

MINUTES OF THE REGULAR MEETING OF  
THE BOARD OF DIRECTORS  
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT  
SATURDAY, FEBRUARY 8, 2014  
AT THE HOUR OF 8:00 A.M.

CALL TO ORDER: The meeting was called to order by President O'Grady at 8:00 a.m.

ANNOUNCEMENTS: Manager Sharp stated that this meeting is being fed live over the internet and that the public can view this meeting by going to our web site, [www.kmpud.com](http://www.kmpud.com) and follow the appropriate link. If the public would like to make a comment they may send an email to [msharp@kmpud.com](mailto:msharp@kmpud.com) and the Board will respond. Manager Sharp announced that Director Epstein will be participating via teleconference. Due to this, all voting must be done by Roll Call.

MEMBERS PRESENT: Present were President O'Grady, Directors Ende, Richert, and Dornbrook  
Via Teleconference: Director Epstein, Dave Rightley (Exponential Engineering), and Michelle Gamble (RCI)  
Also present were General Manager Sharp, Rick Ansel (Assistant Manager, Operations), Jill Campbell (Assistant Manager, Administration), Brandi Fichtner (Electric/Propane Manager), Rena Sullivan (District Clerk), Cheryl Stern (District Admin.), Peter Forsch (KCP), and Caroline Scott (Community Resident)

MEMBERS ABSENT: None

ORAL COMMUNICATION  
/PUBLIC INPUT: None

CORRECTIONS TO THE AGENDA  
OR CONSENT CALENDAR: None

ADOPTION OF THE CONSENT CALENDAR:

Director Richert motioned to approve the Adoption of the Consent Calendar. Director Ende seconded the motion and it carried by the following roll call vote:

AYES: President O'Grady, Directors Richert, Ende, Dornbrook and Epstein

NOES: None

ABSENT: None

ABSTAINING: None

CONSENT ITEMS BROUGHT FORWARD FOR SEPARATE DISCUSSION/ACTION: None

8A. AGENDA ITEM:

Discussion and Possible Action Regarding the Design, Timeline, Bidding Process, and Construction Activities Associated with the Out Valley Power Line Project. Manager Sharp/Michelle Gamble, RCI  
Michelle Gamble, RCI, reported that we have gone out to bid for the KM Green and KM Blue Substations and we have had nine pre-qualified bidders that requested plans and the mandatory pre-bid meeting is scheduled for Thursday.

Michelle Gamble reported that she has contacted Wilson Construction to discuss the possibility of starting construction earlier due to the mild nature of this winter and shared the schedule of what work could actually be accomplished and the timing of the delivery of the owner furnished materials.

Michelle Gamble reported that a meeting was held with the USFS which met the requirement to have a pre-operation meeting prior to the start of construction. Areas of concern that were voiced were the Spotted Owl Limited Operating Period(LOP) and the fire danger due to the drought. The LOP goes from March 1<sup>st</sup> to August 15<sup>th</sup> and once we start the 34.5 kV line we will be at the peak of the fire season. The USFS is considering assisting us in doing an extensive survey to look at each tree to see if portions of the power line can be released for work outside of the LOP. The fire restrictions and EV days were discussed as well as our Cost Recovery Agreement that we have with the USFS

Manager Sharp stated that he felt the meeting with the USFS was very productive and shared that we are looking to move the boundaries of the LOP and possibly the boundaries of the timeline. The response from the USFS was that if they lifted a provision or section of the LOP that it would be for the entire period. A discussion ensued.

Michelle Gamble reported that we continue to meet with PG&E and we have been working on the clearances that are requested. An updated project schedule that has been coordinated with PG&E was presented. Manager Sharp stated that we will be having additional meetings with PG&E to discuss communications, engineering reviews and the cash forecast. A discussion ensued.

8B. AGENDA ITEM:

Presentation and Possible Action on Out Valley Expenses to Date and Forecast Through End of Project as Compared to Plan. Manager Sharp/Michelle Gamble, RCI/Assistant Manager Campbell  
Michelle Gamble presented the Out Valley Overall Forecast, discussing how the construction bids have come in against the Engineer's estimate and how the Electrical Engineers proposals have come in against previous estimates.

Director Richert requested an ITCC Tax update. Manager Sharp stated that he will update the Board after meeting with our Tax Attorney that has been reviewing this.

Michelle Gamble shared RCI's expenses compared to budget to date and how they anticipate it will be in 2014.

Manager Sharp presented Form 7 that District staff has filed with RUS for 2013

Manager Sharp presented an update of the RUS Supplemental Loan and a cash forecast of the expenditures and remaining funds. A discussion ensued.

8C. AGENDA ITEM:

Continued Discussion and Possible Action Regarding Request for Change Order for Engineering Services from Exponential Engineering in Relation to the District's Out Valley Power Line Project. Manager Sharp/Dave Rightley, Exponential Engineering

Manager Sharp presented the Request for Change Order for Exponential Engineering for additional costs incurred in 2013 in the amount of \$134,810 and for anticipated additional 2014 costs of \$97,900. Manager Sharp shared the many aspects of the overall design that had to be redone when Exponential took over from Power Engineers, who they replaced in 2013.

Manager Sharp stated that going forward, budget review sessions will be held every two weeks with the project review team to help combat any overages in advance that can then be reviewed by the Finance Committee and also noted that RCI will be taking on more of the inspection services needed for the project in order to help contain costs. A discussion ensued.

It was the consensus of the Board that we value the relationship with Exponential Engineering and support the Change Order.

Director Richert motioned to approve the Request for Change Order for Engineering Services from Exponential Engineering in relation to the District's Out Valley Power Line Project as negotiated by District Staff. President O'Grady seconded the motion and it carried by the following roll call vote:

AYES: President O'Grady, Directors Richert, Ende, Dornbrook and Epstein

NOES: None

ABSENT: None

ABSTAINING: None

8D. AGENDA ITEM:

Discussion and Possible Approval of Procurement Agreement for the KM Blue Substation Project, 35kV Reactor, in Relation to the District's Out Valley Power Line Project. Manager Sharp/Dave Rightley, Exponential Engineering

Manager Sharp presented a letter of recommendation for the KM Blue Substation 35 kV Reactor. Dave Rightley reported that we have received one bid from Gilbert Electrical in the amount of \$70,620, however for an extra \$3000 they would include an environmental oil device (FR3 Oil) that would allow us to install the Reactor inside the Powerhouse.

Exponential Engineering is recommending that the Board award the bid to Gilbert Electrical in the amount of \$73,620, including the oil device. A discussion ensued with regards to what this Reactor does.

Manager Sharp stated that Staff has reviewed the recommendation from the Electrical Engineer and has discussed this with the Operations staff and feel that we have the room in the Powerhouse to house the Reactor inside and that this is the best location for maintenance and snow removal purposes. Therefore, staff's recommendation is to award the bid to Gilbert Electrical in the amount of \$73,620.

Director Dornbrook motioned to approve the Procurement Agreement for the KM Blue Substation Project, 35kV Reactor, in relation to the District's Out Valley Power Line Project to Gilbert Electrical in the amount of \$73,620. Director Richert seconded the motion and it carried by the following roll call vote:

AYES: President O'Grady, Directors Richert, Ende, Dornbrook and Epstein

NOES: None

ABSENT: None

ABSTAINING: None

8E. AGENDA ITEM:

Discussion and Possible Approval of Procurement Agreement for the KM Blue Substation Project, 38 kV Switchgear, in Relation to the District's Out Valley Power Line Project. Manager Sharp/Dave Rightley, Exponential Engineering

Manager Sharp presented an evaluation and recommendation for the purchase of the 38 kV Switchgear. Dave Rightley presented an overview of the 38 kV Switchgear and discussed the five bid proposals that were received.

Exponential Engineering recommended that the proposal be awarded to Myers Power Products in the amount of \$206,375, based on receiving the outstanding contractual requirement with regards to delivery date. A discussion ensued.

Manager Sharp stated that Staff recommends approval of the contract with Myers Power Products provided that they agree to the requirement mentioned by Dave Rightley, however, if they don't,

Manager Sharp would stipulate a motion that the President of the Board and the General Manager would then negotiate with the second highest bidder.

Director Richert motioned to approve the Procurement Agreement for the KM Blue Substation Project, 38 kV Switchgear, in relation to the District's Out Valley Power Line Project to Myers Power Products in the amount of \$206,375 based on Manager Sharp's recommendation. Director Ende seconded the motion and it carried by the following roll call vote:

AYES: President O'Grady, Directors Richert, Ende, Dornbrook and Epstein

NOES: None

ABSENT: None

ABSTAINING: None

8F. AGENDA ITEM:

Discussion and Possible Approval of Procurement Agreement for the KM Green Substation Project, Substation Steel, In Relation to the District's Out Valley Power Line Project. *Manager Sharp/Dave Rightley, Exponential Engineering*

Manager Sharp presented a recommendation letter from Exponential Engineering and RCI for the steel at the KM Green Substation. Dave Rightley presented an explanation of what the steel will be used for and stated that we have received three competitive bid proposals.

Dave Rightley recommended that the Board award the contract for the KM Green Substation Steel to Dis-Tran Steel for \$165,645. A discussion ensued with regards to the use of the galvanized steel that will be used.

Manager Sharp stated that Staff concurs with the recommendation from Exponential Engineering.

President O'Grady motioned to approve the Procurement Agreement for the KM Green Substation Project, Substation Steel, in relation to the District's Out Valley Power Line Project to Dis-Tran Steel for \$165,645. Director Richert seconded the motion and it carried by the following roll call vote:

AYES: President O'Grady, Directors Richert, Ende, Dornbrook and Epstein

NOES: None

ABSENT: None

ABSTAINING: None

8G. AGENDA ITEM:

Continued Discussion and Possible Action Regarding the District's Efforts to Secure Necessary Power Procurement, Scheduling and Settlement Services and Regulatory Affairs Coordination in Anticipation of Connecting to the National Power Grid. *Manager Sharp*

Manager Sharp stated that both of these items have been addressed with the Planning Committee and specified that the District did go out to bid for power purchase and schedule coordinating services. Manager Sharp reported that we received a complete bid from Shell Energy and a partial bid from T.E.A. and stated that we will focus on Shell Energy as T.E.A. is unable to provide all services at this time. Manager Sharp provided the detail of the differences between the two and the services that could be provided by Shell.

Manager Sharp explained the mechanics of power purchasing and stated that we will make sure that we have a good understanding of these Agreements prior to pledging any District dollars. A discussion ensued.

Director Richert asked that as these Power Purchase and Schedule Coordinating Service Agreements are formulated and better understood, he would like a clear articulation of what risks we will be managing and requested a table of all activities related to managing the purchase and distribution of electricity and compliance with all regulations that shows responsibilities and deliverables from KMPUD, PG&E, CAISO, Don Dame, Braun, Blaising, McLaughlin & Smith, etc. A discussion ensued.

Manager Sharp stated that he has three action items that he has previously discussed with the Planning Committee, that require general direction from the Board. The Planning Committee and staff recommend that the District contemplate a three year term, continue working with Shell Energy as the provider, and take a conservative Power Purchase approach buying ahead for 50% of off season peak and 80% on season peak approach. The Board unanimously concurred with all three action items.

8H. AGENDA ITEM:

Discussion and Possible Action on Governor's Declaration of Official Drought State of Emergency and District's Efforts to Respond to Potential Drought Conditions. *Manager Sharp*

Manager Sharp stated that everyone knows the drought that is affecting California and that Kirkwood is not immune to this. We have started a public awareness program by putting an article into the Newsletter and onto our website.

Manager Sharp presented the Water Stage Alert that was put into place in 2007 and reported on how we are tracking our aquifer levels and when further action will be taken. A discussion ensued with regards to well and Aquifer levels.

Manager Sharp stated that he would like to revisit the Water Stage Alert and hear from the Board and Public any comments with regards

to the aquifer levels, further steps to be taken if the drought should continue, and any other further actions/additions/changes to the Water Stage Alert that could be considered at the next Board meeting. A discussion ensued and many good ideas were heard and will be noted and brought back to the Board for consideration.

8I. AGENDA ITEM:

Initial Review and Possible Action Regarding the District's Capacity Study and Potential Impacts on Developer Connection Fees.  
Manager Sharp

Manager Sharp stated that District Staff has been working at dividing our Capital Plan into two parts. The first is capacity to determine what expansions of our existing infrastructure will be needed to accommodate additional units, and second, the normal replacement of existing infrastructure due to wear and tear. This information has been distributed and discussed with the Operations/Capital, Planning and Finance Committees.

Manager Sharp stated that staff will continue to work with the Committees on this topic and bring this back at the next meeting. A discussion ensued.

9. MANAGER REPORTS:

a. General Manager Report. Manager Sharp

Manager Sharp presented the February Newsletter addressing the new hosted email addresses and also reported on the Performance Reporting that has been incorporated into various Committee Agendas.

Manager Sharp reported that a notification has been distributed by Kirkwood Mountain Resort acknowledging a change in the Postal Service operation.

Manager Sharp presented special recognition rewards from ACWA/JPIA.

b. Operations Report. Assistant Manager Ansel

Assistant Manager Ansel presented a Snow Removal update stating that staff schedules have been adjusted to accommodate the weather and if any customers have a need, the snow phone is in operation and may be reached by calling (209) 256-9121.

Assistant Manager Ansel reported that he has contacted ISO (Insurance Services Office) with regards to the current rating that we have received, with his priority to bring our rating back to a "Four" by the December deadline.

Assistant Manager Ansel reported on a recent accident that damaged two of our fire hydrants, and stated that we will be seeking damages.

Assistant Manager Ansel reported that our District Engineer, Matt Wheeler, continues to work with the Department of Public Health to finalize any missing data from the 2013 Compliance Inspection Report, and also reported that the new membranes continue to work well and we are on our third request for clarification of our O&M Manual/Warranty requirements from Koch.

Assistant Manager Ansel reported that the Operations staff is focusing on the next two capital projects to include installing water meters and phase two of the Loop Road project.

Director Dornbrook shared that ACWA just recognized and awarded another District for the same water meter project that we are now doing. President O'Grady suggested that we contact ACWA to let them know about our project.

c. Electric/Propane Systems. *Electric/Propane Manager Fichtner*

Manager Fichtner presented an update on the Powerhouse reporting on the issues with the generators.

Manager Fichtner presented a Power Quality update stating that meters have been installed at the Lower Shop, The Meadows and Chair 7. The most useful data will be retrieved when all the lifts are operating. Once the data is collected it will be sent to Exponential Engineering who will do the data analysis and tell us if there is, and the extent of, any problems. A discussion ensued.

Manager Fichtner reported that the annual emissions test for the generators will be a cylinder gas audit which was approved by Great Basin and will replace the RATA testing that was done last year.

Manager Fichtner stated that we have been working with Exponential Engineering on the types of O&M and emergency services that we will need to hire for the Out Valley Power Line. Request for Proposal will go out in April to a list of local contractors.

d. Administrative Report. *Assistant Manager Campbell*

Assistant Manager Campbell presented the December financials to include the Balance Sheet, Combined Income Statement and Operating Cash Waterfall.

Assistant Manager Campbell stated that in January an Audit RFP went out to seven companies and contact has been made with all of them. We have received confirmation from



three of those companies that they will be submitting proposals by March 3rd.

Assistant Manager Campbell presented the timeline for the Fiscal Year 2015 Budget that will begin at the March Board meeting.

10. COMMITTEE REPORTS:

a. Communications. Bob Epstein

Director Epstein reported that a lot of progress has been made on the website and customer billing system and this month the focus will be on One Call Now.

Director Epstein reported that about 160 people have registered on the customer billing website to date and the next step will be to encourage more people to sign up. Director Epstein stated that sign-ups for the June/July events will also be available again this year.

b. Planning. Bob Ende

Director Ende reported that the Committee has been spending time on the Capacity Study and the Power Purchase Agreement. The Employee Housing topic is also being revisited.

c. Finance. Bob Epstein

Director Epstein reported that given the type of winter that we are having the Committee has been working with staff on a pro-active plan to cover our loan obligations and to be able to manage rates. The Committee is also looking at the Budget modeling and in March/April they will be looking at the final RUS draw down strategy.

d. Operations/Capital Projects. Peter Dornbrook

Director Dornbrook had nothing more to add that had not been covered previously, however did mention that Caroline Scott had been recognized for her work on several Committees at the last meeting.

e. Personnel. Standish O'Grady

President O'Grady stated that the Personnel Committee's focus was on the General Managers goals for this year, CalPERS liabilities and the reduction of staffing levels.

11. GENERAL DISCUSSION: None

12. ADJOURNMENT: The meeting was adjourned at 11:00 a.m.

  
Secretary ms