

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
SATURDAY, JUNE 14, 2014
AT THE HOUR OF 8:00 A.M.

CALL TO ORDER: The meeting was called to order by Treasurer Epstein 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 and following the appropriate link. If the public would like to make a comment they may send an email to msharp@kmpud.com and the Board will respond. Manager Sharp stated that Director Ende will be participating via teleconference and President O'Grady will be absent. Due to this, all voting must be done by Roll Call and Board members must identify themselves when speaking.

MEMBERS PRESENT: Present: Directors Epstein, Dornbrook and Richert
Via Teleconference: Director Ende
Also present: General Manager Sharp, Rick Ansel (Assistant Manager, Operations), Jill Campbell (Assistant Manager, Administration), Brandi Fichtner (Electric/Propane Manager), Rena Sullivan (District Clerk), Terry Woodrow (Alpine County Supervisor), Melene Smith, Doug Robinson, Eva Eilenberg and Libby Culver (Community Residents)

MEMBERS ABSENT: President O'Grady

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 Dornbrook seconded the motion and it carried by the following roll call vote:

AYES: Directors Epstein, Richert, Dornbrook and Ende

NOES: None

ABSENT: President O'Grady

ABSTAINING: None

CONSENT ITEMS BROUGHT FORWARD FOR SEPARATE DISCUSSION/ACTION: 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, RCI

Manager Sharp presented an update on the Underground conduit installation reporting that near Oyster Creek crews have encountered a Cal Trans French Drain that was not on the plans which caused unforeseen expenses and cost crews a day of work. Manager Sharp stated that we have been advised by Caltrans that we can file a claim to recover some of the losses. Titan Electric will be back on site beginning June 23rd to pull cable and noted that eight vaults have been set with seven remaining and 16 sectionalizing cabinets have been set with 17 remaining to be set.

Manager Sharp reported that good progress is being made on the Overhead and they are ahead of schedule. Crux has completed all of the micro-pile installations on the 115 kV line. The week of June 10th – 20th there will be a major clearance (power outage) period when the 115 kV poles will be flown in and we have been advised that as of Friday, all 21 poles have been set on the 115 kV line. The Overhead is still anticipating a September completion date or sooner based on the LOP (Limited Operating Period) restriction.

Manager Sharp reported that both KM Green and KM Blue Substations are under construction and are on schedule with an anticipated September completion date.

Manager Sharp reported that he has met with Lawrence Crabtree, El Dorado National Forest Service Supervisor, on the importance of getting relief on the Spotted Owl area which currently ends on August 15th. They have allowed the District to complete the Owl survey, which was completed on June 13th, and during the survey a male Owl was detected. We are also working with the USFS on the fire restrictions and what can be done on certain weather restriction days.

Manager Sharp reported that the \$8 million B8 Loan has received Administrative approval from RUS. We will be working with Foster Pepper and Jones Hall to produce the loan documents. The funds should be available in August. A Special Board Meeting may be necessary in late June.

Manager Sharp reported on the original A8 Loan and the terms and draw down dates for the remaining funds. Manager Sharp presented the draws to date and asked for the Board's consensus to allow Staff to work with the Finance Committee to nail down the details for the next draw. The Board concurred.

8B. AGENDA ITEM: Discussion and Possible Approval of Change Order From Dis-Tran, Inc. Related to the Cost of the Steel for KM Green, Totaling \$29,145 due to a Design Change. Manager Sharp/Dave Rightley.

Exponential Engineering

Manager Sharp reported that in order to meet timelines, KM Green Steel went out to bid, and was awarded, prior to the design for the switchgear being received. Once the design was received it was found that diagonal bracing could not be used and additional steel would be needed. The cost increase to the project is \$29,145.

Director Dornbrook motioned to approve the Change Order from Dis-Tran, Inc. related to the cost of the steel for KM Green, totaling \$29,145 due to a design change. Director Richert seconded the motion and it carried by the following roll call vote:

AYES: Directors Epstein, Richert, Dornbrook and Ende

NOES: None

ABSENT: President O'Grady

ABSTAINING: None

8C. AGENDA ITEM:

Continued Discussion 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 reported that Board members Bob Epstein, Standish O'Grady, RCI and District Staff have been in negotiations with PG&E with the main focus centering around the ownership of the 115 kV line. Originally this line was going to be deeded to PG&E and they were going to assume ownership and maintenance responsibilities, however, the cost of ownership and other charges would be reduced if the District retained ownership.

Manager Sharp stated that we have had conversations with Bob Daniels, PG&E, and have written a letter to PG&E outlining the District's understanding that we have reached a verbal agreement and that we will be able to retain ownership of the 115kV line, however, we will be responsible for PG&E's cost overruns. Next steps will be to revise the Interconnection Agreement, work through any issues, and then have a confirmation meeting to work out the details at a meeting to be held with PG&E on July 11th, with Board members present.

Manager Sharp stated that ownership of the 115 kV line will require increased maintenance and we are working on an RFP for outside maintenance help on all aspects of the Underground, Overhead and Substations. A discussion ensued.

8D. AGENDA ITEM:

Public Hearing: Public Hearing to Take Public Input and Discuss the Proposed Adjustment of Propane Gas and Electric Service Charges.

Lead: Finance Committee

Manager Sharp stated that the current budget, and our financial forecast, prepared by Howard Barnes, calls for a 3.5% increase in Electric rates and a 8.5% decrease in Propane rates. Manager Sharp identified the reasons for the Electric rate increase and the Propane rate decrease, stating that if the Board approves this the Electric variable rate will go from \$0.5437 to \$0.5628 cents per kilowatt hour and the base would go from \$20.67 to \$21.29 on a monthly basis and the Propane variable portion would go from \$0.0915 to \$0.075 per cubic foot. Manger Sharp noted that in our five-year budget we do show electric rate decreases beginning next year.

Manager Sharp stated that Staff recommends approval of Ordinance 14-04, Revising Electric and Propane Service Charges. A discussion ensued with regards to automatic adjustments for inflation.

The **Public Hearing** was opened at 8:48 am.

Doug Robinson, Community Resident, requested an explanation of why we are doing the Out Valley project and if consideration was given to alternative energy sources such as solar. Director Epstein and Richert addressed the questions.

The **Public Hearing** was closed at 9:08 a.m.

Director Richert proposed that Section 6 of Ordinance 14-04 be modified to exclude certain costs from annual inflation increases. He proposed to modify Section 6 to state that "Beginning on July 1, 2014 and on each July 1st thereafter, the usage rate (excluding cost of fuel, debt service and depreciation), base rate and meter charge components of the electric and propane gas service charges that are adopted by this ordinance shall automatically increase due to inflation". Director Epstein stated that because this is an automatic adjustment, if we discover that we are wrong, the rate case could be adjusted.

8E. AGENDA ITEM:

Discussion and Possible Approval of Ordinance 14-04 Adjusting District Propane Gas and Electric Service Charges. Manager Sharp

Lead: Finance Committee

Director Richert motioned to approve the adoption of Ordinance 14-04 with the modification to Section 6 as discussed. Director Dornbrook seconded the motion, and it carried by the following roll call vote:

AYES: Directors Epstein, Richert, Dornbrook and Ende

NOES: None

ABSENT: President O'Grady

ABSTAINING: None

8F. AGENDA ITEM: Review and Possible Approval of Resolution 14-14 Approving Five Year Operating Budget and Capital Plan. Assistant Manager, Administration, Campbell

Lead: Finance Committee

Manager Sharp presented the key assumptions of the first five year Operating Budget and Capital Plan for the fiscal year 2014-2015. The narrative portion of the Capital Plan has been revised with the comments received from the last Board meeting. A discussion ensued.

Manager Sharp stated that Staff recommends approval of Resolution 14-14 approving the 2014-2015 Five Year Operating Budget and Capital Plan. Manager Sharp stated that the Finance Committee has also reviewed the five year Operating Budget and Capital Plan for the fiscal year 2014-2015 and recommends approval. Director Epstein commended staff on this challenging assignment.

Director Richert motioned to approve Resolution 14-14 approving the Five Year Operating Budget and Capital Plan for the fiscal year 2014-2015. Director Dornbrook seconded the motion, and it carried by the following roll call vote:

AYES: Directors Epstein, Richert, Dornbrook and Ende

NOES: None

ABSENT: President O'Grady

ABSTAINING:None

8G. AGENDA ITEM: Presentation and Possible Action Regarding the Performance of the Snow Removal Services Department and Possible Approval of Credits for the 2014-2015 Season. Manager Sharp

Lead: Operations/Capital Committee

Manager Sharp presented a re-cap of the Snow Removal financials for the 2013-2014 snow season which shows a credit refund of 12.57% for those Associations participating, compared to an 8.31% credit for last year. District's practice and staff's recommendation has been to apply this credit to Associations that return to the District's program the following year. No increase is anticipated for the contract amount for the 2014-2015 winter.

Manager Sharp stated that Staff recommends approval of Resolution 14-16 authorizing credits for the 2014-2015 season in the amount of \$49,372.00. A discussion ensued.

Director Dornbrook motioned to approve Resolution 14-16 authorizing credits for the 2014-2015 season in the amount of \$49,372.00. Director Richert seconded the motion, and it carried by the following roll call vote:

AYES: Directors Epstein, Richert, Dornbrook and Ende

NOES: None

ABSENT: President O'Grady

ABSTAINING: None

8H. AGENDA ITEM: Discussion and Possible Adoption of a Water Stage Alert in Kirkwood due to the Ongoing Drought in California. *Manager Sharp*
Lead: Operations/Capital Committee

Manager Sharp stated that everyone is aware of the drought that is currently affecting California and related how this may affect Kirkwood. Manager Sharp stated that our Aquifer levels are currently very strong, however as a precaution staff is recommending that the Board declare a Water Stage Alert-Level 2. Manager Sharp reviewed what a Level 2 Water Stage Alert entails.

Manager Sharp stated that Staff recommends approval of Resolution 14-15 declaring a Water Stage Alert-Level 2. Director Dornbrook stated that the Operations/Capital Committee has reviewed the Water Stage Alert-Level 2 and recommends approval of Resolution 14-15.

Director Dornbrook motioned to approve Resolution 14-15 adopting a Water Stage Alert-Level 2 in Kirkwood due to the ongoing drought in California. Director Richert seconded the motion, and it carried by the following roll call vote:

AYES: Directors Epstein, Richert, Dornbrook and Ende

NOES: None

ABSENT: President O'Grady

ABSTAINING: None

8I. AGENDA ITEM: Discussion and Possible Approval of Proposal to Install New Main Regulators on the Propane System to Insure Service Reliability for a Cost of \$26,394. *Manager Sharp*
Lead: Operations/Capital Committee

Manager Sharp reported that the pressure in the propane system is maintained by two water bath vaporizers and an associated set of pressure regulators. During a period of cold temperatures the propane system dropped from the normal 12psi to 4psi. Kiva, our service provider, determined that the pressure sensing line was

piped incorrectly. Manager Sharp shared the impact if we were to loose the propane system pressure.

Staff is recommending that the water bath regulator piping be modified and that two regulators be installed on each water bath. Manager Sharp presented a proposal from Kiva for \$26,394 to replace all four regulators. Director Dornbrook stated that this was discussed at the Operations/Capital Committee meeting and recommends approval.

Director Dornbrook motioned to approve the proposal from Kiva to install new main Regulators on the Propane System for a cost of \$26,394. Director Richert seconded the motion, and it carried by the following roll call vote:

AYES: Directors Epstein, Richert, Dornbrook and Ende

NOES: None

ABSENT: President O'Grady

ABSTAINING: None

8J. AGENDA ITEM:

Discussion and Possible Action Regarding a Notice of Violation Received From the Central Valley Regional Quality Control Board and Possible Approval to Replace the Wastewater Treatment Plant Influent Meter for a Cost of \$14,500. *Manager Sharp*

Lead: Operations/Capital Committee

Manager Sharp conveyed that Vail had requested that the District pave the parking lots where our absorption beds lie. The District forwarded this request to the Regional Board which prompted a thorough review of our permit and resulted in a notice of violation due to the renumbering of our affluent beds, which caused confusion by the Regional Board thinking we were discharging into new beds. The Regional Board has been notified and we will go back to our previous numbering system.

Manager Sharp reported that the Regional Board has requested that we replace our Influent Meter. The meter has been budgeted for and is part of our Capital Plan.

Manager Sharp stated that it is Staff's recommendation to accept the Aqua Sierra Control proposal with a cost not to exceed \$14,500.00. Director Dornbrook stated that the Operations/Capital Committee concurs with this direction.

Manager Sharp stated that we will not pursue paving the parking lots at this time.

Director Dornbrook motioned to approve the replacement of the Wastewater Treatment Plant's Influent Meter for a cost of \$14,500.

Director Richert seconded the motion, and it carried by the following roll call vote:

AYES: Directors Epstein, Richert, Dornbrook and Ende

NOES: None

ABSENT: President O'Grady

ABSTAINING: None

8K. AGENDA ITEM:

Discussion and Possible Action Regarding a Wastewater Spill Which Occurred on May 30th and Possible Approval to Replace Compressors and Install Redundant Float System for a Cost of \$8,987. *Manager Sharp*

Lead: Operations/Capital Committee

Manager Sharp reported that on May 30th, 2014 we had a wastewater spill of 150 gallons in the East Meadows area near Aster Court from our East Lift. This was a failure of our compressors that operate the system. We were able to track the spill from our Scata system and narrow down the timeframe. The District is proposing to replace both the compressors and purchase two new compressors that will sit on the shelf so that this issue does not happen in the future. Secondly, we want to install a redundant float system so that if the compressors do go down in the future we will receive an alarm warning. A discussion ensued.

Director Dornbrook motioned to approve the replacement of the Compressors and install a redundant Float System for a cost not to exceed \$9000.00. Director Richert seconded the motion, and it carried by the following roll call vote:

AYES: Directors Epstein, Richert, Dornbrook and Ende

NOES: None

ABSENT: President O'Grady

ABSTAINING: None

9. MANAGER REPORTS:

a. General Manager Report. *Manager Sharp*

Manager Sharp presented the Action Items from the May 10th, 2014 Board meeting and will continue to produce these.

Manager Sharp presented the General Manager Objectives (GMO's) stating that he has requested input from all Committees. The Committees have asked Manager Sharp to complete a General Managers perspective on how he did for the 2013-2014 year and suggestions for the 2014-2015 GMO's.

Manager Sharp presented the June 2014 Newsletter and the Consumer Confidence Report and updated the Board on the Water Rights project. A discussion ensued.

Manager Sharp reported that the District participated in Vail's Clean-Up Kirkwood Day.

b. Operations Report. Assistant Manager Ansel

Assistant Manager Ansel presented an update on the Wastewater Treatment Plant and the maintenance layout form that is used to stay on track with any equipment issues. Tesco was on site to resolve a few issues and we continue to work with Matt Wheeler on the warranty compliance issues.

Assistant Manager Ansel reported that the Remote Water Meter Project is over 60% complete.

Assistant Manager Ansel reported that the Demonstration Meadow Trail has been completed using the specifications received from Donald Hayes, Trail Consultant. We will have a Proposed Meadow Trail information table set up at the KVFDF Wine Tasting/Barbeque.

Assistant Manager Ansel reported that District Staff is preparing to begin work on Phase 2 of the Loop Road project. A discussion ensued.

Assistant Manager Ansel reported that we will maintain our #4 ISO rating and also presented an update on the KVFDF Wine Tasting/Barbeque to include the menu, layout, silent & live auction, donations, etc. Volunteers for the Barbeque and the Death ride are still needed.

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

Manager Fichtner gave the details and purpose of the scheduled power outage that occurred on May 22nd, 2014. A discussion ensued.

Manager Fichtner presented the Summer Project list for the Electric/Propane Department.

Manager Fichtner reported that we are still working with PowerSecure on the Generator 7 replacement which is now scheduled for mid-June and should take about two weeks.

Manager Fichtner presented the extensive list of CAT generator repairs that Holt of California was able to find when they did their inspection. Generator #1 and #3 have been

completed. Manager Fichtner reported on the Volvos stating that Holt was asked to do an inspection on the Volvos after PowerSecure declined extension of our warranty past 5,000 hours. Holt found quite a few issues, which have been reported to PowerSecure and we have requested warranty replacement/repair.

Manager Fichtner reported that Johnson Matthey will be onsite to repair the generator stack filters and presented the Great Basin emissions report.

- d. Administrative Report. Assistant Manager Campbell
Assistant Manager Campbell presented the May Performance Reports for Electric, Propane, Water and Wastewater, April Financials beginning with the Balance Sheet and Income Statement with notes for the individual departments and the Cash Waterfall.

Assistant Manager Campbell reported that Moss Adams, our new Auditors, were onsite last week conducting their pre-audit. They will return in August.

10. COMMITTEE REPORTS:

- a. Communications. Bob Epstein
Director Epstein reported that the Committee is working on the ongoing effort to improve the web services and access. We now have 35% of all accounts have web access. Improvement of the audio during Board meetings is also a main focus.
- b. Planning. Bob Ende
Director Ende reported that the Committee has been discussing the Water Rights issues, the Meadow Trail/Survey and Kirkwood Meadows Drive parking.
- c. Finance. Bob Epstein
Director Epstein stated that the main topic has been PG&E costs and also assuring that the new Auditors complete the audit in a timely fashion.
- d. Operations/Capital Projects. Peter Dornbrook
Director Dornbrook stated that all topics have been previously discussed.
- e. Personnel. Standish O'Grady
Director Richert stated that the Personnel Committee will be meeting on July 4th to do a final review of the General Manager Objectives.

11. GENERAL DISCUSSION: None

12. CLOSED SESSION: The Board adjourned the meeting at 10:30 am and went into a Closed Session to discuss personnel annual performance reviews pursuant to Government Code 54597.6.
13. ADJOURNMENT: The Close Session meeting was adjourned at 11:20 am.


Secretary _____ms

*A complete audio recording of this meeting is available on the District's website www.kmpud.com