

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

CALL TO ORDER: The meeting was called to order by President O'Grady at 8:03 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 of the Public should identify yourselves when making comments.

MEMBERS PRESENT: President O'Grady, Directors Ende and Richert.

MEMBERS ABSENT: Directors Dornbrook and Epstein.

STAFF PRESENT: General Manager Sharp, Jill Campbell (Assistant Manager, Administration), Brandi Benson (Electric/Propane Manager), and Rick Ansel (Assistant Manager, Operations).

OTHERS PRESENT: Community Members Nancy Trevett, Judy Flinn, Reid Bennett, Geoff Smith, and Cheryl Stern (via phone).

ORAL COMMUNICATION
/PUBLIC INPUT:

Reid Bennett commented on Street Sweeping throughout Kirkwood, and suggested the District become more involved in ensuring compliance of Specific Plan mitigation measures by Vail and the homeowner associations. Mr. Bennett will provide a copy of his historical information on street sweeping to Manager Sharp. The Board asked that this issue be placed on a future Board Agenda.

CORRECTIONS TO THE AGENDA

OR CONSENT CALENDAR: Manager Sharp stated that Staff would like to pull Agenda Item 8.d. CalPERS, from the Regular Agenda, and Consent Item #1, Approval of July 5, 2015 Minutes, from the Consent Calendar.

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

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

NOES: None.

ABSENT: Directors Dornbrook and Epstein.

ABSTAINING: None.

CONSENT ITEMS BROUGHT FORWARD FOR SEPARATE DISCUSSION/ACTION: None.

8.a. 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.

8.a.i. AGENDA ITEM: June Financials/Property Tax Allocations. Assistant Manager Campbell presented the June Financials, July Forecast and Cash Water Fall, and answered questions from the Board. Director Richert noted that the recent CPI increase on Electric Rates should exclude the Debt Service portion as it is constant and not impacted by inflation factors. Manager Sharp will review and report back to the Board. Director Richert also requested confirmation that funds from the Snow Removal Enterprise can be used to fund other services. Manager Sharp will reconfirm and report back to the Board. President O'Grady noted that the Mello Roos (\$400,000) liability posting was not included in the financials. Director Ende suggested that the District discuss with Amador and Alpine counties timely remittance of property tax funds. Staff are working with PCS, the District's accounting software, to change the way Cost of Goods Sold is reported on the Financials, as well as including a rate structure comparison. There have been problems with PCS in several other areas, including RUS reporting, and Staff will press PCS to correct these issues. Community Member Judy Flinn commented on the lack of notice on the CPI rate increase and suggested it should have been in the Newsletter.

8.a.ii. AGENDA ITEM: Overall Out Valley Project Costs. A discrepancy was discovered and corrected in the Out Valley expense breakdown and forecast. The grading project at KM Green, completed in 2013, was not included, nor Change Order #5 from Q&D, both previously approved by the Board. Switch Station Costs. Manager Sharp presented a 4-year preliminary budget for the Switch Station. The System Impact Study is complete. Exponential Engineering is putting together a proposal to amend the existing Construction Work Plan (CWP) to include the Switch Station. RCI is putting together a proposal to complete the environmental review for the project. Should the District pursue a C-8 loan in the amount of \$3M-\$5M to cover this project and overages of the Out Valley Project, the Financial Forecast will be revised based on updated load projections, and together these documents will comprise the RUS Loan Package. Manager Sharp will present proposals from Exponential for the CWP, RCI for the Environmental, and Howard Barnes for the financial forecast at the next Board meeting, scheduled on Sept. 6. The District would need about three months to develop the Loan

Application for submission to RUS by November/December 2015.

8.a.iii. AGENDA ITEM: Powerhouse Depreciation Study Update. The RUS Depreciation Committee has ruled on the District's request to lower the Powerhouse Depreciation percentage rate, and effective May 1, 2016 the District will lower the rate from 7% to 3.5% for the life of the asset. The District is pursuing a reconsideration by RUS to further reduce or lengthen the depreciation rate to 2-2.75% as shown in the Study. RUS is requesting the manufacturer's estimate of useful life, which is difficult to obtain due to the risk of liability.

8.b. AGENDA ITEM: Discussion and Possible Action Regarding the Final Issues on On-Going Maintenance Associated with the Out Valley Power Line Project. *Manager Sharp*
Manager Sharp reported that the District is in the process of closing out the project and reconciling final costs. He presented the updated Out Valley Expense Breakdown along with forecasted expenses.

8.b.i. AGENDA ITEM: Q&D Construction Contractor's Application for Payment Representing Final 5% Retention in Relation to the Out Valley Underground Construction Contract. *Manager Sharp*
Manager Sharp advised the Board that Q&D's work with the Fiber Line repair and Hwy. 88 repairs are now complete, and that Q&D has made application for payment of their final 5% retention less \$60,000 for the Fiber Line repair which needs final inspection.

Director Ende motioned to approve payment of Q&D's final 5% retention in relation to the Underground portion of the Out Valley project in the amount of \$614,104.97. Seconded by Director Richert, the motion carried by the following voice vote:

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

NOES: None.

ABSENT: Directors Dornbrook and Epstein.

ABSTAINING: None.

8.b.ii. AGENDA ITEM: Fiber Line Repair Update. Manager Sharp reported that Edge Communications completed the fiber line repair on July 8-9. As previously reported, this involved pumping out all of the telecommunications vaults, blowing out the cable and spare conduits to remove water, sealing of the cable lines, and mounting the extra wire and splice boxes on the walls of the vaults. All 57 vaults were completed with District Staff inspecting. The cable at Silver Lake, which failed last winter was retrieved and is ready for inspection. No visible signs of failure were observed. Exponential Engineering will be out August 10-14 to complete final inspections. Once approved,

District will be able to release the balance of Q&D's \$60,000 retention, less any District costs. Staff will be pumping out electrical vaults under Exponential's supervision during their site visit.

8.b.iii. AGENDA ITEM: Q&D Proposal to Complete Repair of Section of Underground Cable on Hwy. 88 near Plasses Resort. As previously reported, water was surfacing on a section of Highway 88 potentially due to water being blocked by the District's Out Valley electrical slurry cap. Earlier this year, the District removed portions of this slurry wall with positive results. Manager Sharp reported that on August 3-4 Q&D were on site to complete the slurry dam removal on areas of Highway 88. At the July Board meeting the Board approved up to \$83,000 to complete additional work in this area. Only four of the potential nine sites were needed to be addressed, cutting the job, and cost in half. RCI and District Staff were on site for the construction inspections. Staff will pursue a claim with Cal Trans to recover a portion or all of this expense.

8.b.iv. AGENDA ITEM: Maintenance Projects Planned for Out Valley Electric Line on USFS Property. The Forest Service approved the District's Work Plan submitted in early July, provided the District obtain certification from the Nevada Dept. of Agriculture that the material to be used in road maintenance is free of noxious weeds. The District will request Bing Materials to provide this certification, and will forward to the Forest Service for their approval prior to using any fill material on site.

8.b.v. AGENDA ITEM: Results of 2014 Revegetation Efforts for Out Valley Line. A post-construction site visit of the underground project revegetation areas was done on July 15 with SoilTech, the revegetation subcontractor for the project. Significantly more vegetation was observed in comparison to the site conditions in early June, possibly due to recent rain events. A third site visit with SoilTech is scheduled at the end of the growing season in late September. Areas that are not responding as anticipated will be re-seeded by SoilTech at their cost. Manager Sharp will update the Board again in October.

8.b.vi. AGENDA ITEM: Storm Water Pollution Prevention Plan (SWPPP) Close Out.
Manager Sharp
With the completion of the final work in the Cal Trans right of way and the completion of the punch list items, RCI will be preparing the notice of termination and final close-out paperwork for the SWPPP in September.

8.c. AGENDA ITEM: Discussion and Possible Action Relating to District's Efforts to Comply with PG&E's Transmission Interconnection Handbook.

8.c.i. AGENDA ITEM: Update on Discussions with PG&E on Out Valley Cost of Ownership Charges. *Manager Sharp*
On July 27th General Manager Sharp, Directors O'Grady and Epstein, and Michelle Gamble from RCI met with key PG&E

managers in San Francisco to discuss the District's concerns with the Cost of Ownership charges for the Substation work. Manager Sharp and the Board will develop a future strategy and alternatives based on the July 27th discussions. Manager Sharp will confirm with District Counsel that a Closed Session of Board Members will not conflict with the Brown Act. Director Ende suggested the District share its financials with PG&E. Switch Station Project Schedule. Manager Sharp provided the schedule per the Interconnection Agreement, which calls for a 4-year project.

8.e.i. AGENDA ITEM: Presentation and Possible Approval of the Snow Removal Service Contracts with Kirkwood Homeowner Associations for the 2015-2016 Winter Season.

Manager Sharp requested Board approval of the 2015-2016 Snow Removal Contracts. At the June Board Meeting the Board approved the credit amount of 12.57% of the 2014-15 contract amount to HOAs participating in the 2015-2016 Snow Removal Contracts. The Board also established a reserve fund from excess 2014-2015 Snow Removal revenues to boost the existing Reserve Fund and create a stabilizing fund for future large snowfall winters.

President O'Grady motioned to approve the 2015-2016 Snow Removal Contracts. Seconded by Director Ende, the motion carried by the following voice vote:

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

NOES: None.

ABSENT: Directors Dornbrook and Epstein.

ABSTAINING: None.

8.f. AGENDA ITEM: Discussion and Possible Action Related to District's Research and Efforts to Improve the Efficiencies and Minimize the Losses of Each Department as Measured in Performance Reporting.

Electric/Propane Manager Benson reported on the Performance Reporting for each enterprise department for the first month of the new fiscal year. The 2015/2016 goals are based on the past 3 years of performance and assume that some loss is expected. The goals are set at a level not to require any capital improvements.

8.g. AGENDA ITEM: Discussion and Possible Approval of Electric Distribution Project to Install a New Vault at the Lower Shop Splice Pit to improve Safety and Reliability of the Electric System.

Manager Benson reported that the Splice Pit at the Lower Shop is not secure and requested approval to install a concrete riser with a lockable/hinged lid around the current enclosure. Because of its

irregular size the purchase of a vault requires a special order from Jensen Precast, quoted at \$4,766 including shipping and setting.

President O'Grady motioned to approve the purchase of this vault at a cost of \$4,766. Seconded by Director Ende, the motion carried by the following voice vote:

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

NOES: None.

ABSENT: Directors Dornbrook and Epstein.

ABSTAINING: None.

Manager Benson noted that she will provide an update on the Electric Circuit Project at the September 6th Board meeting.

8.h. AGENDA ITEM

Discussion and Possible Action Regarding a Feasibility Study to Provide Electric and Water Services for a Snowmaking System at Timber Creek.

At the July 5, 2015 Board meeting, Manager Sharp reported that Vail had approached the District on the possibility of using domestic water at Timber Creek for snowmaking. Staff have determined that there is adequate electrical service and water pressure at the base of Chair 9. A sample Wholesale Water Agreement was provided for Board review; Staff will need to verify cost of production before determining whether a new water rate should be implemented.

8.i. AGENDA ITEM:

Discussion and Possible Action Regarding Kirkwood Capital Partners' Proposed Parking Lot Adjacent to the Wastewater Treatment Plant and the Meadow, and Vail Resort's Proposed Parking Project on Kirkwood Meadows Drive.

Manager Sharp reported that there are two projects in the works:

1. Kirkwood Capital Partners' proposal to rezone the school site parcel north of the WWTP. The District has submitted a list of questions and concerns for TC-TAC to consider. The Tri County Technical Advisory Committee has continued this item to allow KCP to provide additional information including a vicinity map and better description with alternative analyses. The District will continue to be involved in the public review process.
2. Vail Resorts' Proposed Parking Plan on Kirkwood Meadows Drive. Vail hosted a meeting on July 2nd to discuss the plans. The District has reviewed the plans for possible impacts to infrastructure, and sent them to Interwest for fire/safety review.

8.j. AGENDA ITEM:

Recap, Discussion and Possible Action Regarding the 2015 Kirkwood Summer Festival and Presentation of Results Over Last

Five Years. Assistant Manager Ansel

Assistant Manager Ansel provided a final reconciliation of the July 4th KVFD fundraiser including a 5-year comparison of attendance numbers, revenues, expenses and donations.

8.k. AGENDA ITEM: Presentation of District's 5-Year Wastewater Collection System Maintenance and Repair Plan.

Assistant Manager Ansel presented maps of the wastewater system throughout the Valley and discussed the 5-year plan for maintenance and repair.

8.l. AGENDA ITEM: Discussion, Clarification and Possible Action Regarding District's Role in Reacting to Environmental Issues and Clean Up and Beautification Needs in the Kirkwood Valley.

Manager Sharp reported that the District has reached out to Kirkwood Capital Partners/Kirkwood Resort Development/Kirkwood Property Services to clean up the School Site, and has offered a collaborative effort to assist in the removal of all non-hazardous material, excluding transformers and tanks. The District provided KCP/KRD/KPS with an estimate between \$5,000 and \$8,000 for ACES dumpsters and labor to clean up the site. Other areas the District is ramping up efforts on include additional Loop Road landscaping in a cooperative effort with Vail to possibly expand existing screening to the south. The District is also encouraging both Vail and Volcano to clean up the southeast corner of Loop Road.

Manager Sharp requested Board direction in defining the District's role in policing the Valley on matters requiring environmental mitigation per the Specific Plan. Since County officials cannot be on site, Director Richert suggested the District approach the Counties for possible funding and develop a scope of monitoring and reporting of activities where no mitigation is in place. Manager Sharp will schedule a meeting with Alpine and Amador Supervisors Terry Woodrow and Lynn Morgan to discuss issues such as street sweeping, employee housing, and parking.

8.m. AGENDA ITEM: Discussion and Possible Action Regarding the District's Contributions to Social Security. Manager Sharp

After some research and confirmation with the District's legal counsel, Manager Sharp reported that the District, and its employees, cannot stop paying into Social Security due to a 1987 '218' agreement the District entered into that cannot be terminated. It was agreed that this issue will be tabled for the time being.

8.n. AGENDA ITEM: Discussion and Possible Approval of General Manager Objective Numbers for 2015-2016. Manager Sharp

Manager Sharp presented measurable goals to several of his Objectives by:

1. Defining the number of Fire Department volunteers (12), and length of time to have them participate (4 months) during the peak call period, November – March.
2. Achieve Performance Reporting goals for each Enterprise Department set by August 8th, 2015: Electric 18%; Propane 2%; Water 16%; and Wastewater 30%.
3. Measure and achieve goals set by August 8th, 2015 for the number of customers using electronic notifications, electronic bill and newsletter delivery, and automatic bill payment: 3 new signups each month.

President O’Grady motioned to approve the General Manager Objectives as revised. Seconded by Director Ende, the motion carried by the following voice vote:

AYES: President O’Grady, Directors Richert and Ende.

NOES: None.

ABSENT: Directors Dornbrook and Epstein.

ABSTAINING: None.

9. AGENDA ITEM:

General Manager Report

Manager Sharp reported on:

1. Bennett Engineering. Matt Wheeler has left Bennett Engineering and is now the Community Development Director for the City of Lincoln, CA. Ed Kriz is the new Water/Wastewater Engineer and will attend the next Board meeting to introduce himself.
2. Emerson Electric. The District has had ongoing issues with the accuracy of information provided by Emerson regarding the meter multipliers used; specifically, based on Emerson information, the District overbilled Vail for Chair 1 usage and is in the process of paying back that over-charge. The District requested that Emerson:
 - a. Certify in writing all meter multipliers in Kirkwood (29 total).
 - b. Reverse programing of the Mountain Club meter to return it to its original configuration;
 - c. Reimburse the District for Invoice 1115612 relating to reversing the incorrect Chair 1 multiplier and the reprogramming of the Mountain Club meter which caused it to be unreadable on the remote read system; and
 - d. Test specific meters to ensure they are reading accurately.
3. Verizon Cell Tower Project. TC-TAC approved Verizon’s

request to extend the height of the existing tower located at Volcano's office in Kirkwood by 28 feet, for a total height of 63 feet. This will go before the Amador Planning Commission on August 11.

4. Aquifer Levels. Manager Sharp provided a chart showing aquifer levels and the amount of water pumped from each well during the month of July. Well 4/5 is at 168 feet, with Staff continuing to track aquifer levels closely.
5. Vail Banquet Groups. Vail reported 17 different groups over the summer.
6. Thunder Mountain Lodge. The Developer has paid its delinquent Mello Roos debt from tax years 2008, 2009 & 2010.
7. Irrigation Usage. Manager Sharp reported that irrigation water usage for FY 2014-15 has dropped significantly from the previous two years, to 826,465 gallons, down from 2.5 million gallons in 2012-13.

10. COMMITTEE REPORTS:

1. Finance. President O'Grady reported that all issues had been covered.
2. Planning. Director Richert reported that all issues had been covered.
3. Operations/Capital. Director Richert reported that all issues had been covered.

11. GENERAL DISCUSSION:

Director Richert requested to bring back the topic of Employee Housing at the next Planning Committee meeting.

12. ADJOURNMENT:

The meeting was adjourned at 11:41 a.m.



Peter Dornbrook, Secretary

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