



MINUTES

FPB Board Meeting

5:00 PM - Tuesday, June 21, 2022
Community Room

The Frankfort Plant Board met on Tuesday, June 21, 2022 at 5:00 PM in the Community Room.

ATTENDANCE:

John Cubine, Board Chair
John Snyder, Board Vice Chair
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
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
Leigh Ann Phillips, Support Services Director
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
JC Lyons, Safety Director
Brandon Powers, Water Treatment Plant Superintendent
Sharmista Dutta, Water Engineer
April Rhodes, Customer Service Supervisor
State Journal

1 ACTION ITEM: APPROVAL OF MINUTES

- 1.1 Consider Approving the Minutes for the May 16, 2022 Special Board Meeting.

John Snyder moved to Approve the Minutes for the May 16, 2022 Special Board Meeting. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 4 to 0.

- 1.2 Consider Approving the Minutes for the May 31, 2022 Special Board Meeting.

John Snyder moved to Approve the Minutes for the May 31, 2022 Special Board Meeting. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 4 to 0.

2 ACTION ITEM: ACCEPT FINANCIALS

- 2.1 Consider Accepting the Financials for Month Ending May 31, 2022.

Kathryn Dutton-Mitchell moved to Accept the Financials for Month Ending May 31, 2022. John Snyder seconded the motion.

CARRIED. 4 to 0.

- 2.2 Consider Approval of the 2022-2023 Fiscal Year Budget and Accept Five Year Plan.

Mr. Denton explained revisions since the May 31 budget review meeting and the summary disseminated to the Board.

Board and Staff discussed increase in costs in many categories, salary increases, SEPA capacity, and possibly increasing marketing budget for Telecom marketing and retention. Staff further discussed the award of grant funds for broadband deployment projects.

John Snyder moved to add funds to the Telecom marketing line item contingent on plan approval by the board. After further discussion, Mr. Snyder withdrew his motion and staff was asked to come back to the Board with a marketing plan with estimated costs to be voted on at a later date.

John Snyder moved to Approve the FY 23 Budget including changes Mr. Denton outlined including directing staff to add the necessary calculations for the grant awarded this fiscal year. Jason Delambre seconded the motion.

CARRIED. 4 to 0.

3 INFORMATIONAL ITEM: PUBLIC COMMENT

3.1 Additional Comment Regarding Water Rate Increase.

Ms. Kathy Warren spoke regarding the water rate increase and electric vehicle charging stations. She also thanked FPB Board and Staff for all they do for Frankfort and Franklin County.

4 INFORMATIONAL ITEM: DEPARTMENTAL REPORTS

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

5 ACTION ITEMS:

**5.1 Consider Approval of the Workers' Compensation Insurance Renewal.
(J.C. Lyons will discuss)**

Staff recommends that the Board approve the renewal of FPB's workers' compensation coverage with Kentucky Employers Mutual Insurance (KEMI). If approved the renewal premium of \$118,815.69 will be effective July 1, 2022. A 15.9% estimated increase in payroll along with an experience modification factor increase from .62 to .76 resulted in a renewal premium of 22.1% (\$21,513.11) higher than last year's rate of \$97,302.58.

Jason Delambre moved to Approve Workers' Compensation Insurance Renewal. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 4 to 0.

5.2 Consider Approval of Change Order No. 2 for the Water Storage Improvement Project for a Schedule Extension. (David Billings to discuss)

In April of 2021, the Board awarded the construction contract for the reservoir replacement to Smith Contractors.

There were established dates in the contract for the work. However, due to delays in receiving materials, installation of the bypass line, encountering additional rock, and planning for a better planting season, we are requesting the original project schedule to be modified. The change order is included in the board package for review. Change Order No. 2 does not change the contract amount.

Summary:

Original Milestone #1:	December 15, 2022
Revised Milestone #1:	December 22, 2022
Duration: (Tank Completion by CROM)	7 days

Original Substantial Completion:	March 3, 2022
Current Substantial Completion:	September 1, 2022
Duration:	180 days

Original Final Completion:	April 4, 2022
Current Final Completion:	November 30, 2022
Duration:	240 days

Staff recommends the Board approve Change Order #2 with Smith Contractors.

John Snyder moved to Approve Change Order No. 2 for the Water Storage Improvement Project for a Schedule Extension. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 4 to 0.

5.3 Consider Approval of Electric Tariff Revisions (Travis McCullar to discuss)

In May of 2022 the Board conducted a public hearing and solicited comments for pending electric tariff changes. The revisions are based on a rate study performed by 1898&Co. and presented to the Board in March of this year. These proposed changes include:

- The adoption of a Value of Solar Policy (VOS) for distributed solar installations over the net metering maximum.

- Electric Vehicle charging station rates including on and off peak rates for level II and DC fast charging stations.
- A renewable energy certificate (REC) program, also known as a green tariff.
- Expansion of the primary metering language to include a usage discount for customers that own primary facilities.

The policies provided to the Board include additional language in the EV charging rates to account for taxes that may be applicable later. All other proposed tariff language is as presented at the May public hearing. Staff recommends approving the new tariff changes.

Jason Delambre moved to Approve Electric Tariff Revisions. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 4 to 0.

5.4 Approve Change Order with Sensus. (Travis McCullar will discuss)

FPB and Sensus have agreed on terms that allow us to adjust the schedule for installation. The net cost is zero dollars and Sensus has agreed not to invoice project management fees in the interim and no project management fees will exceed 33 months in any case. The status of the change order will be reevaluated in 3 months or when 50% of devices are received. Staff recommends approval of the change order.

John Snyder moved to Approve Change Order with Sensus. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 4 to 0.

5.5 Consider Award of Bid Invitation #1754 for Capital Plaza Substation Construction to E-Z Construction in the Amount of \$649,985. (Travis McCullar will discuss)

Staff prepared an invitation for a foundation removal and reinstallation construction contract and distributed it among potential vendors. In total, five bid responses were received. Of these responses, Montgomery Brothers Contracting produced the lowest bid price, however, upon review by staff, as well as by the consulting engineering firm Power Centric Solutions, notable exceptions were found stated in their proposal, proposing reduced insurance limits and variable cost adders based on an unknown time and material rate. Based on the conditional terms proposed by the apparent low bidder, Power Centric Solutions recommended that the next lowest bidder be considered, indicating that said exceptions presented the possibility that this bid would not remain the lowest price by the project's completion, in addition to raising questions of fairness in regards to the other bidding companies should the proposed exceptions be agreed to. These conclusions were subsequently

affirmed by the FPB staff attorney, who agreed that the prudent choice would be to consider the next lowest bidder.

Of the remaining bids, E-Z Construction submitted the next lowest price. Staff and Power Centric Solutions reviewed this proposal under the same criteria as the former, finding no exceptions, while also meeting expectations and necessary deadlines for this project. Resultant to this review and approval by both staff and the consulting firm, staff recommends awarding to E-Z Construction in the amount of \$649,985.

This construction work pertains to the ongoing T54 replacement 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.

John Snyder moved to Award Bid Invitation #1754 for Capital Plaza Substation Construction to E-Z Construction in the Amount of \$649,985. Jason Delambre seconded the motion.

CARRIED. 4 to 0.

5.6 Consider Award of Bid Invitation #1745 Semi-Annual Price Contract for Water Treatment Chemicals (FY 2023). (Brandon Powers to discuss)

Staff prepares a semi-annual bid for the chemicals used in water treatment. The bid includes estimated quantities and explains that orders 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 11 reverse auction bids. After reviewing each bid, staff recommends awarding to the lowest bidders meeting specifications with the exception of Powdered Activated Carbon which is based on quality testing (explanation below).

Chemical	FY 23 Company	FY 23 Bid	Difference (%) between FY 22 and FY 23
Liquid Ferric Chloride	PVS Technologies	\$0.1780	+37%
Liquid Sodium Hydroxide	Univar USA	\$0.2881	+140%
Polyaluminum Chloride	USALCO	\$0.3100	+44%
Powdered Activated Carbon*	Donau Carbon	1.3480	+46.5%
Hydrofluorosilicic Acid	Univar USA	\$0.3003	+31%

Liquid Ammonium Sulfate	No response		
Potassium Permanganate	Chemrite	\$2.549	+64%
Sulfuric Acid	Brenntag Chemical Resources Inc.	\$0.1850	+0.03%
Zinc Orthophosphate		\$1.2330	+76%
OSG Sodium Chloride	No response		

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

Jason Delambre moved to Award Bid Invitation #1745 Semi-Annual Price Contract for Water Treatment Chemicals (FY 2023). John Snyder seconded the motion.

CARRIED. 4 to 0.

5.7 Consider Award of Bid Invitation #1753 Semi-Annual Price Contract for Water Treatment Chemicals (FY 2023). (Brandon Powers to discuss)

Staff prepares a semi-annual bid for the chemicals used in water treatment. The bid includes estimated quantities and explains that orders 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 1 sealed auction bid. After reviewing each bid, staff recommends awarding to the lowest bidders meeting specifications with the exception of Powdered Activated Carbon which is based on quality testing (explanation below).

Chemical	FY 23 Company	FY 23 Bid	Difference (%) between FY 22 and FY 23
Bulk Sodium Chloride	Morton Salt	\$0.12165 243.30 ton	3.09%

Kathryn Dutton-Mitchell moved to Award Bid Invitation #1753 Semi-Annual Contract for Water Treatment Chemicals (FY 2023) Jason Delambre seconded the motion.

CARRIED. 4 to 0.

- 5.8 Consider Award of Bid Invitation #1751– Contract Labor- Telecom Underground Construction to Brimstone Consulting. (Adam Hellard will discuss)

Staff recommends the award of Bid Invitation #1751, Contract Labor for Telecom Underground Construction, to Brimstone Consulting. The invitation was sent directly to twenty vendors and publicly advertised. Brimstone Consulting was the low bidder and met all of the requirements in the bid specifications. Brimstone Consulting has done successful work for FPB in the past as a sub-contractor through our current contract labor provider. Funds are included in the FTTH line item in the budget. The staff Attorney has reviewed the contract, and it meets with his approval.

John Snyder moved to Award Bid Invitation #1751 - Contract Labor - Telecom Underground Construction to Brimstone Consulting. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 4 to 0.

- 5.9 Consider Award of Bid Invitation #1752– Contract Labor- Telecom Overhead Construction to Team Fishel. (Adam Hellard will discuss)

Staff recommends the award of Bid Invitation #1752, Contract Labor for Telecom Overhead Construction, to Team Fishel. The invitation was sent directly to thirteen vendors and publicly advertised. Team Fishel was the low bidder and met all of the requirements in the bid specifications. We received a satisfactory reference from the City of Bardstown, who is currently using Team Fishel on a similar project. Funds are included in the FTTH line item in the budget. The staff Attorney has reviewed the contract, and it meets with his approval.

Jason Delambre moved to Award Bid Invitation #1752 - Contract Labor - Telecom Overhead Construction to Team Fishel. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 4 to 0.

- 5.10 Adjustment to pay compensation plan for budget year 22-23. (Nichell Brown to discuss)

In light of the current inflationary environment, the Board at its budget work session discussed certain adjustments to the current pay compensation plan.

First, the 2% raise for those employees below the midpoint is suspended.

Second, the maximum salary cap in each grade for employees is suspended such that an employee may receive a Board approved pay increase that places that employee's salary beyond the maximum assigned to that particular grade given an 8% cost of living adjustment for all employees.

Staff asks for a motion to approve these 2 adjustments to the pay compensation plan to implement the 8% cost of living adjustment comparable to the state's adjustment for this year.

Jason Delambre moved to Approve Adjustment to Pay Compensation Plan for Budget Year 22-23. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 4 to 0.

5.11 **Consider Changes to Compensation Plan – Salary Range Adjustments Effective July 1, 2022. (Nichell Brown to discuss)**

In 2014, FPB implemented a job classification and compensation plan developed by the Johanson Group.

On July 1, 2021, FPB's current salary ranges were adjusted. The FPB compensation policy includes a provision that the Board will consider salary range adjustments every other year (see detail pages). Staff asks the Board to consider an additional adjustment to the current salary range outside of the policy for the 22/23 budget year. Due to the rising inflation, difficult hiring qualified candidates at the minimum of our current salary scale, these adjustments are necessary to offer competitive wages to attract and retain employees. One of the goals in the proposed scale adjustment is to get the minimum pay of our lowest grade to around \$16.00/hour so that we can compete with other employers.

Blair Johanson, our compensation consultant, reviewed the adjusted proposed 2022 salary scale structure and he believes that the new minimums are competitive and they reflect current market rates.

Adjusting the salary scale after processing the recommended 8% COL will cause 21 employees to fall below their paygrade minimum. We would move those 21 employees to the minimum of their grade, which will cost approximately \$16.8K.

The requested changes if approved will have an effective date of July 1, 2022.

The section of the Employee Guidelines concerning adjustments to the salary ranges and the e-mail recommendation from Mr. Johanson are provided in the detail pages. In addition, the current 2021 salary pay structure and the 2022 proposed salary pay structure are included in the detail pages.

John Snyder moved to Approve Changes to the Compensation Plan - Salary Range Adjustments Effective July 1, 2022. Jason Delambre seconded the motion.

CARRIED. 4 to 0.

- 5.12 Consider Amendment to FPB Organizational Structure. (Nichell Brown will discuss)

As part of the implementation for the AMI project, Staff asks the Board to move the supervision of the Meter Reading division under the Electric Department. The Meter Reading division currently reports under the Customer Service Department.

This change is necessary for the cross training of the current Meter Reading processes and the development of new AMI day-to-day operations, processes and communications.

If approved, the Meter Reading Supervisor will report to the Assistant Electric Superintendent. Staff does not recommend changes to the remaining Meter Reading staff for their direct reports, positions or their current job duties.

A copy of the proposed organizational chart and proposed Meter Reading job descriptions are included in the detail pages for review.

Jason Delambre moved to Amend FPB Organizational Structure to move the Meter Reading Division under Electric Department. John Snyder seconded the motion.

CARRIED. 4 to 0.

- 5.13 Consider Approving Proposed Water Rate Increase. (David Denton will discuss)

The latest water cost of service allocation study indicates water revenues fall short of revenue requirements. In an effort to minimize the annual rate adjustment impact to customer-owners, the proposed rate design presented in the study shows a four year implementation plan that would be effective July 1st of 2022, 2023, 2024, and 2025. The Board held a public hearing on May 31, 2022 regarding the proposed rate changes. Staff recommends that the Board approve the proposed water rate increases shown below.

The current and proposed rates for water service are shown below:

Line	Rate Description	Existing Rates In Effect Since 8/1/2018	Proposed Rates Effective 7/1/2022 to 6/30/2023	Proposed Rates Effective 7/1/2023 to 6/30/2024	Proposed Rates Effective 7/1/2024 to 6/30/2025	Proposed Rates Effective 7/1/2025 to 6/30/2026
Customer Charge Per Month by Meter Size:						
1	5/8 Inch	\$ 9.00	\$ 9.64	\$ 10.28	\$ 10.91	\$ 11.55
2	3/4 Inch	13.50	14.77	16.03	16.35	17.30
3	1 Inch	22.50	24.63	26.77	27.30	28.90
4	1 1/2 Inch	45.00	49.27	53.53	54.60	57.80
5	2 Inch	72.00	78.80	85.60	87.30	92.40
6	3 Inch	135.00	147.77	160.53	163.73	173.30
7	4 Inch	225.00	246.27	267.53	272.85	288.80
8	6 Inch	450.00	492.50	535.00	545.63	577.50
9	8 Inch	720.00	788.00	856.00	873.00	924.00
City and County Customer Consumption Charges Per 1,000 Gallons						
10	Industrial	\$ 3.17	\$ 3.25	\$ 3.33	\$ 3.41	\$ 3.49

Mr. Cubine noted that FPB responses to Tom Marshall's comments would be posted on FPB's website and sent to Mr. Marshall.

John Snyder moved to Approve Proposed Water Rate Increase. Jason Delambre seconded the motion.

CARRIED. 4 to 0.

- 5.14 Consider Award of Bid Invitation #1747- Enclosures and Pedestals to Brownstown Electric Supply the amount of \$85,940.00. (Jennifer Hellard will discuss)

Staff prepared a bid invitation for Enclosures and Pedestals. These are kept in FPB's inventory and needs to be replenished periodically. Orders for this item depend on new development and the replacement of bad or damaged items. The bid invitation was sent directly to eleven vendors as well as advertised publicly and three responses were received. After evaluating all bids, staff recommends awarding to Brownstown Electric Supply as they were the lowest bid meeting specifications.

Kathryn Dutton-Mitchell moved to Award Bid invitation #1747 - Enclosures and Pedestals to Brownstown Electric Supply in the Amount of \$85,940. John Snyder seconded the motion.

CARRIED. 4 to 0.

- 5.15 Consider Accepting Proposed Wellness Policy Updates. (Cathy Lindsey to discuss)

Staff revised the current FPB Fitness Program to add the use of the MoveSpring app. The app is much like the GO365 app that is currently used by state employees. It allows administrators to pull reports and gives better ways of

tracking participation in the plan. A committee of 7 people worked on the proposal and revised the policy with a goal of more participation from employees. The committee also proposed a section to include volunteer time off for participation in planned volunteer opportunities that are presented to employees by FPB. The time off would be a maximum of 4 hours per year.

John Snyder moved to Accept the Proposed Wellness Policy Updates. Jason Delambre seconded the motion.

CARRIED. 4 to 0.

6 INFORMATIONAL ITEM: GENERAL MANAGERS COMMENTS

6.1 None

7 INFORMATIONAL ITEM: OLD & NEW BUSINESS

7.1 To Accept Broadband Expansion Grants for Eleven (11) Proposed Projects in the Amount of \$8 million.

John Snyder moved to Accept Broadband Expansion Grants for Eleven (11) Proposed Projects in the Amount of \$8 million. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 4 to 0.

8 REQUEST PERMISSION TO HAVE CHAIR CALL FOR A CLOSED SESSION

8.1 Request Permission to Call a Closed Session pursuant to KRS 61.810(1)(c) to discuss pending or proposed litigation regarding an OSHA matter.

John Snyder moved to Call a Closed Session pursuant to KRS 61.810(1)(c) to discuss pending or proposed litigation regarding an OSHA matter. Jason Delambre seconded the motion.

CARRIED. 4 to 0.

9 CLOSED DOOR SESSION

9.1 To Come out of Closed Session.

John Snyder moved to Come out of Closed Session. Jason Delambre seconded the motion.

CARRIED. 4 to 0.

- 10 ACTION ITEM: POSSIBLE ACTION REGARDING CLOSED DOOR DISCUSSION
10.1 Proceed as Directed in Closed Session.

John Snyder moved to Proceed as Directed in Closed Session. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 4 to 0.

- 11 ACTION ITEM: ADJOURNMENT
11.1 Adjourn Meeting.

Kathryn Dutton-Mitchell moved to Adjourn Meeting. Jason Delambre seconded the motion.

CARRIED. 4 to 0.



Board Chair



Board Secretary/Treasurer