

MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
SATURDAY, FEBRUARY 14, 2015
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.

MEMBERS PRESENT: President O'Grady, Directors Dornbrook, Ende, Epstein and Richert. Also present: General Manager Sharp, Jill Campbell (Assistant Manager, Administration), Rick Ansel (Assistant Manager, Operations), Brandi Benson (Electric/Propane Manager), Kelly McBride (Accounting), Melene Smith, Judy Flinn, and Nancy Trevett, (Community Residents).

MEMBERS ABSENT: None.

ORAL COMMUNICATION
/PUBLIC INPUT:

Manager Sharp updated the Board on recent problems at the Wastewater Treatment Plant caused by the failure of electrical components. It is Staff's belief that these failures are due to the corrosive environment at the Wastewater Treatment Plant. Staff will aggressively pursue protecting the electronics at the Wastewater Treatment Plant from soot, dust and vapors which impact their operation. Staff will also look at increasing wastewater storage by using a third storage tank. Wastewater Treatment staff will minimize the use of John Deere generators.

Manager Sharp also noted a correction to Agenda Item 8.d. Dave Rightley from Exponential Engineering will not be calling in, nor are any other consultants participating as a cost control measure.

CORRECTIONS TO THE AGENDA

OR CONSENT CALENDAR: Director Epstein motioned to approve the adoption of the Consent Calendar. Director Dornbrook 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 District's December Financials, Current and Projected Cash Flow, Efforts to Reduce Expenses

and Financial Impacts of the Continuing Drought on the District's Finances.
Assistant Manager Campbell/Manager Sharp

Lead: Finance Committee

Manager Sharp demonstrated the impacts of the drought by showing the last four years of electric kilowatt hours metered as compared to the RUS Loan Forecast.

Manager Sharp discussed cost saving measures Staff had instituted to date, focusing on staffing levels, capital project delays, use of consultants and material purchases. Manager Sharp went through the cash waterfall for the next twelve months and detailed the assumptions used.

Assistant Manager Campbell presented the Financials from the month of December and the financial forecast for the month of January 2015. A discussion ensued. Staff was directed to:

- a. Present Cash Waterfall for each of the four enterprise departments.
- b. Research resident occupancy over the last two Decembers.
- c. Research why January Base Rates are lower.
- d. Research closing each month's financials as soon as possible.

It was agreed to dissolve the Communications Committee and assign its Charter responsibilities between other committees for approval at the next meeting. The Standing Committee Roster will also be updated.

8B. AGENDA ITEM:

2016-2020 Budget Planning – Presentation of Assumptions, Initial Projects and Capital Budget. Manager Sharp/Assistant Manager Campbell

Lead: Finance Committee

Assistant Manager Campbell presented the first draft of the 2016-2020 District Budget and discussed the assumptions used. The Board gave staff direction on modifications to the assumptions. The Board agreed to provide comments to Staff on the Budget by March 1 for incorporation into the next draft. Staff will also request information from Vail on future improvements plans and future snowmaking plans.

8C. AGENDA ITEM:

Presentation and Possible Action Related to District's Progress on Researching an Alternative Method for Calculating Electric Capital Connection Fees. Manager Sharp/Assistant Manager Campbell

Lead: Finance Committee

Staff presented the latest version of the Capital Connection Fee Study for the Electric Service. The Board asked that an inflation factor be added to the non-debt service portion of the proposed connection fees.

A Public Hearing is set for Saturday, April 11th to receive comments. A draft Fee Study and Ordinance will be presented at the March 14th Board meeting.

8D. AGENDA ITEM:

Discussion and Possible Action Regarding the Final Issues and On-Going Maintenance Associated with the Out Valley Power Line Project. Related to the District's Operations and Maintenance of the Out Valley Line. Manager Sharp

- i. Construction Contract Close Out and Completion. Manager Sharp updated the Board on remaining issues, mainly administrative that are required prior to official completion. Staff presented information on the estimate of the annual costs associated with the maintenance of the Out Valley line. Costs included PG&E Cost of Ownership charges, RCI, Exponential and District inspection costs.

- A discussion ensued.
- ii. Station Service Update. The County and PG&E have both approved the meter installation at KM Green.
 - iii. Update on Repair of Section of Underground Cable Installation Along Highway 88 Near Plasses Resort Exit.
Manager Sharp updated the Board on the repairs necessary on Highway 88 near the Plasses exit. Caltrans has a concern with water sheeting across the road, possibly due to the Out Valley electrical line slurry blocking water flow. The Board approved the repairs to the area and Q&D completed those repairs under the inspection of Caltrans and RCI.
 - iv. Update on District's Efforts to Enable Load Dependent Start/Stop and Generator Load Testing at Powerhouse. In 2014 the Board approved a proposal from Exponential Engineering to enable automatic startup and operation of the District's diesel generators in the case of an Out Valley power failure. The proposal also allowed for the running of the generators under in-valley load, enabling testing and the regeneration of the emissions system. Exponential was able to complete both tasks successfully and the District will now be able to reduce staffing levels with this automatic operation.
Staff were directed to revisit procedures on Power Outage notifications.
 - v. Presentation and Possible Approval of Scope of Work for Exponential Engineering Company Regarding Electrical System Maintenance and Inspections for the Out Valley Line During Calendar 2015. Manager Sharp stated that Exponential Engineering has submitted a proposal to assist the District with maintenance and inspections for 2015 for the Out Valley Project. Manager Sharp discussed the benefits of the proposal and recommended its approval in the amount of \$6,720.

President O'Grady motioned to approve Exponential's maintenance support contract through December 2015 in the amount of \$6,720. Director Ende seconded the motion and it was unanimously approved by the following voice vote:

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

8E. AGENDA ITEM:

Continued Discussion and Possible Action Regarding the Current Out Valley Cost Estimate. *Manager Sharp*

Manager Sharp presented the latest estimate of Out Valley costs totaling \$38,007,047. A discussion ensued regarding the remaining financial risks associated with the project.

Manager Sharp updated the Board on conversations with PG&E on the Cost of Ownership charges associated with the PG&E Substation work performed.

Manager Sharp stated that the District has provided additional information to the RUS Depreciation Committee. The Committee is scheduled to hold a meeting to determine if a reduction in the Powerhouse depreciation percentage is allowable.

8F. AGENDA ITEM:

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

Manager Sharp gave an overview of the Switch Station project, needed to comply with the terms of the revised Interconnection Agreement. Manager Sharp went over the schedule as required in the Interconnection Agreement and an accelerated version showing a two-year completion.

Manager Sharp presented the original cost estimate, the Estimate of Probably Cost just received from Exponential Engineering, and a revised overall cost estimate. A discussion ensued.

Manager Sharp stated that the District will meet with PG&E to determine the benefits of this change to PG&E, and to District customers. Staff will also discuss with PG&E the risk factors with the existing system, and determine a dollar value on those risks.

Regarding the telecommunications at Salt Springs, Staff will contact PG&E with the Board's decision not to pursue an analysis on the use of PG&E telecommunications circuitry for the new Switch Station.

Manager Sharp presented a proposal from Exponential Engineering for the first year support for the Switch Station project totaling \$33,720. A discussion ensued.

President O'Grady motioned to approve Exponential's first-year Design Support for the Switch Station at an amount not to exceed \$33,720. Director Richert seconded the motion and it was unanimously approved by the following voice vote:

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

Staff will pursue a second bid for the Electrical Design and Construction Support for the Switch Station.

Staff will begin research on obtaining RUS loan funds for the Switch Station project.

Manager Sharp stated that the Board had approved the System Impact Study with PG&E with the condition that the Telecommunication section be revised to allow for use of PG&E's existing facilities if possible.

Manager Sharp made a presentation on why it may be advisable to leave the Agreement as is.

8G. AGENDA ITEM:

Discussion and Possible Action Regarding Resolving Harmonics and Other Electric Distribution Power Quality Issues. *Manager Sharp*

Lead: Operations/Capital Committee

Manager Sharp presented information on how the overall system harmonics have improved with the completion of the Out Valley project. Manager Sharp stated that Power Quality data is still being collected from the chairlifts for inclusion into the overall Power Quality Report.

8H. AGENDA ITEM:

Discussion and Possible Action Related to District's Research and Efforts to Improve the Efficiencies and Minimize the Losses in Each Department as Measured in Performance Reporting. *Electric/Propane Manager Benson/Assistant Manager Ansel*

Lead: Operations/Capital Committee

Electric/Propane Manager Benson gave a report on the District's efforts in identifying Electric system losses. Manager Benson stated that the feeder relays at the Powerhouse have been reprogrammed and are totalizing kWh's. A discussion ensued. Assistant Manager, Operations Ansel discussed the Water and Wastewater side of Performance Reporting and steps the District is taking to minimize these losses. A discussion ensued. The Board directed Staff to bring back the cost of a water meter for District facilities.

8I. AGENDA ITEM:

Discussion and Possible Action Regarding the Installation of Fencing Around the District's Propane Facilities. Manager Sharp/Electric/Propane Manager Benson

Lead: Operations/Capital Committee

Manager Benson stated that the District has been looking into installing fencing around the propane tanks and vaporizers. Manager Benson stated that Staff recommends holding off on this installation for now due to budgetary constraints.

As an alternative to fencing around the District's propane facilities, Staff was directed to research the cost of security valve locks for accessible propane critical valves.

8J. AGENDA ITEM:

Discussion and Possible Approval of Conditions of Approval of the Amador County Tentative Subdivision Map #180 Timber Creek Townhomes. Manager Sharp

Lead: Planning Committee

Manager Sharp updated the Board on the construction and approval process of the Timber Creek Townhomes project. Manager Sharp presented a letter approving Amador County's Conditions of Approval and recommended approval.

President O'Grady motioned to approve Amador County's Conditions of Approval for the Timber Creek Townhome Project. Director Epstein second the motion and it was unanimously approved by the following voice vote:

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

The Developer is working toward completing all District requirements for Board acceptance of the project.

8K. 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: Finance Committee

The Board and District Staff are working on a communication to all property owners that explains in detail the proposed Snow Removal Services revision and will be advised of an Informational Public Hearing that is scheduled for Saturday, March 14th. The Board discussed what should be included in the communication. A discussion ensued.

8L. AGENDA ITEM:

Discussion and Possible Action Related to the District's Efforts Related to the Caples Lake Water Rights Application with the State Water Board and the Department of Public Health. Manager Sharp

Lead: Planning Committee

Manager Sharp provided an overall update and timeline and possible action

items should the Board decide to proceed with the District's pursuit of Caples Lake Water Rights.

Staff was directed to revise the Project Description and bring it back before the Board for possible approval for distribution, and will research how much time the addition of a storage tank would bring, before the District would have to complete a source water project. Staff will research this based on conservative load growth, and place in the Executive Summary portion of the Project Description.

Highlights of the Services Capacity Study, which was completed in May 2014, will be presented in conjunction with the Water Rights Project Description.

9. MANAGER REPORTS:

- a. General Manager Report. Manager Sharp
A proposal to convert the old School Site lot to a Parking Lot will be placed on all future Board and Planning Committee agendas until resolved.
Manager Sharp discussed changes in personnel at Kirkwood Capital Partners and Kirkwood Property Services with Bruce Gianola leaving.
Manager Sharp relayed a recent fire which occurred inside the ACES solid waste garbage truck.
- b. Operations Report. Assistant Manager Ansel
Manager Ansel updated the Board on the equipment issues at the Wastewater Treatment Plant, a noise reduction effort at the back of the Plant, the status of the Remote Read Project, and the Fire Department.
- c. Electric/Propane Systems. Electric/Propane Manager Benson
Manager Benson gave a report on the Powerhouse Standby Operation and permit modification.
Manager Benson showed the Board the latest load forecasting information.

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 Richert stated that the Planning Committee has nothing new to report at this time and will begin addressing the Fire Master Plan.
- c. Finance. Bob Epstein
Director Epstein stated that The Finance Committee has nothing new to report at this time that has not already been covered.
- d. Operations/Capital Projects. Peter Dornbrook
Director Dornbrook stated that the Operations/Capital has nothing new to report at this time that has not already been covered.
- e. Personnel. Standish O'Grady
President O'Grady stated that the Personnel Committee met on February 13th.

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11. GENERAL DISCUSSION: None

12. ADJOURNMENT: The meeting was adjourned at 11:32 a.m.


Secretary _____ms

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