

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
SATURDAY, AUGUST 9, 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 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. Due to this, all voting must be done by Roll Call and Board members must identify themselves when speaking.

MEMBERS PRESENT: Present: President O'Grady, Directors Epstein, Dornbrook and Richert
Via Teleconference: Director Ende
Also present: General Manager Sharp, Rick Ansel (Assistant Manager, Operations), Rena Sullivan (District Clerk), Terry Woodrow (Alpine County Supervisor), Peter Forsch (KCP), Andy Sells and Chuck Wagonsellar (ACWA/JPIA), Judy Flinn, Cheryl Stern, and Nancy Trevett, (Community Residents)

MEMBERS ABSENT: None

ORAL COMMUNICATION
/PUBLIC INPUT: None

CORRECTIONS TO THE AGENDA

OR CONSENT CALENDAR: Manager Sharp stated that he would like to defer on Agenda Item 8H; Discussion and Possible Approval of Revision to Policy Statement No. 620 Conditions of Service Regarding the Responsibility of Owners to Provide and Maintain a Conditioned Space for Meters. The Board approved the Agenda with this change.

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

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, Costs and Construction Activities Associated with the Out Valley Power Line Project. Manager Sharp/Michelle Gamble, RCI

i. Overall Construction Update. Michelle Gamble, RCI

Manager Sharp confirmed that the Underground is on schedule. Trenching is complete, cable pulling is in process, fiber is being pulled, paving will begin next month and the final grading and seeding of all disturbed areas is underway.

Manager Sharp reported that the Overhead portion of the project is ahead of schedule and presented a long list of accomplishments to date stating that all poles have been transported into place and assembled and all 61 poles are in place. The final clearance will be between August 19-24th.

Manager Sharp stated that a lot of progress is being made at the KM Green Substation and presented an update to include that all of the substation equipment has arrived and is in the process of being installed.

Manager Sharp stated that progress continues at KM Blue Substation with the transformer in place, the reactor and switchgear has been installed and components are being tested. Manager Sharp stated that the Substation portion of the project is on schedule and we are on track for a November 1st energization. A discussion ensued.

ii. Owner Furnished Material. Manager Sharp

Manager Sharp was happy to report that all Owner Furnished Material has arrived and this will no longer be part of the Agenda.

iii. Out Valley Operations and Maintenance and Transportation Investigation. Manager Sharp

Manager Sharp stated that six District staff members recently toured the line with the Exponential Engineering Inspector to become familiar with the layout and accessibility. A lot of transportation options are being considered at this time.

Manager Sharp stated that Wilson Construction will be our Maintenance contractor for the Overhead and Sub-Stations and we will use Titan for our Underground. These contractors will be hired on a time and material basis. Nancy Trevett asked about security cameras, what is the minimum number of staff that will be inspecting the line, and is there any consideration of sending our KVFD in case of an emergency.

Manager Sharp replied that there will be cameras at KM Green, we will always send two Staff members on inspections and Amador Fire Protection would be called in the case of an emergency. We will also have safety protocols in place.

8B. 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*

Lead: Finance Committee

i. Current Status PG&E Negotiations

Manager Sharp stated that District Staff, President O'Grady and Director Epstein continue to negotiate with PG&E on the ownership of the 115 kV line, cost overruns and other issues. PG&E has asked us to conform to the provisions of the Transmission Facilities Handbook which calls for an automatic load fault breaker at the point of demarcation. This would require a revision to the Interconnection Agreement with language to install a protection device in a reasonable amount of time that conforms with the provisions of the Transmission Facilities Handbook. This will change a lot of our existing Agreements that will need to be addressed. A discussion ensued.

ii. Overall Project Costs and Potential Risks

Manager Sharp presented the Out Valley cost forecast showing the project at \$37,266,000 which is up from the last forecast due to the inclusion of change orders that were approved at the July 6th Board meeting and those that will be presented today. This includes the Caltrans Asphalt Paving Costs of \$100,000 and does not reflect potential Substation savings of about \$250,000.

Manager Sharp stated that an additional issue is a section of the cable run could not be completed due to excessive bends in the conduit. To solve this problem we will install an additional sectionalizing cabinet on EID property at a cost of less than \$10,000.

Manager Sharp reported that there is a problem with the lack of tension/slack on the 12 kV line. This is due to a design error and PG&E is committed to finding a solution to this problem. Manager Sharp clarified the numbering system for the poles.

1) Caltrans, Asphalt Paving Costs

Manager Sharp stated that we continue to work with Caltrans on the snow stake paving issue between Kirkwood and Silver Lake.

iii. B8 Draw Down Schedule

Manager Sharp reported that the B8 Supplemental Loan has received the necessary approvals and is now waiting for funding and should be completed by mid-August. District Staff is working with the Finance Committee on the draw down strategy. The final strategy will be approved by the Board President or Treasurer. Director Epstein shared his observations. A discussion ensued.

8C. AGENDA ITEM:

Discussion and Possible Approval of Change Orders. *Manager Sharp*

Lead: Operations/Capital Committee

- i. Exponential Engineering, Additional Work Required, \$14,900
PG&E required an annunciator be installed for their equipment. These annunciators resulted in changes to the designs.
- ii. Station Service Work at KM Green, \$26,176
Manager Sharp stated that this change order is for work required to provide power to the KM Green Control Building. This is 110 power provided by PG&E off the 12 kV line. Wilson Construction completed this work and it will be a deduction off of what we pay to PG&E.
- iii. KM Green Building, Change Order due to Configuration Changes, \$15,733
Manager Sharp stated that this will cover design revisions including additional terminal blocks, test switches, Ethernet switches and fuse blocks that were required by PG&E.
- iv. Bear River Road Asphalt, \$43,000
Manager Sharp stated that we have negotiated chip sealing for this road to repair damage done by our project.
- v. Vault Collars, \$15,350
Manager Sharp stated that this additional cost is to install vault collars around electrical plow areas along Hwy. 88 and Bear River Road that will stabilize the vault lids.
- vi. Protection Bollards and Paving, <\$58,000>
Manager Sharp presented a photo of the bollards that have been placed on Kirkwood Meadows Drive. There are more that are needed at both of the Sub-Stations which the District will install in a cost saving move.

Manager Sharp reported that the total of the change orders listed amounts to an additional cost of \$57,143.00 and some of this will be a deduction from PG&E. A discussion ensued. Director Richert stated that these Change Orders were reviewed by the Operations/Capital Committee.

Director Dornbrook motioned to approve the Change Orders. Director Richert seconded the motion and it carried by the following

roll call vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8D. AGENDA ITEM: Discussion and Possible Action Regarding District's Insurance Coverages and Limits. Manager Sharp/ACWA/JPIA
Manager Sharp introduced Andy Sells and Chuck Wagonsellar from ACWA/JPIA who presented an overview of the District's Property, Casualty and Workers Compensation Insurance, explaining that we are part of a risk sharing pool. The discussion touched on membership, available online webinars and Account Based Health Plans that we may see in the future, as well as outlining recommended coverage of the electric transmission line.

8E. AGENDA ITEM: Discussion and Possible Action Regarding the District's Wastewater Collection System Capital Plan. Manager Sharp
Lead: Operations/Capital Committee
Manager Sharp stated that part of the 2014-2015 Capital Plan is to begin making repairs on the Wastewater Collection System. District Staff recommends continuing research this fall and especially next spring during our infiltration season to determine the issues in the oldest area, being the West side, and develop a plan to be carried out in the fall of 2015. Manager Sharp presented a Power Point presentation that described some of the issues we are finding and the severity of these issues. Manager Sharp stated that he would like to complete the investigation and maintenance work this year and in the Fall of 2015 complete the project.

Nancy Trevett requested that any road work that would accompany these repairs be coordinated with KMA.

It was the consensus of the Operations/Capital Committee and the Board to confirm and approve Manager Sharp's timeline for this project.

8F. AGENDA ITEM: Discussion and Possible Action Regarding the District's Snow Removal Services Operation. Manager Sharp
Lead: Finance Committee
i. Discussion of General and Administration Allocation
Manager Sharp discussed the G&A increase that was brought up at the July 6th Board meeting.
ii. Approval of 2014-2015 Contract Amounts

Manager Sharp presented the projected expenses and the 2014-2015 proposed contract amounts. The Finance Committee has reviewed these and recommends approval. A discussion ensued with regards to how these contract amounts are communicated to the community and President O'Grady suggested that this be communicated during the July 4th HOA meetings in the future.

President O'Grady motioned to approve the 2014-2015 Snow Removal Contracts as presented. Director Epstein seconded the motion and it carried by the following roll call vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8G. AGENDA ITEM:

Discussion and Possible Approval of Agreements to Pursue Caples Lake Water Rights with the State Water Board. *Manager Sharp*

Lead: Planning Committee

Manager Sharp stated that District Staff has made presentations to EID, Alpine and Amador Counties, USFS and Vail with regards to the proposed project to perfect the District's right to use water from Caples Lake for domestic purposes.

Manager Sharp presented a proposal from Wagner & Bonsignore for \$21,000, RCI for \$4,200 and the filing fee for the state is \$10,000. An additional expense would be for General Counsel, Dick Shanahan to review the application and any correspondence needed. Manager Sharp stated that the District is looking for Board approval to pursue the water rights application with a budget of \$50,000. Director Richert voiced his concerns over the cost and shared the research that he has done on this topic. A discussion ensued.

Director Richert motioned to approve the Agreements to pursue Caples Lake Water Rights with the State Water Board Director for a cost not to exceed \$50,000. President O'Grady seconded the motion and it carried by the following roll call vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8H. AGENDA ITEM: Discussion and Possible Approval of Revision to Policy Statement No. 620 Conditions of Service Regarding the Responsibility of Owners to Provide and Maintain a Conditioned Space for Meters.
Manager Sharp

Manager Sharp deferred on this Agenda item at this time.

8I. AGENDA ITEM: Discussion and Possible Approval of Purchase of Wood Chipper.
Manager Sharp

Manager Sharp stated that due to a very successful KVFD Wine Tasting/Barbeque the District raised approximately \$30,000 and is now in a position to purchase the Wood Chipper that the funds were raised for and offer this community service this fall. Manager Sharp presented the Bearcat Chipper which will attach to a Trackless machine. Staff recommends the 8" version & adaptor for a total cost of \$12,919.90. The Operations/Capital Committee has reviewed this and recommends approval. Communication will go out to the Community stating what the funds raised will go to and the leftover funds will stay with the KVFD Equipment Fund. A discussion ensued with regards to the communication of a follow-up letter that should go out to the donors.

Director Dornbrook motioned to approve the purchase of the Wood Chipper as presented. Director Richert seconded the motion and it carried by the following roll call vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

Manager Sharp added that he would like the Board to reaffirm that District Staff will use this machine as a community service and will provide services to the Community at no charge and will track our hours for budgeting purposes. It was the consensus of the Board that District Staff will do this for free and will track hours to be brought back before the Committee at a later date, as well as making this service available as needed. A discussion ensued.

8J. AGENDA ITEM: Discussion and Possible Approval of General Manager Objectives for 2014-2015. Manager Sharp

President O'Grady stated that the General Manager Objectives are based on input from all of the Committee's and members of the community. A proposed change to #8 under Operations/Capital projects would be to change the date to July 4th, 2015 and the amount raised to be changed to \$22,500. A discussion ensued.

Director Richert motioned to approve General Manager Objectives for 2014-2015 with the noted changes. President O'Grady seconded the motion and it carried by the following roll call vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8K. AGENDA ITEM:

Presentation and Possible Action Regarding the Meadow Trail Survey Results. *Manager Sharp*

Lead: Planning Committee

Cheryl Stern reported that 135 responses were received from the Meadow Trail Survey that went out either with the customer's bill or online. The results were presented. Cheryl Stern stated that the survey suggested that the trail needs some improvement and presented the potential list of the next steps. The Kirkwood Meadows Public Utility District's role was defined as a catalyst to support the community and the stakeholders. Stake holders were defined as Vail Resort, Kirkwood Community Association and Kirkwood Resort Development, plus the Kirkwood Meadows Public Utility District. Director Ende thanked Cheryl Stern for all the work she has done on the survey. A discussion ensued.

Director Epstein stated that the Kirkwood Meadows Public Utility District objective was limiting to compiling the Community's opinions via the survey and to constructing the Demonstration Trail. Further work should be done by the appropriate organizations. It was suggested that KMPUD could work to improve trail access from our own property. Manager Sharp suggested that this topic stays on the Agenda. A discussion ensued.

9. MANAGER REPORTS:

a. General Manager Report. *Manager Sharp*

Manager Sharp reported that during an investigation of the Vacuum Breakers that were approved at the last Board meeting, Staff discovered a more affordable option that can be completed in-house, saving the District more than \$10,000.

i. November Board Meeting Start Time

Manager Sharp stated that the November Board meeting has been rescheduled to be held on November 1st at 1:00 p.m. The regular Board meeting originally scheduled on November 8th has been cancelled.

- ii. Loop Road Update
Manager Sharp reported that Phase Two of the Loop Road project is complete. The next Phase is still being researched.
 - iii. Propane Security/Tour
Manager Sharp presented a bid for \$17,000 that was received for a security fence around the propane tanks that the Board was interested in pursuing. Manager Sharp stated that this will need to be explored further.
 - iv. Meter Relocation
Manager Sharp reported that we have looked at the meter relocation and we had Exponential Engineering to complete a cost analysis. It has been decided that this would not be cost effective.
 - v. Wine Tasting Recap
Manager Sharp thanked the KVFD Wine Tasting/BBQ Committee, Vail Resorts and Rick Ansel and all the Volunteers who contributed to the success of this year's event. Manager Sharp also thanked Rick Ansel for his participation in managing the Death Rides Aid Station on Carson Pass. The KVFD received a \$1000 donation for this effort.
 - vi. Out Valley Dedication
Manager Sharp suggested holding an Out Valley completion celebration after the November 1st Board meeting. A discussion ensued. Manager Sharp will report back to the Board with some options.
 - vii. Pledge of Allegiance
Manager Sharp stated that a member of the public suggested that we begin our Board meetings with the Pledge of Allegiance. A discussion ensued. It was the consensus of the Board to not introduce the Pledge of Allegiance at this time, however, it was suggested to make an effort to involve staff and the community in more District activities.
 - viii. Water Stage Alert
Manager Sharp reported that our aquifers are doing well and he will continue to update the Board. The State of California has passed a mandatory ruling that Water Districts have the authority to fine overuse. A discussion ensued. President O'Grady stated that if we find ourselves in a Water Stage Alert again next year that we may want to consider modifying the Policy.
- b. Operations Report. Assistant Manager Ansel

- i. Fremont Service Line Project
Assistant Manager Ansel updated the Board on the ground fault that occurred on Fremont Street.
 - ii. Water Meter Update
Assistant Manager Ansel presented an update on the Remote Water Meter project, stating that 745 have been installed to date, with about 100 left to do.
 - iii. Notice of Violation Response
Assistant Manager Ansel presented an update on the Notice of Violation received after inquiring about the paving of the Lower 7 parking lot. The Notice of Violation also addressed the Influent Water Meter that needed to be replaced, and this has been completed.
 - iv. Volcano Upgrades
Assistant Manager Ansel presented an update on the letter that Volcano generated with regards to the upgrades that Volcano will be implementing to their system and District Staff has been dedicating time to this project as well. A discussion ensued.

Assistant Manager Ansel announced that the 34th Annual 5K/10K will be held on Saturday, August 30th.
- c. Electric/Propane Systems. Manager Sharp
- i. Generator Repairs
Manager Sharp reported that PowerSecure has arranged for the replacement of Generator #7 to begin on August 18th with Holt of California doing the repair. Holt will also be contracting with PowerSecure to do the maintenance work on the Volvos.
 - ii. 2014 Generator Emissions Testing
Manager Sharp reported that we have passed all of our Generator Emissions testing.
 - iii. Propane Regulators
Manager Sharp reported that Kiva has installed the four regulators for the Propane Water Bath Vaporizer.
- d. Administrative Report. Manager Sharp
- i. Performance Reporting
Manager Sharp presented the performance reports. We are also starting our collection system investigation and we will be adding a "goal field" to our performance reports.
 - ii. June Financials

Manager Sharp addressed questions with regards to the total operating cash in the June financials and presented the Income Statement.

10. COMMITTEE REPORTS:

a. Communications. Bob Epstein

Director Epstein stated that all topics have been previously discussed.

b. Planning. Bob Ende

Director Ende briefly touched on the self-assessment of the Planning Committee that was done at the last meeting.

c. Finance. Bob Epstein

Director Epstein stated that the Auditors will be onsite August 18th and this will be a main focus and also an assessment of the District's IT system.

d. Operations/Capital Projects. Peter Dornbrook

Director Dornbrook stated that all topics have been previously discussed.

e. Personnel. Standish O'Grady

President O'Grady reported on the meeting held on July 4th and another meeting is scheduled prior to the Labor Day weekend.

11. GENERAL DISCUSSION: Director Richert stated that he has refined his additional electric fee concept and requested that the Finance Committee take this on as a future Agenda item.

Director Epstein commended the KVFD Emergency services.

President O'Grady requested another Out Valley field trip be planned. Manager Sharp suggested Wednesday, August 13th, 2014 and possibly another at completion.

12. ADJOURNMENT: The meeting was adjourned at 11:50 a.m.


Secretary

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