

MINUTES OF THE REGULAR MEETING OF  
THE BOARD OF DIRECTORS  
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT  
SATURDAY, APRIL 12, 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 following 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.

MEMBERS PRESENT: Present were President O'Grady, Directors Ende, Richert, Epstein and Dornbrook  
Via Teleconference: Dave Rightley (Exponential Engineering), Michelle Gamble (RCI), Scott Blaising (Braun Legal), Robert Pierce, (Shell), Don Dame (Power Purchase Consultant), and Cary Silahian (Shell)  
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), Matt Wheeler (Bennett Engineering), Orin Bennett (Bennett Engineering), Peter Forsch (KCP), and Allan Sapp (Community Resident)

MEMBERS ABSENT: None

ORAL COMMUNICATION  
/PUBLIC INPUT: None

CORRECTIONS TO THE AGENDA  
OR CONSENT CALENDAR: None

ADOPTION OF THE CONSENT CALENDAR:

Manager Sharp asked to move Agenda Item #2 on the Consent Calendar, Operations/Capital Committee: Approval of the Combined Operations/Capital Committee Charter, to Agenda Item #7, Consent Items Brought Forward for Separate Discussion/Action.

Director Dornbrook motioned to approve the Adoption of the Consent Calendar. Director Richert seconded the motion and it carried by the following voice 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:

Manager Sharp presented the Operations/Capital Committee Charter and stated that these two Committees were combined on January 1, 2014. Manager Sharp proposed to revise the paragraph that addresses Membership. Currently it states that the Committee shall consist of three to **five** voting members consisting of two directors and one to **three** District members. The General Manager shall be a non-voting member of the Committee.

Manager Sharp's proposed change would state that the Committee shall consist of three to **seven** voting members consisting of two directors and one to **five** District members. The General Manager shall be a non-voting member of the Committee.

Director Dornbrook motioned to approve the change to the Operations/Capital Committee Charter. Director Richert seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8A. AGENDA ITEM:

Discussion and Possible Action Regarding the Design, Timeline, Bidding Process, Costs and Construction Activities Associated with the Out Valley Power Line Project. Manager Sharp/Michelle Gamble, RC/

Michelle Gamble stated that we are entering into the next construction phase of the Out Valley Power Line Project. Contractors are mobilizing and a pre-construction meeting is scheduled for both the Overhead and Sub-station projects on April 15<sup>th</sup>. Meetings have been held with PG&E, Wilson Construction and Crux (the Sub-Contractor who will be constructing the micro pile foundations). Wilson Construction had concerns with five of the micro pile structures that were staked last fall: three of the structures have been resolved and alternatives for the other two are being considered. Wilson Construction has acknowledged that they should have looked at these structures last fall and the cost of any additional design work that may be needed will be negotiated.

Michelle Gamble reported that we have met with PG&E with regards to the clearances (power outages) that are required and shared the requirements that PG&E is held to by the CPUC and what they will require of us. PG&E did grant us a clearance for tree clearing. A discussion ensued.

Michelle Gamble reported that we have conducted the required Peregrine Falcon surveys and there is a Peregrine Falcon that is nesting in Salt Springs, however, this will not affect the project. Discussions continue with the USFS with regards to the Spotted Owl LOP (Limited Operating Period) and the Sierra Nevada Yellow Legged Frog.

Michelle Gamble stated that we are waiting for RUS approval on the Sub-station contracts and anticipate approval this week.

Michelle Gamble presented an updated schedule for the Overhead and Underground contracts and will update the schedule with the Sub-station information after the pre-construction meeting on April 15<sup>th</sup>. A discussion ensued.

Manager Sharp and Dave Rightley, Exponential Engineering, discussed the final site plan for the KM Blue Sub-station. Manager Sharp reported that there was a stop payment notice with regards to the Campbell Construction KM Green Grading and Drainage that has been resolved and final payment has been made. Michelle Gamble has put out notices to the cabin owners and other interested parties that construction is beginning and noted that Hwy. 88 will have 20 minute traffic closures beginning in May. The District has entered into a staging agreement with Vail for the use of the middle Red Cliffs parking lot beginning on April 15<sup>th</sup>.

8B. AGENDA ITEM:

Presentation and Possible Action Regarding the Current PG&E Cost Estimate and Impacts to the Overall Finances and Draw Down Schedule in Relation to the District's Out Valley Power Line Project.  
Manager Sharp/Michelle Gamble, RCI

Manager Sharp stated that the District is connecting to PG&E's Electrical Transmission Line at Salt Springs and building a 115 kV Overhead transmission line from Salt Springs to KM Green and then deeding that line back to PG&E. The Interconnection Agreement lays out the responsibilities and costs of both parties. The District has had concerns with the Interconnection Agreement from the beginning in that the costs associated come with a 15-50% variance factor and the calculation of O&M (Operations & Maintenance) include soft costs that should not be associated with the actual O&M costs. Manager Sharp presented a full report of cost estimates, cost overages and requested meetings scheduled and held with PG&E.

Manager Sharp stated that District Staff recommends that the Board revise and approve the position paper and send it out to PG&E. A discussion ensued and comments with regards to revisions/acceptance of the position letter were noted as well as the potential ways to negotiate with PG&E. President O'Grady asked Director Epstein to take the lead, which he accepted. Peter Forsch, KCP, announced that he would be happy to write a letter to PG&E on behalf of KCP, KCA and possibly the other HOA's.

Manager Sharp stated that the next step will be to take today's

comments and finalize the position letter to then be circulated to the Board for approval.

Manager Sharp presented the revision of the Out Valley costs in total. A discussion ensued.

Manager Sharp reported that we continue to work with RUS on the \$8 million Supplemental Loan which has been delayed due to an issue with our Audit. A meeting has been scheduled with our Auditor to resolve this problem.

Manager Sharp reported that the Finance Committee has been working on the Draw Down strategy for the remaining funds coming from RUS. Allan Sapp presented a Draw Down projection analysis. President O'Grady and Director Epstein commented, acknowledged and supported this analysis.

Manager Sharp requested approval from the Board to prepare the loan draws. Once drawn up they would be sent to RUS to hold until the time comes to proceed with the draw which will be confirmed by President O'Grady or Director and Finance Committee Chairman Epstein.

Director Richert motioned that the Board provide Manager Sharp the authority to take action on this Draw Down schedule as presented. Director Epstein seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8C. AGENDA ITEM:

Discussion and Possible Approval of Change Order From Wilson Construction in the Amount of \$42,480 to Revise the Micro Pile Design and Construction for Structures 0/15 and 0/16. Manager Sharp/Michelle Gamble, RC!

Manager Sharp stated that Thomas & Betts, our Overhead Pole designer/provider, made an error. After the construction contract was awarded to Wilson Construction for the Overhead construction a rigorous review of the calculations was completed by Exponential Engineering and PG&E. It was determined that the calculations done by Thomas & Betts on two of the Micro-Pile structures failed to account for the worst case conditions. Subsequently, Thomas & Betts submitted revised calculations and this has resulted in a change order from Wilson Construction for an added cost of \$42,480.00. Manager Sharp stated that we will be negotiating this change order with Thomas & Betts.

Manager Sharp stated that Staff recommends the approval of the change order with direction to staff and the Out Valley team to pursue Thomas & Betts for remuneration of these funds due to the error made by them.

President O'Grady motioned to approve the Change Order from Wilson Construction in the Amount of \$42,480.00 to revise the Micro Pile Design and Construction for Structures 0/15 and 0/16. Director Dornbrook seconded the motion, and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8D. AGENDA ITEM:

Presentation and Possible Action Regarding Exponential Engineering's Electric Power Quality Study and Recommendations for the Kirkwood Valley. Manager Sharp/Dave Rightley, Exponential Engineering

Manager Sharp stated that the District has been working on the Power Quality issue for the last few years trying to understand the power quality in Kirkwood and hired Dave Rightley in March to complete a Power Quality study.

Dave Rightley presented a Power Point presentation to show his findings. In order to measure Kirkwood's power quality he installed three power quality recording meters on the system, one for commercial, residential and lifts. This test took place over a two month period, recording every 15 minutes. Based on the measurements taken, the harmonic distortion detected in the system is higher than District standards and can impact the system in a number of ways. Dave Rightley stated that a very basic filter system would help mitigate the problem and recommends that the larger motors be filtered.

Director Dornbrook suggested that we interface with the Kirkwood Mountain Resort's Lift Maintenance department so we can effectively resolve these issues for everyone's benefit. A discussion ensued.

Manager Sharp stated that we are still in the "gathering of information" stage. There are four filters on the lifts at this time that the Ski Resort has installed and he feels that we need to move our Power Quality meters around to determine which lifts are causing the problems. Manager Sharp stated that we have had conversations with Vail, they know about the Power Quality study, and we will take a look at what they are doing at their other resorts. We know we have a problem, we know where that problem is and

the impact of that problem and we will work with the Ski Resort to solve the problem. A discussion ensued.

The Board requested that the report be updated and re-distributed. A discussion ensued.

8E. 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 introduced Don Dame, Power Purchase Consultant, Scott Blaising and Kevin Smith, Braun Legal, Robert Pierce and Cary Silahian, Shell Power. Manager Sharp stated that once the Out Valley Power Line is complete we will need to purchase power. Manager Sharp stated that our first objective was to solidify a relationship with CAISO, and the Small Utility Operating Agreement and the Meter Service Agreement were approved at the March 8<sup>th</sup> Board meeting, and have been fully executed and are ready to be put into place.

Manager Sharp presented the Scheduling Coordinating Services Agreement that provides for Shell to work with CAISO to schedule our power needs. The power procurement is handled through the Master Power Purchase Agreement that is used throughout the Industry and sets forth the mechanism by which to purchase power from Shell.

Manager Sharp also explained the Confirmation Agreement and hedging strategy that will come into play at a later date along with the rolling seven day forecast of our anticipated power needs that Manager Fichtner put into practice.

Manager Sharp recommended approval of the Scheduling Coordinating Services Agreement and the Master Power Purchase Agreement. Director Ende reported that the Planning Committee also recommends approval.

8F. AGENDA ITEM:

Discussion and Possible Approval of Resolution 14-08 Approving the Scheduling Coordinator Services Agreement Between Shell Energy North America and the Kirkwood Meadows Public Utility District. *Manager Sharp/Robert Pierce, Shell Energy/Kevin Smith, Braun Legal*

This Agenda Item was discussed with Agenda Item 8E.

Director Ende motioned to approve Resolution 14-08 approving the Scheduling Coordinator Services Agreement between Shell Energy North America and the Kirkwood Meadows Public Utility District. President O'Grady seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8G. AGENDA ITEM:

Discussion and Possible Approval of Resolution 14-09 Approving the Master Power Purchase and Sale Agreement Between Shell Energy North America and the Kirkwood Meadows Public Utility District. Manager Sharp/Robert Pierce, Shell Energy/ Kevin Smith, Braun Legal

This Agenda Item was discussed with Agenda Item 8E.

Director Richert motioned to approve Resolution 14-09 approving the Master Power Purchase and Sale Agreement between Shell Energy North America and the Kirkwood Meadows Public Utility District. Director Ende seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8H. AGENDA ITEM:

Presentation and Update by the District's Water/Wastewater Engineer on Wastewater Membrane Warranty Compliance, Water Supply Study Funding Sources, Update of Sewer System Management Plan and Potential District Summer Projects. Manager Sharp/Matt Wheeler, District Engineer

Matt Wheeler, District Engineer, presented a project status update stating that the membrane project has been completed and now the focus has been on membrane warranty compliance. To maintain the warranty compliance, staff has been recording and reporting activities in accordance with the manual to be proactive.

Matt Wheeler presented a follow up on the water permit, stating that the inspection from the Department of Public Health came in and several of the items that were on that list have been addressed, with some of the longer lead-time items to include operator certification and a few summer projects.

Matt Wheeler reported on the Drought Relief Funding and the Service Water Project and stated that as our District Engineer he has attended a funding workshop to explore what emergency funds would be available to the District. The Caples Lake water project was identified as part of the capacity study as something that we may want in the future. The two leaders in funding are the USDA Emergency Community Water Grant Program, and the IRWM

(Integrated Regional Water Management) program. Matt Wheeler recommended joining these groups as we would then be part of their programs if a need arises. A discussion ensued.

Manager Sharp recommended that we stay in touch and engaged with these groups as we do not know what our needs may be in the future.

Matt Wheeler reported that he is following up on a request from Vail on whether or not they can pave the three Lower 7 parking lots or if that would impede our absorption beds that are located there. Our absorption beds are regulated by the Regional Water Board and we are waiting for an answer from them. A list of summer projects was presented. A discussion ensued.

8I. AGENDA ITEM:

Introduction, Discussion and Possible Approval of Master Services Agreement with Bennett Engineering as the New Parent Company of District Engineer Matt Wheeler and Extension of WDR Compliance Reporting Task Order. Manager Sharp/Matt Wheeler, District Engineer

Matt Wheeler reported that he has taken a job with Bennett Engineering and with joining this team he has requested to stay on as our District Engineer. Matt Wheeler presented the Master Services Agreement with Bennett Engineering as the new parent company and the Extension of WDR Compliance Reporting Task Order.

Matt Wheeler introduced Orin Bennett, President of Bennett Engineering who addressed the Board. Director Richert questioned if the rate would increase and it was determined that the rates are competitive and the overall rate will be similar. Manager Sharp noted that our Master Services Agreement is on a time and materials basis for general services and any large projects would go before the Board for approval.

Director Richert motioned to approve the Master Services Agreement with Bennett Engineering as the new parent company of District Engineer Matt Wheeler and the Extension of WDR Compliance Reporting Task Order. Director Dornbrook seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8J. AGENDA ITEM:

Continued Review and Possible Action Regarding the Revision of the Kirkwood Meadows Public Utility District's Capital Plan and Potential Impacts on Developer Connection Fees. Manager Sharp



President O'Grady noted that this topic has been reviewed by the Finance, Planning and Operations/Capital Projects Committees.

Manager Sharp stated that Staff has been revising the Capital Plan and dividing the Capital Plan into two components. The capacity component are expenditures for additional infrastructure capacity to allow the District to serve new customers through build out, and the replacement component are expenditures for wear and tear of the District's existing infrastructure. Manager Sharp outlined the new proposed connection fees under this plan.

Manager Sharp stated that staff recommends that the Board President call for a Public Hearing on May 10<sup>th</sup>, 2014, to hear public input and possibly approve the revisions to the Capital Plan. A discussion ensued.

Director Dornbrook motioned to have President O'Grady call a Public Hearing on May 10<sup>th</sup>, 2014 to consider revising the Kirkwood Meadows Public Utility Districts Capital Plan that will impact developer connection fees. Director Epstein seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8K. AGENDA ITEM: 2014-2015 Budget Planning and Formulation, First Presentation of Overall Budget Template, One Year Income Statement and Revised Projections. Assistant Manager, Administration, Campbell  
Assistant Manager Campbell presented the updated projections for the budget and the updated budget summaries to include the updated budget for 2014, projected year-end actuals and the five year projections going from a one year budget to a five year budget. A discussion ensued.

President O'Grady stated that the Board's direction is to continue developing and present a fully integrated budget by the next Finance/Board meeting.

8L. AGENDA ITEM: Review and Possible Adjustment and Expansion to Other Departments of the District's Leak Credit Policy. Manager Sharp/ Assistant Manager, Administration, Campbell  
Manager Sharp stated that the District has had a Leak Credit Policy for over twenty years that is calculated on the last three years of average usage for the month of the leak, which may be used once every five years. Manager Sharp explained the way the Leak Credit Policy works. A customer recently applied for a Leak Credit and questioned the water consumption rate and the possibility of being

double charged by charging the water consumption rate and by charging the balance of the water that was used by the leak. The proposed revision to Regulation 620.02 would eliminate the secondary/double charge.

Manager Sharp stated that staff is looking for Board direction on this revision and if the Board agrees with this revision Manager Sharp will bring it back before the Board at the next meeting for possible approval. A discussion ensued and it was the Board's direction for staff to make the necessary changes to the Policy and bring it back to the Board at the next meeting as a consent item.

## 9. MANAGER REPORTS:

### a. General Manager Report. *Manager Sharp*

Manager Sharp stated that the District has formed a new Corporation, the Kirkwood Meadows Public Utility District, non-profit Public Benefit Corporation, and is in the process of receiving its 501(c)3 number. Articles and by-laws have been filed with the State and it has been filed with the IRS. This number may be used for tax-deductible donations.

Manager Sharp reported that we have been working with KCP on the Timber Creek Townhomes, a new development on the side of Chair 9. The District has submitted a letter to Amador County on the layout and one to the Developer on the utilities. Manager Sharp will keep the Planning Committee up to date with any developments.

Manager Sharp stated that a letter has gone out with regards to penalty forgiveness by signing up for ACH. Any customer who has a penalty may get a credit up to a maximum of \$100 if they sign up for ACH.

Manager Sharp stated that we are working on Employee Housing and Fire Impact Fees and looking into the process to pursue Special Legislation.

### b. Operations Report. *Assistant Manager Ansel*

Assistant Manager Ansel reported that we are moving forward with the AMI Remote Read Water Meter project and also presented an example of all devices used. This project has a July 1<sup>st</sup> deadline.

Assistant Manager Ansel reported that we have received a notice from ISO that our rating will remain at #4.

Assistant Manager Ansel presented the pre-registration form for the July 5<sup>th</sup> KVFD Wine Tasting/BBQ stating that you may also find the donation form/page on the kmpud.com website under Services/Fire Department.

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

Manager Fichtner presented an update on the replacement schedule for Generator #7.

Manager Fichtner reported that we will be doing the annual Generator emissions testing on April 23 & 24<sup>th</sup>, and that pre-testing has been encouraging.

- d. Administrative Report. Assistant Manager Campbell  
Assistant Manager Campbell presented the Performance Reporting for February and February Financials, including the Balance Sheet, Combined Income Statement and Cash Waterfall report. A discussion ensued.

Assistant Manager Campbell presented the formal engagement letter received from Moss Adams Auditors. The schedule includes a pre-audit on June 9<sup>th</sup> and then they will be here the week of August 20<sup>th</sup> to complete the audit.

Assistant Manager Campbell stated that we have received the indoor water meter units and we will begin installation of the rest of the residential units as soon as the snow melts.

#### 10. COMMITTEE REPORTS:

- a. Communications. Bob Epstein  
Director Epstein stated that the focus has been to encourage the community to use the online system. We have 831 accounts that we bill and 271 accounts registered online. The Committee has various plans underway to draw attention and encourage sign-ups.

- b. Planning. Bob Ende  
Director Ende shared some community response that he has received with regards to the Meadow Trail System.

Director Ende touched briefly on the Special Legislation that is being investigated for the Fire Impact Fees and stated that the Committee is showing very little enthusiasm to pursue this with regards to Employee Housing.

- c. Finance. Bob Epstein  
Director Epstein had nothing new to report and stated that everything had been previously discussed.

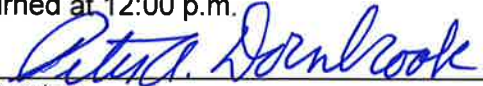
- d. Operations/Capital Projects. Peter Dornbrook  
Director Dornbrook had nothing new to report and stated that everything had been previously discussed.

- e. Personnel. Standish O'Grady  
President O'Grady stated that the General Managers goals were discussed, along with CalPERS health program and Social Security. President O'Grady stated that he feels that there is an opportunity for some significant upgrades with regards to benefits.

11. GENERAL DISCUSSION: Manager Sharp announced that we will have a demonstration of our new Plasma Cutter after the meeting.

Manager Sharp announced that we will be staging a Fire Drill training session in the near future.

12. ADJOURNMENT: The meeting was adjourned at 12:00 p.m.

  
Secretary \_\_\_\_\_ms

\*A complete audio recording of this meeting is available on the District's website [www.kmpud.com](http://www.kmpud.com)