

MINUTES OF THE SPECIAL MEETING OF  
THE BOARD OF DIRECTORS  
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT  
SUNDAY, AUGUST 31, 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: President O'Grady, Directors Epstein, Ende, Dornbrook and Richert  
Also present: General Manager Sharp, Rick Ansel (Assistant Manager, Operations), Jill Campbell (Assistant Manager, Administration), Caroline Scott, Greg Wolfson, Bertrand Perroud, Cheryl Stern, and Nancy Trevett, (Community Residents)

MEMBERS ABSENT: None

ORAL COMMUNICATION  
/PUBLIC INPUT:

Caroline Scott stated that there has been interest in the community to construct a community greenhouse. Financial assistance is not needed, however the community is looking for support and a space to build it. Director Richert suggested that the Planning Committee place this on their Agenda.

Nancy Trevett requested that the full Board Packet be published on the website. Manager Sharp explained that we are subject to certain rules about what can be placed on the website, however he will revisit this. Board Packets can be requested by individual homeowners, at a cost for the paper version, or emailed for free. Director Epstein stated that the Communications Committee will place this on their Agenda.

CORRECTIONS TO THE AGENDA

OR CONSENT CALENDAR: Manager Sharp requested that Agenda Item 8B i – Current Status PG&E Negotiations - be deleted and incorporated into Agenda Item 8C, Agenda Items 8G and 8F be addressed together, and to not seek approval of Ordinance 14-05 until after the Public Hearing. Manager Sharp would like to defer on Agenda Item 8K.

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 voice 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

i. Overall Construction Update

Manager Sharp reported that the old 12kV poles have been removed, all cutovers are completed and the cabin owners have power on District lines. Final restoration work will need to be completed. Ladders and miscellaneous spare parts will be retained by the District. The Overhead portion of the project that was slated for completion by late September is now nearly finished.

The Underground portion of the project is also near completion with the final walk through with the USFS scheduled for next week. Chip sealing has been completed on private property and Bear River Road and the final paving is scheduled in September and we have a functional, operating line going all the way through.

Manager Sharp stated that all materials have been received and installed at the KM Green Substation and the contractor is now wiring it all into the different components. A 14' fence will be installed next week. The 115 kV will go "hot" (not load serving) in mid-September, and the 34 kV line will go "hot" in late September. October is reserved for testing and commissioning and we are still online to go live on November 1<sup>st</sup>.

Manager Sharp shared many "before" and "after" photos and stated that a celebration party is tentatively scheduled for December 12th at the Wall Bar.

ii. Out Valley Operations and Maintenance and Transportation Investigation

Manager Sharp presented a list of maintenance tasks being performed and stated that we hope to work with Wilson Construction on the Substation and Overhead and Titan Electric for the Underground maintenance going forward. Manager Sharp presented some cost saving projects that the District has taken on to include the bollards on the

Underground line and the Substations for a savings of about \$50,000. As the District takes on the ownership of the line it will require the need for a reliable 4WD vehicle, training with regards safety on the highway, proper uniforms, etc., and in general being overly safe.

iii. Project Close Out

Manager Sharp presented a long list of steps that will be required in closing out this project to include final acceptance and inspections, monitoring for stop notices, final accounting and payments and a Resolution will need to be passed by the Board accepting the project. Final permitting will be needed by the Army Corp. of Engineers, Central Valley Regional Water Control Board, California department of Fish and Game, Caltrans and the US Forest Service.

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 requested that this Agenda item be incorporated into Agenda Item 8C.

ii. Overall Project Costs and Potential Risks

Manager Sharp presented the Out Valley Cost Forecast and pointed out the changes that have occurred since the last one presented on August 9<sup>th</sup>, to include the cable line items, Caltrans paving allowance and Exponential Engineering.

Manager Sharp stated that the Out Valley project faces a number of financial risks including the 12 kV Overhead tension, which has been resolved, however PG&E is now working on a "Responsibility Study" to determine who will be responsible for payment of this. Caltrans paving, culverts, asphalt grinding, KM Green rock drilling, construction inspection overruns, and Bear River Reservoir Road chip sealing were discussed.

iii. B8 Draw Down Schedule

Manager Sharp reported that the \$8 million B8 Supplemental Loan has been approved and sent back to RUS for distribution. The District has requested \$5.25 million immediately with the balance on demand according to the schedule that was approved by the Finance Committee. A discussion ensued.

Director Epstein explained the strategy behind the Draw Down Schedule.

iv. Powerhouse Useful Life Study Update

Manager Sharp reported that the District is working on a request with RUS to lengthen the Powerhouse depreciation rate from the current 14 years (7%) to 30 years (3-3.5%) due to the Powerhouse going from the prime power source to a stand-by power source. This could have a dramatic effect on electric rates reducing them by up to \$0.06 per kWh. This request is being supported by a depreciation study completed by Exponential Engineering at a cost of \$13,580. Staff is working with Bob Benson, RUS Consultant, on this request. A decision is hoped to be received by the first quarter of 2015. A discussion ensued.

8C. AGENDA ITEM:

Discussion and Possible Approval of Resolution 14-20 Approving the Revised Transmission Interconnection Agreement and Transmission Facilities Agreement Between Pacific Gas and Electric and Kirkwood Meadows Public Utilities District. *Manager Sharp*

Manager Sharp reported that the District's Ad Hoc Committee continues to work with PG&E to revise the Interconnection Agreement (IA) to provide for the ownership of the 115 kV line which will result in a cost savings in ITCC and cost of ownership charges. PG&E insists that the District comply with the Transmission Interconnection Handbook. The District has committed to a 4-year timeline to comply with the Handbook and there will be additional liability language added that the District will assume the liability if anything goes wrong during this 4-year period and the consequences if we do not comply within the 4-year period.

Manager Sharp presented a map showing the new line of demarcation. PG&E has asked the District to conform to the standards set forth in the Transmission Interconnection Handbook, which requires the owner of a transmission line to own their own automatic fault protection equipment, and that this equipment be located as close as possible to the point of demarcation. Manager Sharp discussed an area at Salt Springs where a Switch Station could be located. A discussion ensued.

Manager Sharp presented a possible outline of potential costs for the Switch Station stating that it could be between \$1.3 - \$2.6 million and defined the consequences if the District did not conform to the conditions. A discussion ensued.

Manager Sharp stated that the next steps for us is to revise the IA as discussed. PG&E would like a Gant Chart showing the various steps that we will take to get this done as quickly as possible. Manager Sharp stated that Staff recommends approval of Resolution 14-20 which would give President O'Grady the authorization to sign the Interconnection Agreement, in consultation with the General Counsel, District Staff and the Ad Hoc Committee, as revised. Director Epstein stated that the Finance Committee has reviewed and approved the revisions to the IA and stressed the

importance of a timely approval.

Director Richert motioned to approve the Resolution 14-20 approving the revised Transmission Interconnection Agreement and Transmission Facilities Agreement between Pacific Gas and Electric and Kirkwood Meadows Public Utilities District. Director Ende seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8D. AGENDA ITEM:

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

- i. Wilson Construction, Overhead Component, for work performed on poles to correct manufacturing errors. All cost to be charged to pole vendor. Cost \$18,400

Manager Sharp described the Change Order to the Wilson Contract stating that the total cost will be charged to the pole vendor, Thomas & Betts. Staff recommends approval of this Change Order.

President O'Grady motioned to approve the Change Order. Director Dornbrook seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8E. AGENDA ITEM:

Discussion and Possible Approval of Participating Load Agreement between the California Independent System Operator Corporation and the District to Establish the Terms and Conditions the Parties will Discharge their Respective Duties Under the ISO Tariff.

*Manager Sharp*

**Lead: Planning Committee**

Manager Fichtner presented a draft of the Participating Loan Agreement (PLA) and discussed the terms, conditions and duties under the CAL ISO Tariff.

Manager Fichtner stated that the final part of the PLA is a draft of the Implementation Plan that was put together by staff and under review by Cal ISO. Staff is requesting that the Board authorize the President to approve the completed Agreement once Cal ISO returns it, provided there are no substantial changes.

Director Richert motioned to authorize President O'Grady to sign the Participating Loan Agreement once the final draft is completed. Director Ende seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8F. AGENDA ITEM:

Discussion and Possible Call for a Public Hearing in Relation to the Impact of the Out Valley Project Completion to the District's Electric Rates and the Need for a Change in the Structure of the Rates. Discussion of a Potential Electric Rate Increase as Called for in the Approved 2014-2015 Financial Forecast. *Manager Sharp*

**Lead: Finance Committee**

Manager Sharp stated that with the change of power source from the Powerhouse to Out Valley we will need to change the structure of our rates. We will need to eliminate our fuel adjustment charge used for diesel, we will see a reduction in the Powerhouse maintenance expense, we will add in the Power Purchase expense, increase the debt service expense, and we will have a new expense in the Out Valley Operations and Maintenance (O&M). Additionally, the 2014-2015 Budget calls for a 4.6% rate increase on the variable portion of the electric rates effective November 1st. This was approved at the June 2014 Board meeting. This will result in a change in the rates from \$0.64 on the variable portion to \$0.68. The forecast then shows the rates declining each year. Manager Sharp stated that the net metering will need to be re-calculated as well.

Manager Sharp stated that with all the changes coming up staff recommends that the Board call for a Public Hearing to receive Public input to consider these changes at the October 11, 2014 Board meeting. A discussion ensued.

Director Epstein motioned and stated that the Finance Committee recommends calling a Public Hearing to be able to explore all options, show all data and evaluate the cost of \$0.68 as the revised rate. Director Dornbrook seconded the motion and it carried by the following voice 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 Ordinance 14-05 Amending Rules Concerning Interconnection of Distributed Electric Sources and Net Energy Metering. This Ordinance Modifies the Way the District Calculates Avoided Cost, Eliminating Diesel Cost and Adding in Purchased Power. Manager Sharp

**Lead: Planning Committee**

Manager Sharp requested that Agenda Items 8G and 8F be addressed together, and to not seek approval of Ordinance 14-05 until after the Public Hearing.

8H. AGENDA ITEM: Discussion and Possible Action Regarding the Method for Calculating the District's Electric Capital Connection Fees. Discussion and Possible Approval of Proposal by Kennedy Jenks Consultants in the Amount of \$4,000 to Analyze Existing and Alternate Calculation Methods. Manager Sharp

**Lead: Planning Committee**

Manager Sharp stated that Director Richert has put forth a recommendation to change the methodology and calculation of our electric connection charges. Director Richert explained his methodology that everyone pays their fair share using a variety of assumptions. A discussion ensued.

Director Dornbrook suggested that a stand by fee also be explored and would like to see a comparison study. Manager Sharp stated that Kennedy Jenks would analyze all of the different proposals and deliver a broad range of options for a cost of \$4,000.

Director Richert motioned to approve hiring Kennedy Jenks to study the broad range of connection fees associated with electricity. Director Dornbrook seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8I. AGENDA ITEM:

Discussion and Possible Action Regarding the Future of the District's Snow Removal Services Operation. *Manager Sharp*

**Lead: Planning Committee**

Manager Sharp stated that an idea has surfaced to change the current Homeowner Association snow removal system to a property owner fee, similar to water, electric, etc. For the District this would allow for long term planning, purchases and improvements. The service would have to be commensurate with the current service provided.

Manager Sharp presented the steps that it would take to change the Homeowner Association contract into a service related fee. We would need to do a service charge study to determine the cost per customer. We would need to complete a Rules Resolution and a service area map. A Public Hearing Notice, Protest Hearing and community outreach would need to be conducted. We would need to hold a District led election and would need 50% majority approval. If successful the new service fee would be enacted for the 2015-2016 year. Manager Sharp stated that he is looking for direction from the Board on this concept. A long discussion ensued with regards to how this would be carried out and would it be cheaper to make it a standardized service or is it more cost effective to do a contract with each homeowner/HOA.

Director Epstein motioned to direct staff to explore this alternative under the assumption that we are the only provider, and to determine if there is a more efficient way to manage the long term task of snow removal and to put together a proposal to standardize the process. Director Ende seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: Director Dornbrook

8J. 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*

**Lead: Operations/Capital Committee**

Manager Sharp stated that Policy No. 620 has been revised after being reviewed by Dick Shanahan, District Counsel. Policy No. 620 establishes the District's responsibility for service lines on private property and public property, establishes the owner responsibility for location and protection of the District meters, and it has cleaned up



any inconsistencies with regards to language referring to delinquencies. Manager Sharp stated that Staff recommends approval of Policy No. 620.

Director Richert voiced three questions and requested that 'property' be added to Paragraph G, first paragraph, last sentence, to read that the 'property' owner is responsible for the locating, operating, maintenance, etc. A question relating to Paragraph J was also voiced. Manager Sharp will revisit this and the Operations/Capital Committee will also revisit this topic.

President O'Grady motioned to approve the revision to Policy No. 620, Conditions of Service Regarding the Responsibility of Owners to Provide and Maintain a Conditioned Space for Meters, with the changes recommended. Director Richert seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8K. AGENDA ITEM: Discussion and Possible Approval of Resolution 14-21 Approving Revisions to the Employee Manual Including a Change to the Housing/Utility Credits Policy. Manager Sharp

**Lead: Personnel Committee**

Manager Sharp requested that we defer on Agenda item 8K at this time.

8L. AGENDA ITEM: Presentation and Tour of District's Propane Storage and Distribution System. Discussion of Propane Security Capital Project Plan. Manager Fichtner

**Lead: Operations/Capital Committee**

Manager Fichtner presented an overview of the Propane operations and Propane storage facility and the plan for an enclosure, for the purpose of security, to include a six foot chain link fence around the perimeter. Manager Fichtner presented a bid received from Tahoe Fence Co. in the amount of \$16,000 - \$20,000. The Operations/Capital Committee has requested looking into cinder blocks as another option. Manager Fichtner stated that Tahoe Fence Co. has also supplied a bid to erect a fence for the water bath area for \$4,000.

A discussion ensued.

9. MANAGER REPORTS:

a. General Manager Report. Manager Sharp

i. Water Rights Update

Manager Sharp stated that we are still pursuing our perfection of Water Rights from Caples Lake. Two proposals were presented at the August 9<sup>th</sup> Board meeting and we will begin pursuing those rights in September.

- ii. Fish Stocking  
Manager Sharp reported that 3,000 lbs. of fish were stocked in Caples and Silver Lakes on Friday, August 29<sup>th</sup>. 66% were catchable and the rest considered 'trophies'.
- iii. Loop Road Project  
Manager Sharp presented an updated report on Phase 3 of the Loop Road project.
- iv. Wood Chipper Purchase  
Manager Sharp reported that the new Wood Chipper has arrived onsite. It will fit onto a Trackless machine and the Wood Chipping program will begin in September/October and go until the snow flies or as needed. It was the consensus of the Board to continue to offer this service free of charge to property owners.
- v. Kirkwood 10K/Chili Cook Off  
Manager Sharp announced that the Kirkwood 10K/Chili Cook Off took place on August 30<sup>th</sup> and was a very well attended & successful event that benefits the KVFD.

Manager Sharp announced that grading has begun on the Timber Creek Townhomes and they are now applying for building permits. Occupancy is expected this winter.

Manager Sharp announced that CalPERS Open Enrollment begins on September 15<sup>th</sup> through October 10<sup>th</sup>.

Manager Sharp announced that hydro-cleaning/televising on the Wastewater Collection system has begun.

Manager Sharp reported that the Districts Chevy Silverado truck is in need of repair/replacement and he will bring this topic before the next Operations/Capital Committee meeting for direction.

Manager Sharp presented an EID Power request and stated that the standard response letter has been sent to them.

Manager Sharp stated that Alpine County has requested

the use of the Community Services Building to hold Yoga Classes. We will send their Liability Form to District Counsel and then this will go to the Operations/Capital Committee for input.

Manager Sharp reported that the Aquifer levels are holding steady and information with regards to our conservation efforts will be brought back to the Board.

b. Electric/Propane Systems. Electric/Propane Manager Fichtner

i. Generator Repairs

Manager Fichtner presented an update on the Generator repairs and stated that Holt of California has completed the warranty repairs that were authorized by PowerSecure. All Volvos are operational at this time. We are working with PowerSecure to complete the final warranty repairs.

ii. Generator Emissions

Manager Fichtner reported that we have been notified by Great Basin that we will receive a notice of violation for one hour on July 28<sup>th</sup>. Additional training has been implemented.

iii. Preparations for Powerhouse Stand By Mode

Manager Fichtner stated that conversations have begun with Great Basin to discuss the permit when the Powerhouse goes into stand-by mode. A discussion ensued.

iv. Distribution System Maintenance

Manager Fichtner presented a list of tasks/inspections that staff is attempting to complete before winter.

c. Administrative Report. Assistant Manager Campbell

i. Performance Reporting

Assistant Manager Campbell presented the Performance Report stating that the new numbers will be available for August once billing is completed, priority has been fixing the unmetered percentages and totals for all services to include what's being used and not being metered and what can be done to improve this. Once this is determined goals will be presented with a solution for each service.

ii. July Financials

Assistant Manager Campbell presented the Balance Sheet, Income Statement and Operating Cash Waterfall. A discussion ensued.

iii. Audit Update

Assistant Manager Campbell presented an Audit update stating that the final Audit and Management letter is expected to be completed by the October meetings.

10. COMMITTEE REPORTS:

a. Communications. Bob Epstein

Director Epstein stated that the Communications Committee has not met since the last meeting and all topics have been previously discussed.

b. Planning. Bob Ende

Director Ende stated that the Planning Committee has not met since the last meeting and had nothing further to discuss.

c. Finance. Bob Epstein

Director Epstein stated that the Committee has met with the Audit team and has encouraged them to look at ideas on how the District can operate more efficiently and stated that the Finance Committee is always examining how the District can reduce rates.

d. Operations/Capital Projects. Peter Dornbrook

Director Ende stated that the Committee has not met since the last meeting and had nothing further to discuss.

e. Personnel. Standish O'Grady

President O'Grady stated that the Personnel Committee has met and discussion included the revision of the Employee Manual, specifically for housing credits, taking the next steps in implementing an EAP program, and addressed the possible elimination of Social Security. It is the intent of the Personnel Committee to meet every two months.

Nancy Trevett suggested consideration in renaming the Employee Manual the Human Resources Manual and updating the verbiage.

11. GENERAL DISCUSSION: None

12. ADJOURNMENT: The meeting was adjourned at 11:34 a.m.

  
Secretary

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