

February 17, 2015

A Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at the FPB Clubhouse, located at 98 Tanglewood Drive, on Tuesday, February 17, 2015 at 5:00 p.m.

ATTENDANCE:

Ralph Ludwig, Board Chair
Rick Pogrotsky, Board Secretary/Treasurer
Patricia B. Lynch, Board Member
Arthur McKee, Board Member
James Liebman, Board Attorney
Herbbie Bannister, General Manager
David Billings, Chief Water Engineer
Billy Briscoe, Water Dist. Supt.
Harvey Couch, Marketing and Video Content Coordinator
David Denton, Finance Director
Sharmista Dutta, Water Engineer
Monique Gilliam, Customer Service Director
Dana Hawkins, Executive Assistant the Asst. GM of Admin.
John Higginbotham, Asst. GM Cable/Telecommunications
Scott Hudson, Electric Supt.
Travis McCullar, Electric Engineer
Karl Pitzer, IT Director
Kathy Poe, Executive Assistant
Hance Price, Staff Attorney/Asst. GM Administration
Mark Redmon, Support Services Director
Chris Riddle, WTP Superintendent
Kim Phillips, Safety Director
Dianne Schneider, Human Resource Director
Glenn Waldrop, Public Information Officer
Dave Pike, Cable 10 Videographer
Seth Littrell, State Journal Reporter
Joy Jeffries, Executive Director Frankfort Franklin County Tourism
Rodney Simpson, Frankfort Franklin County Tourism

AGENDA

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

FEBRUARY 17, 2015 BOARD MEETING AGENDA

1. **Action Item:** Consider Approving Minutes of January 6, 2015 Special Board Meeting.
2. **Action Item:** Consider Approving Minutes of January 20, 2015 Special Board Meeting.
3. **Action Item:** Consider Approving Minutes of January 20, 2015 Regular Board Meeting.
4. **Informational Item:** Presentation by Joy Jeffries, Executive Director of Frankfort/Franklin County Tourist Commission Requesting Sponsorship of River Blast in the amount of \$10,000.

5. **Action Item: Accept Electric, Water and Cable Financial & Statistical Data for January 2015.**
6. **Informational Item: Departmental Reports:**
 - Cable Dept.
 - Customer Service
 - Electric Dept.
 - SEPA
 - Safety
 - Water Distribution
 - Water Treatment Plant
 - Administration Building
 - Headend Building
7. **Action Item: Consider Approval of Change Order No. 1 on the Governors Place Phase II Project with Art's Electric Company for \$45,080.00.**
8. **Action Item: Consider Award of Bid Invitation #1597 for a Concrete Wall to Frank Shelton Construction in the Amount of \$57,471.**
9. **Action Item: Consider Approving Smithsonian Channel Renewal on the HD Plus Tier.**
10. **Action Item: Consider Approval of the Temporary Location for Future Board Meetings from March 2015 until Further Notice.**
11. **Action Item: Review Employee Complaint Regarding FPB Job Posting Procedure.**
12. **Action Item: Old & New Business:**
13. **Informational Item: General Manager's Comments.**
14. **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.**
15. **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 in attendance and Dr. Scott Green absent.

1. **Action Item: Consider Approving Minutes of the January 6, 2015 Special Board Meeting.**

Ms. Lynch moved to approve the minutes to the January 6, 2015 Special Meeting, the January 20, 2015 Special Meeting and the January 20, 2015 Regular Board Meeting. Mr. McKee seconded. Mr. Ludwig called for the vote and the motion passed.

2. **Action Item: Consider Approving Minutes of January 20, 2015 Special Board Meeting.**

Approved in Item 1.

3. **Action Item: Consider Approving Minutes of January 20, 2015 Regular Board Meeting.**

Approved in Item 1.

4. **Informational Item: Presentation by Joy Jeffries, Executive Director of Frankfort/Franklin County Tourist Commission Requesting Sponsorship of River Blast in the amount of \$10,000.**

To celebrate the opening of Locks 1 through 4 on the Kentucky River the Frankfort/Franklin County Tourist Commission is going to host a River Blast event on June 27, 2015. Attached in the detail section is information regarding the River Blast and Ms. Jeffries will be available for questions. The material provided by Joy Jeffries notes that the Plant Board will be asked to serve as a Title/Gold sponsor for at least \$10,000.

Joy Jeffries, Executive Director of the Frankfort Franklin County Tourist Commission, explained specifics of the River Blast event. She advised that the event would be held to welcome traffic on the Kentucky River coming into Frankfort due to the opening of Locks on the Kentucky River between Frankfort and the Ohio River. She explained that \$50,000-\$70,000 would be needed for marketing and advertising, and invited FPB to commit to a donation of \$10,000 as a title sponsor of the event. Rodney Simpson further explained specific events to be held as well as economic development which could bring increased tourism revenues to Frankfort and Franklin County as a result of increased River traffic and tourism.

At the request of Board members, Ms. Jeffries discussed other potential contributors as well as other sponsorship levels.

5. **Action Item: Accept Electric, Water and Cable Financial & Statistical Data for January 2015.**

Mr. Denton explained the statement of net position as well as revenues and expenditures for each line of business. Mr. Pogrotsky moved to approve the Electric, Water and Cable Financial & Statistical Data for January 2015 as presented. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed.

6. **Informational Item: Departmental Reports:**

- **Cable Dept.**
- **Customer Service**
- **Electric Dept.**
 - **SEPA**
- **Safety**
- **Water Distribution**
- **Water Treatment Plant**
- **Administration Building**
- **Headend Building**

Mr. Ludwig asked if there was any new or urgent information in the Departmental Reports. With none, Mr. Ludwig stated that the Board would forego discussion of departmental reports due to weather and deteriorating road conditions.

7. **Action Item: Consider Approval of Change Order No. 1 on the Governors Place Phase II Project with Art's Electric Company for \$45,080.00.**

In October of 2014, the Board awarded the project to Art's Electric Company for \$186,662.00. The purpose of the project was to install conduit and reconductor our existing facilities.

Change Order #1 is to install an additional 980 ft (+/-) of conduit on this project. Due to an error in our field investigations we originally believed this section was already in conduit but it is not. Thus this street was not included in the original scope of work. The contractor has agreed to maintain the originally bid unit prices for the additional work. The change order will increase the contract amount by \$45,080.00 and extend the substantial completion date by 30 days.

Construction Contract	\$186,662.00
<u>Change Order #1</u>	<u>\$ 45,080.00</u>
	\$231,742.00 (new contract amount)

The 2014-2015 budget included **\$260,000.00** for this project.

Staff recommends that the Board approve Change Order No. 1 with Art's Electric Company.

Mr. McCullar discussed specifics of the project and noted that the change order was to add an additional 900 feet of conduit which was not included in the initial scope of work. He noted the project would still be well under budget and noted that Staff recommended approval of the change order.

Ms. Lynch moved to approve Change Order No. 1 on the Governors Place Phase II Project with Art's Electric Company in the amount of \$45,080.00. Mr. McKee seconded. Mr. Ludwig called for the vote and the motion passed.

8. **Action Item: Consider Award of Bid Invitation #1597 for a Concrete Wall to Frank Shelton Construction in the Amount of \$57,471.**

Staff prepared an invitation for a new concrete retaining wall at East Main Substation and sent it to 4 vendors. Three responses were received. After reviewing all the bids, staff recommends awarding to Frank Shelton Construction in the amount of \$57,471. Mr. Shelton submitted the lowest bid to demolish the existing wall and construct the new wall.

Constructing this retaining wall will allow room for the new station steel and transformer. This project is included in the 2014-2015 Electric Capital Additions Budget, Section 2, Page 32, Item 2-1. Frank Shelton Construction has performed concrete work for the Plant Board in the past, which has always been satisfactory in Staff's opinion.

Mr. McCullar explained the project and the necessity of the retaining wall. He noted that the bid invitation was sent to four (4) vendors with three (3) bids received and that Frank Shelton Construction was the lowest bidder meeting specifications. He further advised that the project was included in the current fiscal year budget, that the expense was well within the budget specifications, and that the contractor had performed satisfactory work for FPB in the past.

In discussion, Mr. Hudson stated that this was a part of the planned East Main Substation upgrade project and was unrelated to the December 2013 fire. Mr. Bannister advised that the project was a part of FPB's ongoing effort to upgrade and improve its system as well as to increase the system redundancy.

Mr. McKee moved to award Bid Invitation #1597 for a concrete wall to Frank Shelton Construction in the amount of \$57,471. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed.

9. **Action Item: Consider Approving Smithsonian Channel Renewal on the HD Plus Tier.**

Staff recommends approval of the Smithsonian Channel renewal. This direct agreement has a term through February 28, 2018. This renewal affords FPB the opportunity to maintain their current Smithsonian subscriber rate. Year-over-year increases fall within budgeted projections. Smithsonian is a HD-only channel on the HD Plus tier, which exists on channel 772. The network's content is inspired by the Smithsonian Institution's museums, research facilities and magazines – and features original non-fiction programming that covers a wide range of historical, scientific and cultural subjects. VOD rights are included in this new agreement. No additional carriage requirements obligations are included in this agreement. This agreement has been reviewed by the Assistant GM for Administration and it meets with his approval.

Mr. Couch explained the direct agreement renewal for the Smithsonian Channel and noted that this channel was offered on one of FPB's specialty cable packages. He further noted that Staff budgeted for this renewal and that no new rate increase would be necessary if the agreement was approved.

Mr. Pogrotsky moved to approve Smithsonian Channel Renewal on the HD Plus Tier. Ms. Lynch seconded. Mr. Ludwig called for the vote and the motion passed.

10. **Action Item: Consider Approval of the Temporary Location for Future Board Meetings from March 2015 until Further Notice.**

Due to construction of the FPB Headend facility, the FPB Directors' meetings will have to be moved to a different location, as the Clubhouse site will be used as a staging area for the construction crews and equipment.

FPB Staff looked at three sites as potential locations during the construction period.

The three locations are:

Salato Wildlife Education Center on the grounds of the Kentucky Department of Fish and Wildlife Resources Headquarters - The Salato Center is wonderful facility with a large meeting room. The facility features interesting views and would be a good meeting site, but its location (out US Hwy 60) is not ideal for customers that live on the east side or downtown portion of our service area. The Center also has numerous school groups that tour the facility that could be a distraction. Staff recommends Salato as a potential backup meeting location. There is no cost for the use of this facility.

Kentucky State University Extension Building on the KSU campus – The KSU Extension Building has a very nice meeting room that would be a good site, but the meeting room is used for youth programs in the months of June and July. FPB would be unable to use the meeting room during that time or would require KSU to move their youth program to a different location. Staff recommends KSU as a potential backup meeting location, not during the months of June and July. There is not cost for the use of this facility.

Farmers Bank Community Room on the 4th floor of the Famers Bank location at 125 West Main Street – The Community Room at Farmers Bank is spacious and is a central location for future FPB Directors' meetings. There are multiple meeting rooms in the same location that can be used, as needed, for closed sessions. There is also a kitchen adjacent to the room and nearby restrooms. An elevator provides access from the parking garage and main floor. Parking is available in

two separate lots and there is additional parking on the street. There is no cost for the use of this facility.

Staff recommends that regularly scheduled FPB Directors' meetings be held the third Tuesday of every month at the Farmers Bank Community Room beginning March 17, 2015 until further notice.

Mr. Bannister noted that Staff visited the Community Room at Farmers Bank, the Salato Wildlife Center and the Extension Office at Kentucky State University. He advised that Staff recommended utilizing the Community Room on the 4th Floor at Farmers Bank due to its central location beginning with the March Regular Board meeting until further notice. Mr. Bannister further advised that the change was due to construction at the Headend facility and the need for Staff to utilize the Clubhouse and its parking lot during construction at the Headend.

Mr. Ludwig moved to utilize Farmers Bank Community Room as the temporary location for Board meetings beginning in March. Ms. Lynch seconded.

After additional discussion, Mr. Ludwig amended his motion stating that the FPB Directors' regular monthly Board meetings be held the third Tuesday of every month at 5:00 p.m. at the Farmers Bank Community Room beginning March 17, 2015 until further notice. Ms. Lynch seconded the amended motion. Mr. Ludwig called for the vote and Ms. Lynch, Mr. Ludwig and Mr. McKee voted "yes" and Mr. Pogrotsky abstained. The motion passed.

11. **Action Item: Review Employee Complaint Regarding FPB Job Posting Procedure.**

Mr. Ludwig summarized Mr. Startzman's grievance and noted the steps followed by Staff and the Board.

Mr. Pogrotsky stated the following in connection with Mr. Startzman's grievance:

"After hearing the evidence presented by Mr. Startzman, and reading the information provided by his chain of command including the FPB policies cited, I have concluded the following:

1. Existing FPB Policies were not violated in regards to the posting or not posting of open positions in the company.
2. The Marketing and Video Content Coordinator position was filled by approval of the Board of Directors on February 19, 2014. After hearing discussion and determining that this position was a re-classification of an existing position and not the creation of a new position.
3. The Marketing and Video Content Coordinator and the Media Specialist are not basically the same job description. The Marketing and Video Content coordinator has supervisory and specific decision making responsibilities that affect FPB customers. Additionally, this position has revenue and expense responsibilities including purchasing authority. The Media Specialist has none of these duties or responsibilities.
4. The Johanson Group was hired to perform a job classification and compensation study, which they did. Some parts of the study required the individuals in the job to define their duties and responsibilities so that the "Group" could adequately and accurately evaluate and classify the position. It was then possible to determine the appropriate compensation. The years of experience in the field of job classification and compensation certainly outweigh research performed on the internet.
5. Mr. Startzman has been afforded and taken advantage of all courses of remedy for his grievance including a public hearing before the FPB Board of Directors.

In light of these facts, I (Mr. Pogrotsky) move that the grievance as claimed by Mr. Startzman that the FPB did not follow hiring guidelines IAW (in accordance with) the FPB policy be denied and dismissed."

Mr. Ludwig seconded the motion.

Mr. McKee requested clarification of the date of approval of the re-classification. Mr. Liebman confirmed it was February 19, 2013 and the change was noted in paragraph 2 of the findings as a matter of record.

At the request of Mr. McKee, Mr. Pogrotsky repeated paragraphs 4 and 5 of the findings as well as his motion.

Mr. Ludwig noted the motion and second to deny and dismiss Mr. Startzman's grievance. Ms. Poe polled the Board and the motion passed unanimously.

Ms. Lynch and Mr. McKee stated that Staff and Board members need to review the job posting policy to be more precise and consistent.

Ms. Lynch moved that Staff review the policy on posting of vacancies. Mr. McKee seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

12. **Old & New Business:**

Mr. Denton discussed transferring restricted bond reserve funds from a non-interest bearing checking account into an interest bearing Certificate of Deposit.

Ms. Lynch suggested that the item be tabled to allow more time for Board review. The Board agreed and the item was tabled until the March regular meeting.

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

Mr. Bannister noted that Staff would come to the Board in March with information regarding the award of contracts for the Headend and Administration Buildings.

Mr. Bannister introduced Dana Hawkins as the new Executive Assistant to the Assistant General Manager of Administration.

14. **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.

Mr. Pogrotsky moved to go into closed session. Ms. Lynch seconded. Mr. Ludwig called for the vote. The motion passed and the Board moved into closed session.

10. **Closed Door Session:**

The Board adjourned the closed session and with no other business to discuss the meeting adjourned.



ATTEST: