

EXECUTIVE DIGEST OF THE BOARD PACKAGE

1. Approve Minutes of Regular Board Meeting of April 15, 2008: (See C-1/1-18)

The Minutes for the Regular Board Meeting of April 15, 2008 were disseminated to the Board on April 16, 2008. As of April 23, 2008, no changes were indicated.

2. Approve Electric, Water & Cable Financial & Statistical Data: (See C-2/1-55)

A. Departmental Financial & Statistical Data as of April 2008:

<u>Description</u>	<u>LINES OF BUSINESS</u>			
	<u>Electric</u>	<u>Water</u>	<u>Cable/Tel.</u>	<u>Total</u>
1. Budgeted Net Income YTD	\$1,631,348	2,583,640	468,453	4,683,441
2. Actual Net Income YTD	1,166,243	2,440,468	636,434	4,243,145
3. Net Income Difference	(465,105)	(143,172)	167,981	(440,296)
4. Unaccounted For Usage (%) YTD	1.37%	10.99%		
5. Budgeted Capital Additions YTD	1,859,119	4,601,465	2,934,915	9,395,499
6. Actual Capital Additions YTD	1,585,118	2,268,941	2,480,562	6,334,622
7. Capital Additions Difference	(274,001)	(2,332,524)	(454,353)	(3,060,877)
8. Reserve Level	4,801,433	2,921,755	1,139,086	8,862,274
9. # of Customers Last Month	21,036	15,735	20,031	
10. # of Customers This Month	20,967	15,719	20,116	
11. Difference in # of Customers	(69)	(16)	+85	

B. Company-Wide Work Orders: (See C-2/20-30)

<u>1. Work Orders</u>	<u>Electric</u>	<u>Water</u>	<u>Cable</u>	<u>Other</u>	<u>Total</u>
Number of Open Work Orders	105	105	82	15	317
Number of Completed Work Orders	10	0	1	0	11
Number of New Work Orders	14	4	1	0	19

3. Informational Item – Departmental Reports: (See C-3/1-10)

For the Month of April, we had the following Electric, Water and Cable Outages:

Electric – There were 21 Electric Outages during the Month of April. (Rodney Simpson will discuss)

Water – There were 4 Water Outages and 4 Outages due to maintenance during the Month of April. (Jimmy Allen will discuss)

Cable/Telecommunications – There were 10 Cable/Telecommunications Outages during the Month of April. (John Higginbotham will discuss)

Water Treatment Plant - During the Month of April, the Water Treatment Plant withdrew approximately 247 million gallons of raw water with an average daily withdrawal rate of 8.20 million gallons. During this same time frame last year, this system averaged 7.90 million gallons. The maximum daily demand occurred on April 18th with 10.50 mgd being produced on this date. Compliance with all Federal and State Water Quality Standards were maintained. (Chris Riddle will discuss)

Safety – There were 0 OSHA recordables or vehicle accidents during the Month of April. (Kim Watson will discuss)

Customer Service – The following statistics for the Month of April do not include walk-in customers, direct dialed calls to the representatives' two phone lines or any internal calls or after hours and weekend calls. These call numbers do include any calls received at our main number that were transferred to the Cable, Electric and Water Departments. (Russ Colwell will discuss)

<u>Total Calls</u>	<u>Days Reporting</u>	<u>Average Per Day</u>	<u>Average Per CSR</u>
11,075 (April 08)	22	503	42
12,160 (April 07)	21	619	51

4. Informational Item – Cable Advisory Committee Vacancies: (C-4/1) (John Higginbotham will discuss)

John Snyder and Ernest Collins have each served (two) 3-year terms on the Cable Advisory Committee with their terms expire July 5, 2008. These volunteers have spent many hours of their time assisting the Board, Staff and the community in bringing quality programming to our cable customers. Staff would like to thank them for their service over the past six years.

Staff will place advertising on Cable TV, the FPB website and in the newspaper seeking volunteer applications. Staff anticipates submitting nominees to the Board for consideration at the June Board Meeting.

5. Approve Proposed Water Rate Increase as Recommended in the Cost-of Service Study for all Customer Classes: (See C-5/1) (Shannon Taylor will discuss)

The Board approved Notice of a Public Hearing at the March Board Meeting and a Public Hearing was held April 15, 2008. No oral comments or written statements were received. Therefore, Staff recommends that the Board approve the proposed water rate increase as recommended in the Cost-of-Service performed by Gannett Fleming. The existing and recommended rates for adoption are outlined in the detail section.

6. Conduct a Public Hearing to Covering (1) Increasing Rates for Bulk Cable 1 and 2 Services, (2) Increasing Premium Cable Services, (3) Increasing Price for Cable Card Device and (4) Increasing and Establish Rates for Residential and Business Cable Modem: (See C-6/1-4) (John Higginbotham will discuss)

This Hearing will come to order. My name is Sheila Burton, I have been requested by the Board to conduct this Hearing. With me today are the Board Members and Staff of the Frankfort Electric and Water Plant Board. We are here to receive comments regarding a Proposed Water Rate Increase for all Customer Classes. This Public Hearing was advertised in accordance with the Regulations for Public Notification and printed on May 25, 2008 by the State Journal, May 22, 2008 by the Woodford Sun, and May 21, 2008 by the Sentinel News.

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

A brief further statement about the conduct of this Public Hearing is in order. This Hearing will be conducted informally. This Hearing is being conducted voluntarily by the Frankfort Electric & Water Plant Board in order to accept comments on the above item. Formal rules of evidence will not apply. Both oral and written comments will be accepted. Any and all persons present who wish to make a statement will be afforded an opportunity to do so. If you have a written statement to accompany your oral presentation, a copy of the written statement should be provided to me prior to your presentation. If you have a lengthy statement, I ask that you summarize your comments. Oral presentations should be limited to no more than 3 minutes. If necessary, I will interrupt and request the presentation to be completed due to this time limit. I may ask questions of any person presenting oral comments where it is necessary to clarify the nature or substance of the comments.

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

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

The oral comment period for this Hearing will end at the close of business on May 27, 2008. Written comments received on or before May 27, 2008 will be accepted and considered.

Before we open the floor for comments, Mr. John Higginbotham will highlight the proposed items listed above.

7. Approve Changes in the Job Classification/Pay Compensation (JC/PC) Plan - Approve Cost-of-Living Increase and Merit Pool Increase for Eligible FPB Employees: (See C/7/1-5) (Dianne Schneider will discuss)

Staff recommends the Board approve a 4% cost of living increase for all FPB regular fulltime employees to be effective July 1, 2008. This percentage increase is based on the actual increase in the consumer price index for all urban customers (CPI-U) as determined by the U.S. Department of Labor, Bureau for Labor Statistics for the 12 month period that ended on April 30th, 2008 (see C-7/4-5). The total annual increase to payroll is \$379,000.

The actual increase in the CPI-U and the cost of living increases for the last several years are as follows:

<u>Year</u>	<u>Actual % change in CPI-U</u>	<u>COLA given at FPB</u>
2000	3	3
2001	3.3	3.3
2002	1.6	2
2003	2.2	2.2
2004	2.3	2.3
2005	3.5	3.5
2006	3.5	3.5
2007	2.6	3

According to the Frankfort State Journal, the City is planning a 3% employee pay increase; the County is planning a 4% employee pay increase.

Staff recommends the Board approve a merit pool of 1% of payroll to be awarded to eligible employees by the department heads based on performance. The total increase to payroll is \$98,000. The percentage available in recent years has been 1%.

The cost of living increase and merit pool available is contingent upon the final budget being approved by the Board. Staff is requesting approval at this time to give the department heads sufficient time to consider and calculate the merit increase amounts and provide to Human Resources prior to the payroll deadline for July 1st.

8. Approve Amendments to Job Classification/Pay Compensation (JC/PC) Plan – (1) Eliminate Water Quality Specialist Job Series and (2) Add an Administrative Assistant Position: (C-8/1-5) (Dianne Schneider will discuss)

Staff recommends that the Board approve changes to the Job Classifications in the Water Distribution department because of significant changes in duties and/or qualifications recommended by the department. A summary of changes are described below:

[1] Eliminate the Water Quality Specialist job series. We currently have one authorized budgeted position; however, the employee in the position of Water Quality Specialist IV will be retiring May 31st. The technical duties have been absorbed by the Water Analyst positions and the employee has primarily been performing administrative duties.

[2] Add an Administrative Assistant position - position responsible for generating reports, processing service orders, tracking work orders and crews, maintaining records, answering incoming phone calls, & monitoring radio communication.

This change will have a favorable impact on the budget. The starting salary for the Water Quality Specialist IV position (grade 30) is \$37,294. The compensation committee is recommending a Grade 25 for the Administrative Assistant position. The starting salary for Grade 25 is \$29,224. Additional details including the new position description (Class Specifications) is contained on C-8/1-3).

9. Approve Changes to FPB Group Medical. Prescription Drug, Vision, Dental and Short Term Disability Protection Plans: (See C-9/1) (Dianne Schneider will discuss)

Staff recommends changing the health plan copay for allergy shots. In January, the copay for healthcare visits (other than for wellness) increased to \$20 per visit. This affected plan participants who receive allergy shots.

We recommend reducing the copay for allergy shots to \$5/visit if the provider does not charge for an office visit. If the provider does charge for an office visit, the copay would be \$20.

Current Benefits Description:

Allergy Treatment:

Office Visit, including services/supplies	
Provided during same visit	\$20 copay
Other Office Based Diagnostics	\$20 copay
Injections	\$20 copay
Serum/Venom	None
Other Services or Supplies	None

Proposed Benefits Description:

Allergy Treatment:

If Office Visit Charge, per visit	\$20 copay
If No Office Visit Charge	
Injections	\$5 copay
Serum/Venom	None
All Other Charges/including Diagnostics	

The reduction in copays for allergy shots would result in an increase cost to the plan of approximately \$3,788 annually.

10. Approve Records Management Plan: (See C-10/1-4) (Hance Price will discuss)

Staff recommends that the Board: (1) Adopt the Record Retention Schedules published by the Kentucky Department for Libraries and Archives including, but not limited to, the municipal government schedule and local government schedule. These schedules are available for your review on-line at www.kdla.ky.gov/recmanagement/localschedule.htm. These schedules define “record series”, that is, a single document or group of documents that are maintained as a unit because they serve a common purpose and their retention times. The schedules apply to both conventional “paper” records and electronically stored information (ESI). (2) Permit modification of the schedules from time to time without further Board approval. The KDLA revises the schedules periodically. In addition, individual departments may maintain records not listed in the KDLA schedules that should be incorporated as well. These schedules will form the basis for a company-wide document/ ESI management plan.

11. Approve Settlement Agreement with Kentucky Utilities: (See C-11/1-5) (Warner Caines will discuss)

Warner Caines will provide information related to the above Settlement Agreement with Kentucky Utilities.

12. Approve Request to Reallocate Water Capital Funds: (See C-12/1) (Shannon Taylor will discuss)

Staff recommends that the Board approve the reallocation of \$12,000 in Water Capital funds from the purchase of a new tapping machine to the purchase of new auto flushing devices (\$6,000) and a new power rake (\$6,000). The current tapping machine has been repaired and the useful life extended. The new auto flushing devices will aid in maintaining water quality at dead end lines and the new power rake will facilitate clean up at job sites.

13. Approve Service Contract with Central Forms Solution: (See C-13/1-21) (Karl Pitzer will discuss)

Staff recommends executing the Service Contract with Central Forms Solution. The purpose of this agreement is to provide the Frankfort Plant Board with bill printing, folding, inserting and mailing of its monthly bills.

Below is a Critique of the Agreement:

1. The unit price per statement is 0.115.
2. The Plant Board mails approximately 58,000 statements per month.
3. The financial impact is about \$6700 monthly or around \$80,000 a year.
4. This is a budgeted item.

14. Approve Service Agreement with PSI Data Systems: (See C-14/1-4) (Karl Pitzer will discuss)

Staff recommends that the Board execute the Service Agreement with PSI Data Systems for the amount up to \$210,000. The purpose of this agreement is for PSI Data Systems to provide support as well as continuing to add functionality to the Frankfort Plant Board's new Customer Information and Billing System. Funds are available in the current budget to cover part of this expense and we will also include the additional expense in the upcoming budget.

15. Approve Renewal of Bid Invitation #1417 (Company Uniforms): (See C-15/1-6) (Leigh Ann Darnaby will discuss)

Last year, the Board approved the award of Bid Invitation #1417 (Company Uniforms) to the low bidder, G & K. Instead of bidding the uniforms this year, G & K has offered to renew last year's bid with no price increase. G & K have provided adequate service to us and are very prompt in getting any problems corrected. Last year's bid sheets with the prices to be renewed are provided on C-15/3-6. Therefore, Staff is recommending that the Board renew Bid Invitation #1417 (Company Uniforms) to G & K.

16. Approve Amendment of Bid Invitation #1426 (Pad Mount Transformers): (See C-16/1-5) (Leigh Ann Darnaby will discuss)

In the August 2007 Board Meeting, the Board approved the award of Bid Invitation #1426 (Seven Pad Mount Transformers) to Electrical Sales in the amount of \$102,265. These transformers were to replenish depleting inventory levels.

All seven transformers were ordered and received. However, the manufacturer (ERMCO) mistakenly duplicated the order and sent another shipment of seven transformers to us on April 21st. In contacting Electrical Sales, they indicated they would rather sell us the extra transformers at a discounted price rather than having to come and get them. Electrical Sales made us an offer of \$91,146 which is almost 11% lower than the original bid. In the past five or six years, our cost for transformers has risen about 8% annually. These transformers would be utilized in the next few years. Therefore, Staff is recommending accepting Electrical Sales offer in the amount of \$91,146.

17. Approve Award of Bid Invitation #1440 (Storage Area Network – SAN): (See C-17/1) (Karl Pitzer will discuss)

Bid Invitation #1440 for the Storage Area Network System is being reviewed and Staff will make a recommendation prior to or at the Board Meeting.

18. Informational Item – Update of BWSC and Shelby-Franklin Water Management Groups: (See C-18/1) (David Billings will discuss)

David Billings will provide information prior to or at the Board Meeting on the above items.

19. Approve Funding Request for Shelby-Franklin Water Management Group (SFWMG) (\$10,000): (See C-19/1-2) (Herbbie Bannister will discuss)

The Governance Committee met on May 16, 2008 at the North Shelby Water Company Office. The purpose of the meeting was to discuss the selection process of hiring an attorney and the expected time frame for implementing a type of governance. The Committee agreed to send an RFP (Request for Proposal) to the following law firms:

1. Wyatt, Tarrant, & Combs
2. Stites & Harbison
3. Dammon Talley

Attached is a draft copy of the RFP. The proposals are to be opened on June 11, 2008. The committee requested that one of the members be the contracting agent for the agreement with the selected attorney. Frankfort Plant Board Representative, Herbbie Bannister, volunteered for the assignment. The City of Shelbyville is already the contracting agent for the engineering study.

The Shelby Fiscal Court was awarded a \$500,000 grant for implementation of the Louisville pipeline. It is anticipated that the legal fees will be funded through this grant; however, funds will not be available until about January 2009. As a matter of course, the SFWMG is requesting that all six (6) members pledge \$10,000 towards the legal cost now, so that the project can proceed. Once grant monies become available, the members are to be reimbursed.

Staff request funding in the amount of \$10,000 and permission to enter into an agreement with the selected law firm (pending Staff Attorney and Board Attorney approval).

The next meeting of the Governance Committee is scheduled for 9:00 a.m. June 13, 2008 at the FPB offices. A draft schedule for implementation of a type of governance is to be discussed. All members at the May 16, 2008 meeting felt that a six months time frame was feasible.

20. Approve Change Order No. 1 on the Ten Ton Electric Hoist Project at the Water Treatment Plant (\$897): (See C-20/1-4) (David Billings will discuss)

At the February 2008 Board Meeting, the board awarded replacement of the Ten Ton Electric Hoist at the Water Treatment Plant to Herrick Company, Inc. for \$59,660.

The original scope of this project involved a pendant that hung from above to control the operation of the hoist. During the process of finalizing shop drawings, Staff learned that wireless controls were available as the industry standard and would provide a safer working environment.

Staff directed Herrick Company to provide pricing for the wireless controls and a Field Order was issued for the change. As a matter of course, Staff recommends that the Board approve Change Order No. 1 that modifies the contract price from \$59,660 to \$60,557.

21. Informational Item – State Budget Update: (See C-21/1) (David Billings will discuss)

Staff is very pleased to inform the Board that FPB received the two grants listed below in the State Budget:

- Bain Moore Hill-Red Bridge Waterline Extension Phase II - \$100,000
- Peaks Mill Road Second Feed Project - \$225,000

The first grant should more than cover the additional expense to construct the facilities down to the Bridge on Devil’s Hollow Road and the second grant should cover the construction cost to eliminate a problem we have in the Peaks Mill area with redundancy.

Additionally, Shelby County Fiscal Court received a \$500,000 grant for the expansion of a 24” line from Jefferson County through Shelby County.

22. Informational Item – Water Treatment Plant Chemical Feed/OSG Project Update: (See C-22/1) (David Billings will discuss)

Several milestones have been met with the Chemical Feed/OSG Project at the Water Treatment Plant:

- The Environmental Submission completed
- Funding submission completed

We are working to get to other milestones:

- The Preliminary Engineering Report is in final draft and will be submitted to the DOW in the next few weeks.
- Final Design is approximately 20% complete.

The next major milestones are DOW submittal of the construction plans in August and advertisement of bids in October.

According to Mr. Joe Henry of GRW Engineers, we are “on tract with our project schedule with the KIA”.

23. Informational Item – Blacktop Access Road to the Pea Ridge Road Water Tank:
(See C-23/1-3) (Warner Caines will discuss)

Mr. Caines received a request from Mr. Jim Cline for the Plant Board to participate in paving the access road to the Pea Ridge Road Water Tank. Mr. Cline and his daughter have built houses on the access road and were concerned about the dust.

Mr. Cline requested the Plant Board pay half the cost of the paving from Pea Ridge Road to the security gate at the water tank fence.

24. Other New and Old Business: (See C-24/1)

25. Request Permission to have Chairman Call a Closed Door Session in Accordance with KRS 61.810(1)(F) In the Event it's Necessary to Discuss Pending Litigation: (See C-25/1)

26. Closed Door Session: (See C-26/1)