

MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
FRIDAY, DECEMBER 12, 2014
AT THE HOUR OF 1:00 P.M.

CALL TO ORDER: The meeting was called to order by President O'Grady at 1:00 p.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.

MEMBERS PRESENT: Present: President O'Grady, Directors Epstein, Ende, Richert and Dornbrook
Also present: General Manager Sharp, Jill Campbell (Assistant Manager, Administration), Rick Ansel (Assistant Manager, Operations), Brandi Benson (Electric/Propane Manager), Rena Sullivan (District Clerk), Kelly McBride (Accounting), Sandy McKay (Project Coordinator), Jen Barstad (Accounting), Michelle Gamble (RCI), Dave Rightley (Exponential Engineering), Howard Barnes (RUS), Dick Shanahan (General Counsel), Matt Wheeler (Bennett Engineering), Alan Zelenka (Kennedy/Jenks), Allan Sapp, Geoff & Melene Smith, Cheryl Stern, Jan Hill, Judy Flinn, and Nancy Trevett, (Community Residents)

MEMBERS ABSENT: None

ORAL COMMUNICATION
/PUBLIC INPUT:

Manager Sharp reported on the electric power outage that occurred on December 11, 2014. Rick Ansel reported on the Wastewater Treatment Plant's Chatter Box and Train 2 that were affected by the power outage.

Nancy Trevett asked for an explanation on how KM Green and KM Blue received their names. Manager Sharp informed her that they were named by Tom Henie and the previous Electrical Engineers.

CORRECTIONS TO THE AGENDA

OR CONSENT CALENDAR: Manager Sharp stated that he would like to defer on Consent Agenda item #2, Employee Housing Lease Revision.

ADOPTION OF THE CONSENT CALENDAR:

Director Richert motioned to approve the adoption of the Consent Calendar with the modification made. Director Ende seconded the motion and it carried by the following voice vote:

AYES: President O'Grady, Directors Epstein, Dornbrook, Richert 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 Final Issues Associated with the Out Valley Power Line Project. *Manager Sharp*

i. Overall Construction Update. *Michelle Gamble, Resource Concepts*

Michelle Gamble, RCI, presented a full report on the overall construction update for the last month to include PG&E, Caltrans, USFS Special Use Permit and project close-out documentation.

ii. Construction Contract Close-out and Completion. *Richard Shanahan, District General Counsel*

Dick Shanahan presented a general overview of the project close-out and the key steps involved, stating that this has been a very "clean project".

iii. Press Release. *President O'Grady*

President O'Grady presented the first draft of a press release that depicts the major accomplishments of the Out Valley project that will benefit the whole community of Kirkwood. President O'Grady stated that we hope to have Vail's Public Relations support and this will also be placed on our website. A discussion ensued as to where this press release should be distributed. It was the consensus of the Board that the General Manager and President approve the final version.

8B. AGENDA ITEM:

Discussion and Possible Approval of Change Orders. *Manager Sharp/Michelle Gamble, Resource Concepts*

i. Exponential Engineering, Engineering Services Change Order Request #9 – Services related to the AT&T T1 Line, PG&E End to End Testing and CAISO Meter Certification in the Amount of \$23,400.00.

Michelle Gamble explained that this change order is for additional coordination between AT&T and PG&E on the T1 circuit line and additional work that was required for the Net Gate service.

ii. Wilson Construction, Quantities Reconciliation for Single Phase Hookstick Switch, 4 inch PVC Conduit and 15 kV Cable totaling \$25,889.82.

Michelle Gamble stated that this is a quantities reconciliation for the Substation contract.

iii. Wilson Construction, Additional Charges and Reconciliation for Rock and Concrete Work at KM Blue, Cable and Conduit Use at KM Blue, Additional Testing Completed, Fiber Optic Material, Station Service Installation at KM Green and Conduit Swap at KM Blue totaling \$90,665.42.

Michelle Gamble presented a list of additional work items that have been compiled for this change order and reviewed each one.

iv. Q&D Construction, Quantities Reconciliation for Various Underground Materials and Construction Units in the Amount of \$37,307.75.

Michelle Gamble presented a quantities reconciliation for conduit, cable, etc. and stated that there was a \$4,000.00 error on this

change order and the actual price is \$41,307.75. This also includes a credit that the District will see back from Volcano.

- v. Q&D Construction, Final Mill and Overlay Cost for Additional Work Required by Caltrans on State Route 88 totaling \$268,198.00. Michelle Gamble stated that this is the final mill and overlay cost for the additional work that encompassed 138,904 square feet of mill and overlay, and the final cost included \$23,000 credit from Q&D.

Manager Sharp stated that staff has reviewed these change orders in detail and specifically addressed #5 that was negotiated down from \$311,000. District Staff recommends approval of all change orders for a total of \$445,461.00. A discussion ensued.

Director Dornbrook motioned to approve the Change Orders. Director Epstein seconded the motion and it carried by the following voice vote:

AYES:	President O'Grady, Directors Epstein, Dornbrook, Richert and Ende
NOES:	None
ABSENT:	None
ABSTAINING:	None

8C. AGENDA ITEM:

Continued discussion and Possible Action Regarding the Current Out Valley Cost Estimate. Manager Sharp/Assistant Manager Campbell

- i. Overall Project Costs and Potential Risks
Manager Sharp presented the most current Out Valley cost estimate stating that the foreseen potential risks are the final PG&E construction costs, PG&E's Station service costs, ITCC costs are still unknown and the Underground slurry reconciliation. Michelle Gamble addressed the Underground slurry reconciliation. A discussion ensued.
- ii. RUS Powerhouse Depreciation Determination Update
Manager Sharp confirmed that Exponential Engineering was retained to complete a Depreciation Study on the Powerhouse to hopefully extend the period of depreciation of the Powerhouse now that it has gone into standby mode. Through working with Howard Barnes and Bob Benson, RUS Consultants, the Depreciation Study has moved forward to a RUS Committee and they have come back with questions. Howard Barnes and Brandi Benson presented an overview/update and answered the six questions that were asked by the RUS Committee.

Howard Barnes believes that an "hours of use method" would open the door for a re-determination.

8G. AGENDA ITEM:

Presentation and Possible Action Related to a Report from Kennedy/Jenks on Method the District Calculates Electric Capital Connection Fees. Manager Sharp/Alan Zelenka, Kennedy/Jenks

Lead: Finance Committee

Manager Sharp stated that we have been looking at alternative ways to formulate our capital connection charges. Director Richert has produced a possible "buy-in fee" and the Board has decided that we should involve a third party to formulate possible alternatives. Alan Zelenka, Kennedy/Jenks has been retained to complete a study.

Alan Zelenka presented a PowerPoint presentation that showed his analysis of the "buy-in fee". A discussion ensued. The Finance Committee has reviewed this and thought it should be brought before the Board as a work in progress and for public consideration.

Dick Shanahan suggested that we steer away from calling it a "buy-in fee" and consider calling it a "standard based methodology".

Manager Sharp stated that this topic has brought up several questions, and the Board has several directions to go and at this point he recommended that it goes back to the Finance Committee. The Board agreed. A discussion ensued.

8D. AGENDA ITEM:

Discussion and Possible Action Related to the District's Operations and Maintenance of the Out Valley Line. Manager Sharp/Dave Rightley, Exponential Engineering

i. Overall Update. Manager Sharp

Manager Sharp reported that regular meetings are being held to discuss Operations and Maintenance (O&M) and we have recently met with Caltrans with regards to staking our vaults. The Vaults have been identified that could be impacted by Caltrans plows and we have now staked all of those vaults.

Manager Sharp shared the O&M progress that has been made and steps taken during the power outage on December 11th.

ii. Presentation and Possible Action Relating to a Proposal From Exponential Engineering to Enable Load Dependent Start/Stop and Generator Load Testing at the Powerhouse. Dave Rightley, Exponential Engineering

Manager Sharp stated that his goal is for the Powerhouse to automatically turn back on in the case of a power outage. We do not currently have this ability as it is now done manually and power is back on in about 10-11 minutes. For this reason it is vitally important to have the Load dependent start/stop. Secondly, we need the ability to test our generators with load as our emissions will build up and the filters could clog.

Manager Sharp presented a proposal from Exponential Engineering to complete both projects for a not to exceed cost of \$19,450.

Dave Rightley explained that PowerSecure installed the necessary equipment three years ago but the District's requirements were not known at that time. Exponential Engineering will use the existing equipment but will need to reprogram it based on these requirements.

Director Richert motioned to approve the proposal from Exponential

Engineering to enable the Load Dependent Start/Stop and Generator Load Testing at the Powerhouse at a price not to exceed \$19,450. Director Ende seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

iii. Discussion and Possible Action Regarding the Purchase of a Snowmobile in the Amount of \$8,189.00 for Out Valley Inspections and Maintenance. *Manager Sharp*

Manager Sharp stated that he and Director Dornbrook have been discussing the type of transportation to use to access the Out Valley line for some time. The current direction is to start small with a Snowmobile. We have learned that there are many Snowmobile trails that are maintained by the USFS that access the KM Green area. This Snowmobile would also be used to access the Underground portion of the line.

Manager Sharp presented information on the Bear Cat 2000 XT Snowmobile and recommended that the Board consider the purchase of this for a cost of \$8,189 plus sales tax and miscellaneous costs which total \$9,737 which includes shipping and freight but does not include a trailer. A discussion ensued. Operation and training was discussed.

Director Dornbrook motioned to approve the purchase of a Bear Cat 2000 XT Snowmobile in the Amount of \$9,737 for Out Valley Inspections and Maintenance. Director Richert seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8E. AGENDA ITEM:

Discussion and Possible Action Relating to PG&E's System Impact Study Regarding the District's Efforts to Comply with PG&E's Transmission Interconnection Handbook Related to the Interconnection Agreement. *Manager Sharp*

Manager Sharp stated that he and Michelle Gamble met with PG&E to discuss our proposal regarding compliance with the Transmission Interconnection Handbook. Manager Sharp explained our proposal of installing a single breaker and presented a picture showing where the Switch Station at Salt Springs would be placed between Pole #2 & #3 with the point of demarcation to continue at Pole #1. PG&E has conceptually agreed to this proposal and will be developing a System Impact Study Plan.

A discussion ensued.

8F. AGENDA ITEM:

Discussion and Possible Approval of Proposal from Kirkwood Resort Development to Modify the Calculation of the Maintenance Guarantee for the Timber Creek Townhomes Project and a General Update. *Manager Sharp*

Lead: Planning Committee

Manager Sharp explained that we have a Developer Agreement contract with Kirkwood Resort Development (KRD) to accept the improvements that they have built for the Timber Creek Townhomes project. They are to provide a Maintenance Guarantee for the cost of the work that they are going to deed to us as a condition of the contract. The Maintenance Guarantee is to be used by the District to make necessary repairs should the developer default. This guarantee has to be done in the form of security that is acceptable to the District. The amount of the engineer's estimate for the value of these improvements is \$222,000 with 50% being due, or \$111,000. KRD has proposed a Deed of Trust on the remaining lots as financial security.

Manager Sharp stated that the District would not be able to accept a Deed of Trust, however proposed that because only two units of the eleven will be in service that we could extend our warranty for only those units that will be in service. Manager Sharp recommended that the Board approve the Maintenance Guarantee amount for the two units for an amount of approximately \$20,000. Director Ende stated that the Planning Committee has reviewed this topic and also recommends approval. A discussion ensued.

Director Richert motioned approval of Staff's recommendation to modify the calculation of the Maintenance Guarantee for the Timber Creek Townhomes Project. Director Ende seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8H. AGENDA ITEM:

Discussion and Possible Action on a Request from the District's Auditing Firm for Additional Compensation in Relation to Completing the 2013-2014 Financial Audit. *Manager Sharp*

Lead: Finance Committee

Manager Sharp stated that we have completed our first year Audit with Moss Adams, and feel they have done a good job, however, they have now requested \$32,000 of compensation over the amount in their contract. Manager Sharp proposed splitting the cost with Moss Adams over three years, paying them approximately \$5,000/year, contingent on the future audits coming in completed on time and on budget. A discussion ensued.

President O'Grady motioned to approve Manager Sharp's proposal related to the auditing firms request for additional compensation for completing the 2013-2014 Financial Audit. Director Epstein seconded the motion and it

carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

8I. AGENDA ITEM:

Discussion and Possible Action Regarding the District's Snow Removal Services Operation Including a Study of a Valley Wide Residential Service.

Manager Sharp

Lead: Planning Committee

Manager Sharp stated that District staff has met with the Finance and Planning Committees to discuss converting Snow Removal from an annual contract to a property related service. The benefits of this change include maintaining a consistent level of quality through the ability to do multi-year planning, to reduce the overhead for both customers and KMPUD through the elimination of annual contracts and to apply any savings to reduce current prices.

Manager Sharp stated that with our first calculations it was extremely difficult to tie into square footage numbers due to the complexities of each area. We are now looking at how much time it takes to complete each project and have used time tracking successfully in the past to determine rates. We are in the process of establishing our base line and hope to be able to come back to the Board at the next meeting with a solid recommendation. A discussion ensued.

Director Epstein stated that the goal is to not have anyone pay more next year than this year with the objectives being to provide consistent level of service, reduce overhead and take the savings and apply them to reduce costs. Dick Shanahan stated that a time tracking study is a lawful approach and these will be voter approved rates. A discussion ensued.

8J. AGENDA ITEM:

Discussion and Possible Approval of Task Order from Bennett Engineering in Developing a Project Description for the Caples Lake Water Rights Application with the State Water Board and the Department of Public Health. *Manager Sharp/Matt Wheeler, Bennett Engineering*

Lead: Planning Committee

Matt Wheeler first stated that Bennett Engineering has a Task Order for providing technical engineering support to the District and outlined the approach for securing water rights to Caples Lake. Matt Wheeler stated that he and Manager Sharp have met with the State Water Resource Control Board, Department of Drinking Water, and shared our intended project/process to see if there were any unexpected things that we would need to plan for as we move forward with the permitting. The layout of the snowmaking line and intake facilities were discussed.

Manager Sharp stated that the Department of Drinking Water indicated that they would prefer that the District be the owners of the intake facilities/water transmission main, so that we could maintain control of it.

Manager Sharp stated that a better description of the project has been

requested by the Department of Drinking Water. Manager Sharp presented a proposal from Bennett Engineering for Matt Wheeler to perform the study that will satisfy the request from the State and will also be incorporated into the State Water Right application. This proposal is for \$5,500 and is part of the project that has been budgeted for and previously approved by the Board. Manager Sharp stated that the Planning Committee has reviewed this proposal and it is Staff's recommendation for approval by the Board.

Director Dornbrook expressed his concerns of using the old snowmaking line and proposed starting the project with a new line. He also feels we should also explore building new wells. A discussion ensued.

President O'Grady motioned to approve the Task Order from Bennett Engineering to develop a Project Description for the Caples Lake Water Rights Application with the State Water Board and the Department of Public Health with the caveat that the Project Description be written as generally as possible and be reviewed by the Planning Committee. Director Richert seconded the motion and it carried by the following voice vote:

AYES: President O'Grady, Directors Epstein, Richert and Ende
NOES: Director Dornbrook
ABSENT: None
ABSTAINING: None

9. MANAGER REPORTS:

- a. General Manager Report. *Manager Sharp*
Manager Sharp requested to defer on the Manager's Report.
- b. Operations Report. *Assistant Manager Ansel*
Assistant Manager Ansel stated that he would like to defer on the Operations Report.
- c. Electric/Propane Systems. *Electric/Propane Manager Benson*
Manager Fichtner presented a chart that showed our load forecast compared to our actual number that will go to CAISO.

Manager Fichtner stated that we have repaired the emergency shut off valve on the propane system.

- d. Administrative Report. *Assistant Manager Campbell*
 - i. Performance Reporting
Assistant Manager Campbell presented the Performance Reports for November. Director Epstein voiced his concerns with the lack of progress towards resolving the electric line losses. A discussion ensued. Manager Sharp stated that he would bring this back as an Agenda Item at the next meeting and continuing on a monthly basis.
 - ii. October Financials
Assistant Manager Campbell presented the Balance Sheet and Income Statement. Director Richert requested that an Operating Cash Waterfall be sent out when available. President O'Grady

requested a cash forecast that projects out 12 months prior to the next Finance/Board meeting. A discussion ensued.

10. COMMITTEE REPORTS:

a. Communications. Bob Epstein

Director Epstein reported that the Communications Committee has nothing new to report at this time.

b. Planning. Bob Ende

Director Ende stated that the Planning Committee has nothing new to report at this time.

c. Finance. Bob Epstein

Director Epstein stated that The Finance Committee has nothing new to report at this time.

d. Operations/Capital Projects. Peter Dornbrook

Director Dornbrook stated that the Operations/Capital Committee meeting that was scheduled for December 11th was cancelled.

e. Personnel. Standish O'Grady

President O'Grady stated that the Personnel Committee has not met since the last meeting.

11. GENERAL DISCUSSION: The regular January Board meeting date was discussed and it was the consensus of the Board to move the meeting to January 17, 2015.

Director Epstein stated that the Little Hoover Commission is asking for input with regards to the Brown Act and there is an online survey that he will share with the Board.

13. ADJOURNMENT: The meeting was adjourned at 4:54 p.m.



Secretary ms

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