

MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
SATURDAY, MARCH 14, 2015
AT THE HOUR OF 8:00 A.M.

CALL TO ORDER: The meeting was called to order by Vice President Ende 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. Both President O'Grady and Director Epstein will be participating remotely. Due to this all motions and voting by the Board must be done by Voice Vote and please identify yourself when making comments. 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 and Director Epstein (remotely), Directors Ende, Dornbrook and Richert.
Also present: General Manager Sharp, Jill Campbell (Assistant Manager, Administration), Rick Ansel (Assistant Manager, Operations), Kelly McBride (Accounting), Peter Forsch (Kirkwood Resort Development), George Stahl (Kirkwood Property Services), Jon Wehan (Pyramid Peak Properties), Melene Smith, Judy Flinn, Nancy Trevett, Ian Deas, Sandy Sloan, Gary Gallagher, Howard Hoffman, and Cathie and Gary Elmasian (Community Residents).

MEMBERS ABSENT: None.

ORAL COMMUNICATION
/PUBLIC INPUT: None.

CORRECTIONS TO THE AGENDA

OR CONSENT CALENDAR: Staff would like to defer on Agenda Item 9L and on Consent Items #1 and #2. Staff would also like to move Agenda Item #8, General Manager Report, to after Snow Removal Action Items (Agenda Item #9.b). Director Dornbrook motioned to correct the Agenda and defer Agenda Item 9L and Consent Items #1 and #2. Seconded by Director Richert, the motion was 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

9A. AGENDA ITEM: Public Hearing on Proposed Revision of Snow Removal Services to a Property Related Service. Manager Sharp

Lead: Finance Committee

Manager Sharp welcomed all to the District's Public Hearing on a proposal to revise Snow Removal Services to a property related service. Manager Sharp went through the order of events for today's hearing and the methods of communication available. Manager Sharp gave a presentation on the proposal and discussed the intent of the meeting, the goals of the District and the components involved with enacting a change. Manager Sharp detailed what State law dictates with regards to what revenues can be used for and the amounts of the service charges.

Manager Sharp passed out copies of the written comments received to date for review.

Vice President Ende opened the Public Hearing at 8:31am. First comments from the Public in attendance were heard and discussed, then those on the teleconference line, and finally those with email comments and questions. A discussion ensued.

Vice President Ende closed the Public Hearing at 9:33 am. The Board discussed the comments heard from the Public.

Staff recommended to absorb what was heard today and produce an informational packet back out to the Community informing the customer base of the discussion and answering questions. It was also recommended to form an ad hoc committee comprised of two Board Members and 3-5 community members to work with staff on further investigating and vesting this proposal with the community, and to defer on Resolution 15-01 for the time being.

President O'Grady motioned to form a Snow Removal Services Committee with Director Epstein as Chair, Director Richert, and Community Members Jon Wehan, Nancy Trevett, George Stahl and Toni Sarrica. Seconded by Director Richert, the motion was carried by the following voice vote:

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

The Board also directed Staff to:

1. Investigate how to incorporate new properties like Timber Creek Townhomes should the proposal be implemented;
2. Research if Rules Resolution could be modified to allow for a super majority or different approval percentage for the election;
3. Review snow removal diesel costs; and
4. Produce a narrative to the community, going over answers to questions and discussion at this Public Hearing.

9B. AGENDA ITEM:

Discussion and Possible Approval of Resolution Adopting Procedures and Rules for Public Hearing Notice, Majority Protest and Election Concerning Proposed Snow Removal Service Charge. *Manager Sharp*

Lead: Finance Committee

Item deferred.

8. AGENDA ITEM:

General Manager's Report

Manager Sharp updated the Board on current projects and issues including:

1. Aquifer Levels. After hitting a low of 99 feet around Christmas, Aquifer levels have rebounded to 121 feet, still below the 130-140 levels we held last summer. District actions due to the four year drought will be brought before the Board in April.

2. Internet Security. Implementing following changes Upgrades at little or no cost, see notes #3
3. Mountain Club Dumbwaiter, See Notes #4
4. Fiber Optic Line. On March 2nd the District was notified by PG&E that the T-1 line was down. This line connects the District, PG&E and CALISO to KM Green and is vital for protection, communications, etc. Edge Communications located the problem just west of the Silver Lake Bridge in the area where the conduit transitions from poly to metal. Edge found ice blockage and was able to break the line apart and blow air through a spare conduit and install a new line. With recent rain storms and snow melt, water intruded into the Telecommunications vaults, up to the conduit level, spilling into the conduit. The cable was designed to operate in water, but when the cable comes up above the freeze line to cross the bridge, with enough head pressure it freezes. This freeze thaw action is what is thought to have damaged the line.
Next week Staff will complete and photo document all system vaults (70) to determine extent of problem, solutions to resolve, and responsibility. Specs called for the telecommunications line, as well as the electric line and spare conduit, to be sealed going into the conduit. Q & D has been notified of issue.
5. Wastewater Treatment Plant. During this same time the District was having issues with the SCADA controls. Happy to announce Tesco and District staff were able to replace the HMI monitor and resume proper controls and communications on March 11th. Issues with three Ethernet switches and two Variable Speed Drives for the Recirculation Pumps.
6. Propane Tanks. At the same time as the T-1 line failure and the Plant failure, Staff learned that the main tank fill valve for the Propane Tanks was leaking and could not be isolated. Luckily, valve held long enough to back feed the system, install an isolation valve and replace the faulty valve without disrupting customer service. The valve held long enough to back feed the system, install an isolation valve and replace the faulty valve without disrupting customer service. The system is stable and all repairs will be completed this week.

9C. AGENDA ITEM:

Discussion and Possible Action Regarding the District's Financials, Efforts to Reduce Expenses and Financial Impacts of the Continuing Drought on the District's Finances. Assistant Manager Campbell

Lead: Finance Committee

Assistant Manager Campbell presented the Board with the January financials, the February forecast, and the Cash Flow by Department. After discussion, the Board directed Staff to:

1. Present Cash Waterfall for each of the four enterprise departments.
2. Review and report on Cash Waterfall from July 2014 to December 2014.
3. Research closing each month's financials as soon as possible.

9D. AGENDA ITEM:

2016-2020 Budget Planning – First Presentation of Overall Budget Template, One-Year Income Statement, Revised Projections. Assistant Manager Campbell

Lead: Finance Committee

Assistant Manager Campbell presented the overall budget template for the 2016-2020 Budget and stated that additional work needs to be performed on the Wastewater and Propane departments. The Board reviewed and

discussed the information presented and gave the following direction:

1. Revise the budget to show Electric Rate decrease to \$0.65.
2. Model a good winter scenario for 2018.
3. Work on Propane and Wastewater projections.
4. Review Bank of the West payment allocations.
5. Request information from Vail on future improvement plans and future snowmaking plans.

9E. AGENDA ITEM:

Presentation and Possible Action of Fee Study and Enabling Ordinance Related to the Revision of the Calculation Method for Determining District Electric Capital Connection Fees. *Manager Sharp*

Lead: Finance Committee

Manager Sharp discussed the background of the District's efforts to change the method of calculating the existing capacity connection charges for the Electric department. Manager Sharp presented a draft Notice of Public Hearing and enabling Ordinance and stated that these had not been reviewed by District counsel.

The Board directed Staff to modify the documents to show projected fees through the 60-year term. The Board also directed Staff that once the documents have been modified and approved by District counsel, to distribute the material which calls for a Public Hearing for the April 11th Board Meeting.

9F. AGENDA ITEM:

Discussion and Possible Action Regarding the Final Issues and Ongoing Maintenance Associated with the Out Valley Power Line Project. *Manager Sharp*

Construction Close-Out and Completion. Manager Sharp reported RCI and Staff are working on completing the final paperwork for all three contractors. Release of liens from all sub-contractors are required prior to the final paperwork being done, and those releases have been requested and are being received.

RCI is completing the final pay request for Q&D once a final bill for additional work on SR 88 is received.

RCI and Staff are working on a final true up with PG&E to determine final costs. Record drawings are being compiled by Exponential, including PG&E's record drawings for KM Green and the Overhead component.

Station Service Update. Inspections for the back-up 110v power for the KM Green control building have been completed but is being held up by PG&E's lack of a Special Use Permit. In an effort to complete, the District proposed an Absolving Service Agreement which allows PG&E to continue work on the Station Service line under the District's Special Use Permit. It is hoped that by the next Board meeting the meter will be installed and power is on.

Update on Repair of Section of Underground Cable Installation Along Highway 88 Near Plasses Resort Exit. The Board approved an emergency repair to Highway 88 near Plasses exit due to water being blocked by the slurry cap on the Out Valley line, and coming up at the cut line and sheeting across the road. Repairs have been completed as per Caltrans specifications, guidance and inspections. Recently Caltrans notified the District of additional areas of seepage in between two areas already repaired. District staff and RCI met with Caltrans on March 11 and the consensus is for Caltrans to come up with a cause and solution to the problem and then if necessary meet again with the District.

The Board directed Staff to pursue claims with Caltrans on non-disclosure of the French drains in the Out Valley construction area, and to follow-thru

on the issue of water in the vaults with a full inspection and recommendations for repairs.

9G. AGENDA ITEM:

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

Manager Sharp presented the updated Out Valley Cost Forecast and detailed the changes since the last meeting. Manager Sharp updated the Board on discussions with PG&E on the Substation Cost of Ownership charges.

Manager Sharp stated that the District is still waiting on a determination from RUS on the Powerhouse Depreciation issue.

The Board directed Staff to present a revised System Impact Study at the next Board meeting, to include the telecommunications issue and incidental costs. The Board also directed Staff to provide an update from the RUS Depreciation Committee meeting scheduled on March 19th.

9H. 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*

As the Board is aware, the District is working with PG&E to comply with their Transmission Interconnection Handbook according to the terms of our revised Interconnection Agreement. Manager Sharp showed the revised protection scheme with the addition of the switch station. The District has until December of 2018 to complete this project but is motivated to complete it sooner for cost savings.

District staff met with PG&E on March 2nd to discuss the potential benefits of the project and what risks PG&E currently faced. The major drawback of the project to PG&E is the use of the Real Estate at Salt Springs, though their hydro division has given tentative approval (good news) with the caveat that the District move the Switch Station if PG&E was no longer the operator, or if a major expansion was in the works.

The major risk is the location of the 115kV breaker at KM Green. The maintenance of the 115kV line is critical to the operation of the Tiger Creek/ Salt Springs 115kV line, which PG&E does not control.

Different agreements and scenarios are being played out with PG&E, The District received a revised expedited schedule from PG&E which shows the time frame; Staff is currently reviewing. No changes to the Budget.

Staff is working with PG&E on a revision to the System Impact Study to change back the Telecommunications portion and to allow for incidental charges for the startup meeting to determine the direction of the project and to determine if the project could be completed in an expedited manner. This will come back at the April Meeting.

The Board directed staff to:

1. Meet with PG&E to determine the benefits of this change to PG&E, and to District customers.
2. Meet with PG&E on the risk factors with the existing system, and to place a dollar value on those risks.
3. Begin research on obtaining RUS loan funds for the Switch Station project.
4. Pursue a second bid for the Electrical Design and Construction Support for the Switch Station.

9I. AGENDA ITEM:

Discussion and Possible Action Related to District's Research and Efforts

to Improve Efficiencies and Minimize Losses of Each Department as Measured in Performance Reporting. *Manager Sharp*

Lead: Operations/Capital Projects Committee

Manager Sharp presented the Performance Reporting data for the month of February stating that the month had the best results of any month his fiscal year.

Manager Sharp reported that Emerson Electric did complete their accuracy check on several suspect meters and found problems with several meters which the District is working to resolve.

The Board directed Staff to:

1. Bring back the cost of a water meter for District facilities.
2. Bring back Electric Line Loss information, broken out by area.

9J. AGENDA ITEM:

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

Manager Sharp

Lead: Planning Committee

Manager Sharp presented the latest Project Description for the Caples Lake Water Rights project. Manager Sharp described changes that had been made since the last round of meetings and recommended approval for distribution to the various shareholders to gather input and look for opportunities to avoid protests. A discussion ensued.

The Board directed Staff to include an Executive Summary with the Project Description, stressing the need for this project, and include portions of the Service Capacity Analysis as appropriate. The Board also directed Staff to research when a source water project would be needed based on conservative growth, and include this in the Executive Summary.

Director Richert moved to approve the Project Description for the Caples Lake Water Rights Project for distribution. The motion was seconded by President O'Grady and was carried by the following voice vote:

AYES: President O'Grady, Directors Richert, Ende, ~~Epstein~~ and Dornbrook. *(Epstein not present)*
NOES: None.
ABSENT: ~~None~~ *Epstein*
ABSTAINING: None.

9K. AGENDA ITEM:

Discussion and Possible Action Regarding Kirkwood Capital Partner's Planned Parking Lot Planned for the Lot Adjacent to the Wastewater Treatment Plant. *Manager Sharp*

Manager Sharp

Lead: Planning Committee

Manager Sharp stated that Kirkwood Resort Development is proposing a 193-space parking lot adjacent to the District's Wastewater Treatment Plant on Loop Road. This project will be presented at the April 10th Tri-County Technical Advisory Committee meeting and Staff recommended that the District participate in the public review process through the Planning Committee and the Board. A discussion ensued.

The Board directed Staff to produce a list of questions for review/comment by the Planning Committee and then present to TC-TAC at their April meeting.

10. COMMITTEE REPORTS:

- a. Planning. Bob Ende
All items covered.

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- b. Finance. Bob Epstein
All items covered.
- c. Operations/Capital Projects. Peter Dornbrook
 - 1. Staff to update the Board on efforts to protect electronics at the Wastewater Treatment Plant.
 - 2. Staff to research market to possibly sell John Deere generators.
- d. Personnel. Standish O'Grady
President O'Grady reported that the there was no Personnel Committee meeting last month.

11. GENERAL DISCUSSION: None

12. ADJOURNMENT: The meeting was adjourned at 11:47 a.m.


Secretary ms

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