last year's total premium in the amount of \$956,461.17.

Our account was submitted to 47 different insurance companies to obtain pricing. While pricing in all areas increased, the three (3) areas that increased the most and, hence, increased our total premium were:

- Excess cyber coverage increased 156.27% from \$36,873.00 to \$94,494.40. Cyber rates have increased from 100% to 300% even for businesses with superior controls due in part to increasing ransomware attacks.
- Errors and Omissions and Network Security and Privacy Liability increased 96.44% from \$56,563.27 to \$111,114.40.
- The commercial umbrella increased 26.37% from \$138,554.00 to \$154,791.00. Umbrella rates have been higher when fleet exposures are involved.

Finally, our environmental liability policy (pollution coverage) renewed this year. It was a three (3) year term that was secured in 2019 at premium of \$32,733.00. It renews at a premium of \$38,667.00. This is an increase of 18.3% for another three (3) year term.

Staff does not believe that the pricing is a matter of FPB's loss history or "insurability," but rather a result of market forces. For instance, in 2012/2013, FPB's total premium (including workers' compensation, but excluding the pollution coverage which renews on a three (3) year term), was \$825,389.80. The next year, the 2013/2014 renewal, actually decreased 1.7% to \$811,335.42. Then, from 2015 to 2020, the increase averaged (decreasing from 2017 to 2019) 1% per year (.96%).

The insurance information as well as the ten (10) year policy premium comparison is included in the detail section of your board package. Powell Walton Milward has surveyed the marketplace and found that these policies offer the broadest coverages at the most competitive prices.

Staff recommends renewal of the policies based on the Board's preference for coverage levels balancing potential savings against lower coverage amounts.

John Snyder moved to Renew FPB's Insurance Policies Keeping the Current Policy Coverage Limits. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 0 to 0.

5 INFORMATIONAL ITEM: PUBLIC COMMENT

5.1 None.

6 INFORMATIONAL ITEM: DEPARTMENTAL REPORTS

- TELECOMMUNICATIONS
- POTENTIAL OR AGREED UPON RELATED PARTY TRANSACTIONS
None
- CUSTOMER SERVICE
- ELECTRIC DEPARTMENT
- SEPA
- KYMEA
- SAFETY
- WATER DISTRIBUTION
- WATER TREATMENT PLANT
- NETWORK OPERATIONS CENTER (NOC)

7 ACTION ITEMS:

- 7.1 Consider Award of Bid Invitation #1737 for one Power Transformer to Howard Power Solutions in the Amount of \$636,000.

Staff prepared an invitation for one substation class power transformer and distributed it among potential vendors. In total, seven bid responses were received. After reviewing all bids, staff recommends awarding to Howard Power Solutions in the amount of \$636,000 with a delivery of 24 weeks.

Bids were evaluated on a total ownership cost formula (see page 8 of bid invitation), which accounted for energy losses over the life of the transformer. Based on this evaluated cost, Howard Power Solutions submitted the lowest bid and met specifications, while also presenting the shortest lead time.

This transformer pertains to the ongoing Capital Plaza Substation reconstruction effort as part of the Replace T54 project. This purchase is included in the 2021-2022 companywide capital additions budget, Page 17, Line Item 80. The amount included in the budget for this project is \$2,328,000.

Kathryn Dutton-Mitchell moved to Award Bid Invitation #1737 to Howard Power Solutions in the Amount of \$636,000. Stephen Mason seconded the motion.

CARRIED. 5 to 0.

7.2 **Action Item: Consider Approving Public Hearing Notice covering: (1) Increasing rate for Cable Network Pass-Through Fee, (2) Increasing rate for Bulk cable I and Bulk cable II, and (3) Update Cable 10 program duplication policy. (Harvey Couch will discuss)**

As always, these proposed rate increases are a direct pass-through of increased programming costs of the networks on Classic Cable. Also, this is not a result of a single agreement - each of the 8 major media companies own a piece of this increase.

Staff recommends the Board approve the Public Notice for the purpose of conducting a public hearing at the next meeting of the Frankfort Plant Board.

1. ***Increase rate for Cable Network Pass-Through Fee***

The public notice proposes to increase the Cable Network Pass-Through Fee from \$59.66 per month to \$60.19 per month effective May 1, 2022. This fee is a direct pass-through of the monthly fees paid by FPB to cable networks for the right to distribute their programming. This is a 0.9% increase. The Customer Charge will remain unchanged at \$12.79 per month.

2. ***Increase rate for Bulk Cable I and Bulk Cable II***

The public notice proposes to increase the rate for Bulk Cable I from \$14.80 per outlet per month to \$15.25 per outlet per month effective May 1, 2022. Bulk Cable I, as defined in the FPB Tariff, typically includes hotels and KSU dormitories. Staff proposes to increase the rate for Bulk Cable II from \$25.81 per outlet per month to \$26.60 per outlet per month effective May, 2022. Bulk Cable II, as defined in the FPB Tariff, typically includes office complexes with more than 8 outlets. These increases are the same percentage as Classic Cable and are needed to keep pace with increases in the wholesale license fees FPB must pay to programmers.

3. ***Update Cable 10 program duplication policy***

As of July 1, 2021 Cable 10 began to archive Cable 10/Local Original programming as digital files. Digital file storage provides more reliable long-term storage of programming. This change was made to better protect historic programming and to add the ability to have back-up storage of historic programming off-site. Another major factor in the change is the lack of professional DVD authoring software available and the decline in DVD players in customers' homes.

Copies of Cable 10/Local Origination programming recorded before July 1, 2021 will be available on DVDs for purchase or on the new digital file format if requested by the customer. Copies of Cable 10/Local Origination programming recorded after July 1, 2021 will only be available as a digital file and will be provided to the customer upon request for \$20 per program.

Stephen Mason moved to Approve Public Hearing Notice covering: (1) Increasing rate for Cable Network Pass-Through Fee, (2) Increasing rate for Bulk cable I and Bulk cable II, and (3) Update Cable 10 program duplication policy. John Snyder seconded the motion.

CARRIED. 5 to 0.

- 7.3 **Consider Award of Bid Invitation #1742 – HDPE Conduit to The Galloway Group in the amount of \$52,250.00. (*Jennifer Hellard will discuss*)**

Staff prepared a bid invitation for HDPE Continuous Roll Conduit. This is kept in FPB's inventory and is replenished as needed. This order is for a larger quantity than we normally keep in inventory and will be used for the FTTH project. The bid invitation was sent to ten vendors and four responses were received. After evaluating all bids, staff recommends awarding to The Galloway Group as they were the lowest bid meeting our specifications.

John Snyder moved to Award Bid Invitation #1742 - HDPE Conduit to The Galloway Group in the amount of \$52,250.00. Stephen Mason seconded the motion.

CARRIED. 5 to 0.

- 7.4 **Consider Approving Salary Adjustments for Specific Positions in the Electric Department to address Pay Compression. (*Nichell Brown to discuss*)**

Recent promotions in the Electric Department have created some situations where tenured employees are paid less than the employees they are currently supervising. Staff asks the Board to consider approving salary adjustments to nine Electric employees to resolve this situation.

In addition to those salary adjustments, Staff asks the Board to consider reclassification of the Assistant Electric Superintendent position from the current grade of 116 to a grade 117.

Blair Johanson our compensation consultant recommends a grade 117 after reviewing the market and current duties and responsibilities for the Assistant Electric Superintendent job description. (See Blair's recommendation in the detail pages)

The new grade for the Assistant Electric Superintendent will create a greater pay grade separation between this position and the reporting Supervisory positions.

The nine salary adjustments and Assistant Electric Superintendent reclassification will have a financial impact of approximately \$30k for the

remainder of FY22. The current FY22 budget is able to absorb the 30k salary increase. Effective date for the ten salary adjustments will be January 1, 2022.

Staff asks the Board to consider approving nine Electric employees' salary adjustments and a reclassification to the Assistant Electric Superintendent position to address pay compression, separation and pay equity issues within the Electric Department.

Kathryn Dutton-Mitchell moved to Approve Salary Adjustment for Nine Electric Employees and a Reclassification to the Assistant Electric Superintendent position to Address Pay Equity Issues within the Electric Department. Jason Delambre seconded the motion.

CARRIED. 5 to 0.

7.5 Consider approval of the development plan for the Franklin County Humane Society. (*Sharmista Dutta will discuss*)

The Franklin County Humane Society has recently finalized their development plan and is routing it for signatures. Approval of the development plan will allow the City to issue the building permit.

Due to portions of the project impacting FPB property as discussed at the November board meeting, it was also discussed that once the development plans were completed, the Board would have an opportunity to review the final plans. The plans are included in the board package for review.

The items that affect the FPB property are the road widening, the 120' access and utility easement, the new waterline extension, some minimal tree removal, and the grading encroachments. The grading encroachments were approved at the November 2021 Board Meeting. Therefore, this request is to approve the additional items.

In addition, the development plan is not officially recorded with the Clerk. A follow up plat with the easements will also be necessary for recording purposes.

If approved, the Board Chairperson's signature on the development plan will grant the necessary approval from FPB for the City to issue the building permit. Also, Staff asks the Board to authorize the General Manager to sign the final plat for recording once it is circulated, unless there are any changes from the development plan.

Jason Delambre moved to Approve Development Plan for the Franklin County Humane Society. Stephen Mason seconded the motion.

CARRIED. 5 to 0.

8 INFORMATIONAL ITEM: GENERAL MANAGERS COMMENTS

- 8.1 NREL - Update on moving forward to develop a roadmap for FPB's renewal energy goals and coordination and partnering with City government to reach goals.

Jason Delambre moved to formally communicate to the City of Frankfort that FPB is willing to partner with them, get the final proposal, and interested and open to a cost sharing arrangement regarding work with NREL (National Renewable Energy Laboratory). Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 5 to 0.

- 8.2 Update and recognition FPB crews working in Western Kentucky with tornado clean-up operations.

9 INFORMATIONAL ITEM: OLD & NEW BUSINESS

- 9.1 OSHA ETS Update. (Hance Price to discuss)

On January 7, the U.S. Supreme Court heard arguments regarding the OSHA ETS that requires employers with 100 or more employees to adopt a policy to vaccinate or test employees for COVID. On January 13, the Court entered a stay so no action is required currently.

Mr. Price updated the Board on this issue. There was no action necessary or taken by the Board.

10 REQUEST PERMISSION TO HAVE CHAIR CALL FOR A CLOSED SESSION

- 10.1 Request the Chair to call a closed session pursuant to KRS 61.810(1)(c) to discuss pending litigation regarding OSHA matter.

John Snyder moved to call a closed session pursuant to KRS 61.810(1)(c) to discuss pending litigation regarding OSHA matter. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 5 to 0.

11 CLOSED DOOR SESSION

- 11.1 Come out of Closed Session.

John Snyder moved to come out of closed session. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 5 to 0.

12 ACTION ITEM: POSSIBLE ACTION REGARDING CLOSED DOOR DISCUSSION
12.1 None

13 ACTION ITEM: ADJOURNMENT
13.1 Adjourn Meeting.

Jason Delambre moved to Adjourn. John Snyder seconded the motion.

CARRIED. 5 to 0.



Board Chair



Board Secretary/Treasurer