

MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
SUNDAY, SEPTEMBER 6, 2015
AT THE HOUR OF 8:00 A.M.

CALL TO ORDER: The meeting was called to order by President O'Grady at 8:04 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 Epstein, Ende and Richert.
MEMBERS ABSENT: Director Dornbrook.

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

OTHERS PRESENT: Casey Blann (Vail Resorts), John Reiter (Kirkwood Capital Partners), George Stahl (Kirkwood Property Services), and Community Members Cheryl Stern, Judy Flinn and Geoff Smith.

ORAL COMMUNICATION
/PUBLIC INPUT:

Casey Blann provided an update on Resort operations, stating that the grips on Chair 4 have been replaced, among other maintenance related projects. Snowmaking operations are planned to begin November 1st with Opening Day on Friday, November 20th. The Kirkwood Inn will be closed all of October and early November for renovations and cleaning. President O'Grady asked about the upgrades planned for Chair 9. Casey Blann responded that the motor is being rebuilt and the drive replaced, both unrelated to the power quality issues. Casey confirmed Vail Resort's commitment to working on the Chair 4 filtering, and has a meeting scheduled on 9/17 with Manager Sharp to further discuss the Power Quality report and differing views from the consultants. George Stahl reported that KPS is working with both the District and Vail Resorts on storm drainage issues.

CORRECTIONS TO THE AGENDA

OR CONSENT CALENDAR: Director Richert motioned to approve the adoption of the Regular Agenda and Consent Calendar as presented. Director Ende seconded the motion and it carried by the following voice vote:

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

NOES: None.

ABSENT: Director Dornbrook.

ABSTAINING: None.

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

8.a. AGENDA ITEM: Discussion and Possible Action Regarding Recent Personnel Changes, Areas of Responsibility and Outlook for the Balance of 2015 and 2016. *Manager Sharp*

Manager Sharp reported that Jill Campbell is leaving after ten years of service to be closer to family in Idaho; she will remain in her position through the end of September. Kelly McBride has been promoted from Sr. Accountant to Accounting Manager, and the District is actively seeking to fill an opening for a Staff Accountant. Rick Ansel has moved upstairs into Administration, and Dave Waddle has moved into Rick's vacated office on the main floor. With this move, Shawn Trevett has been asked to take on the administrative duties of the KVFD, allowing Rick to focus on District operations and administration.

8.b. 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. *Manager Sharp/Accounting Manager McBride*

8.b.i. AGENDA ITEM: July Financials / August Prelims / Property Tax Allocations. Accounting Manager McBride presented the July Financials, August Forecast and Cash Water Fall, and answered questions from the Board. Accounting Manager McBride explained that the budget accrues property tax revenue, however the Cash Waterfall only shows cash when actually received. Director Epstein requested that property tax receipts be budgeted when anticipated to be received, rather than straight lined, starting next fiscal year.

8.b.iv. AGENDA ITEM: Audit Update. The District's auditors, Moss Adams, completed their pre-audit review in June and their field work in mid-August. All aspects of the audit are on course and the auditors have met with District Staff and Board Treasurer Bob Epstein to discuss preliminary findings. No major discrepancies have been observed.

Moss Adams informed the District that it is required to report on the CalPERS retirement unfunded liability for the year ending June 30, 2015. CalPERS has stated that necessary information for posting this liability will be made available by Sept. 8th. This development will impact Moss Adams' ability to issue the District's 2015 financial statements on Sept. 30th as planned. The extent of the audit procedures required is unknown at this point and could impact the timeline and cost of the audit. Moss Adams has stated they are on track with all other aspects of the audit and will be providing their standard preliminary communications, including the letter of recommendations for the November Finance Committee and Board meeting.

8.c. AGENDA ITEM: Discussion and Possible Approval of Payment to PG&E in the Amount of \$2,262,753 for Work Completed with the Construction of the Out Valley Electrical Project. *Manager Sharp*
Assistant Manager Campbell presented a spreadsheet of PG&E costs with a total due of \$2,262,753, including ITCC tax of \$277,000. Director Richert requested Staff compare the District's total engineering costs from Exponential and Power Engineers with PG&E's billed engineering costs for their portion of the project, as a means of determining reasonable costs since PG&E cannot provide detailed backup. President O'Grady stated the Board will make a recommendation regarding payment upon further review and receipt of the requested information.

8.d. AGENDA ITEM: Discussion and Possible Action Regarding Construction Close-Out and Completion of the Underground Portion of the Out Valley Power Line Project. *Manager Sharp*
Manager Sharp provided an update on outstanding Out Valley items: Fiber Repair. The repairs and inspections are complete. District will be reimbursed for Edge Communication's costs through Q&D's retention.
State Route 88 Repairs. The repairs are complete at a cost of approximately \$30,000; this project was budgeted at \$80,000.
Caltrans Claim. District is currently collecting the backup needed to file a claim. The claim will include Hwy. 88 repairs, road shoulder issue, and French drains.
As-Builts. The District has received all of the final record drawings from Exponential and RCI is now preparing the required electronic files for submission to Caltrans. District is still waiting to receive PG&E's as-builts for their 4 poles at Salt Springs.
Retention Payment. Final payment of Q&D's retention, less the cost of the fiber repair is expected to be approximately \$55,000. This payment is delayed due to the contractor's balancing statements not matching; final payment is now expected to occur in October.
Certificate of Completion & Notice. This is also delayed until Oct.
Close Out of SWPPP. The District expects formal closing of the SWPPP by the end of September.

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

8.e.i. AGENDA ITEM: Update on Work Plan Maintenance Projects. Manager Sharp reported that the District is in the process of completing the required grading and fill work for erosion control on the Out Valley Underground portion and expects to be completed in another week with the major priorities. Staff will continue to improve water bars and trail access as time and weather allow.

Invasive Weed Monitoring has been completed with no new occurrences of "A" listed species observed. It was noted that Bull Thistle (B List) expanded on the 34.5kV from the substation to the

line shack. The Forest Service is pleased with the District's maintenance and inspection efforts after an onsite meeting on Sept. 1st with District Staff and RCI.

8.f. AGENDA ITEM: Introduction and Presentation by Bennett Engineering's Ed Kriz, the District's New Water/Wastewater Engineer.
Manager Sharp introduced Ed Kriz, P.E. as the District's new Water/Wastewater Engineer, replacing Matt Wheeler.

8.f.i. AGENDA ITEM: Master Services Agreement. This agreement, originally executed in April 2014 provides for General Engineering services on a T&M basis, and calls for project work to be detailed in a Task Order format and approved in advance. This agreement has met the District's needs previously and is provided at this time for informational purposes, along with Bennett's revised Rate Schedule for 2015.

8.f.ii. AGENDA ITEM: Discussion and Possible Approval of Task Order for Waste Discharge Compliance Reporting for FY 2016. The District is required to submit quarterly reports and an annual report to the Regional Water Quality Control Board, as per the requirements of the Waste Discharge Permit. Bennett Engineering has been producing these reports for several years on a timely basis, and District Staff recommends approval of this WDR Compliance Task Order for \$12,228.

Director Richert motioned to approve Bennett Engineering's Task Order for WDR Quarterly and Annual Reporting in the amount of \$12,228 for FY 2016. Director Ende seconded the motion and it carried by the following voice vote:

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

8.f.iii. AGENDA ITEM: Discussion and Possible Approval of Task Order to Complete Title 22 Report for Use of Recycled Water for Landscaping, Construction and Dust Control Purposes.

Manager Sharp reported that District Staff have been researching the use of recycled wastewater for various applications including irrigation, dust control, construction and snowmaking. In order for the State to amend the District's existing WDR permit, a Title 22 Engineering Report would need to be submitted to the Dept. of Drinking of Water. Other requirements including a Notice of Intent, permitting, and purchasing a trailer to haul the water would amount to approximately \$20,000, not including District staff time. This topic was brought before the Planning Committee, and it was recommended to defer the project until sources of grant funding can be identified and secured.

- 8.g. AGENDA ITEM: Update and Possible Action on Changes by CalPERS in Reporting and Invoicing the District's Employer Contributions, Unfunded Liability and Side Fund. *Manager Sharp*
Manager Sharp reported that the District has been informed that CalPERS is changing their billing process for required contributions starting with the 2015-16 fiscal year. Previously CalPERS billed the District for its retirement contribution, unfunded liability and side fund as a percentage of payroll. CalPERS will now be separating these expenses, with Unfunded Liability and Side Fund being billed at a flat monthly dollar amount, and the retirement contribution continuing to be charged as a percentage of payroll. This change will actually result in an annual savings for the District of approximately \$19,000.
- 8.h. 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 Electric, Propane, Water and Wastewater for the two months ending August. President O'Grady requested that the line loss goals for each enterprise be noted on the reports.
- 8.i. AGENDA ITEM: Discussion and Possible Action Regarding a Feasibility Study to Provide Electric and Water Services for a Snowmaking System at Timber Creek. *Manager Sharp*
Manager Sharp reported that District Staff are preparing a Wholesale Water Agreement with an established rate for review by District Counsel, and then will provide to Vail Resorts for their review. Casey Blann explained that Vail Resorts is planning on using a 5hp fan gun tied into the potable water system, and tapping into an existing electrical supply at the base of Chair 9. Vail Resorts will install a water hydrant similar to other snowmaking connections seen on the mountain by running a line from the water meter connection.
- 8.j. AGENDA ITEM: Discussion and Possible Action Regarding the District's Role in Monitoring Compliance with Specific Plan and other Mitigation and Environmental Issues in Kirkwood. *Manager Sharp*
Manager Sharp provided a copy of the entire Specific Plan Mitigation and Monitoring Plan which includes 65 pages of mitigation measures, timing requirements, and parties responsible for review and enforcement. This topic was discussed at the last Board meeting and the District has received several comments from its customers. A meeting with the Alpine and Amador Supervisors has been scheduled for October 16th to discuss whether the District may be a logical entity to assist the counties with their mitigation responsibilities, assuming County funding is received for this purpose.

8.k. AGENDA ITEM: Discussion and Possible Action Regarding the District's Role in the Removal of Stored Equipment from the School Site – Estimated Costs and Work Plan. Manager Sharp

Manager Sharp reported he walked the proposed parking site with Nate Whaley and several homeowners recently in an effort to identify an alternate parking configuration.

Manager Sharp has approached both Kirkwood Resort Development (KRD) and Vail to participate in a community effort to clean up this long standing eyesore. The District is seeking approval to provide labor at a rate of \$50/hr. and estimates a total cost of between \$5,000 and \$8,000, including the cost from ACES for multiple dumpsters and haul fees. The District would donate the use of its loaders. KRD has agreed to cover these costs. John Reiter, the new Managing Director of KRD stated he is delighted that this opportunity presented itself to work together with the Resort and District for the benefit of the community at large.

President O'Grady motioned to approve the District to proceed with the cleanup efforts as outlined above. Director Epstein seconded the motion and it carried by the following voice vote:

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

8.l. AGENDA ITEM: CLOSED SESSION Deferred to end of Agenda Items.

9. AGENDA ITEM: General Manager Report

Manager Sharp reported on:

1. Deadline for Construction Activities. The District's annual notice regarding an excavation deadline of Oct. 15th has been distributed.
2. Emerson Electric. Emerson's site visit was conducted on August 4th to visually inspect CT's and wiring for 29 meter locations, and to test and inspect load recording and comparisons of meter readings at four locations. Their results and recommendations identified several problems as outlined in their report dated August 18th. All meters need to be tested and calibrated on an ongoing basis, and the District is confident Emerson has met their contractual obligations to date and can continue to provide this service.
3. CDPH Compliance Inspection. Assistant Manager/Operations Rick Ansel presented the results of a scheduled inspection of the District's wells, water treatment and distribution facilities by the California Dept. of Public Health. The District will be working with Bennett Engineering to perform future water tank inspections.

4. Aquifer Levels. Assistant Manager Ansel presented the daily aquifer levels for August. Staff will continue to track aquifer levels closely on the three producing wells.
5. WWTP Equipment Status. Assistant Manager Ansel reported that the WWTP is running well with only one minor issue.
6. Timber Creek Townhomes. Phase 1 improvements have been accepted by the District, the final fire inspection went well, and the Developer is expecting to receive a Certificate of Occupancy soon. A Maintenance Guarantee in the amount of \$22,454 will be held for one year and returned provided no issues arise.
7. KVFD 5k/10k Trail Run. Assistant Manager Ansel thanked everyone for their participation, particularly Vail Resort's Echo Program for donating a cross country season pass to this well attended Labor Day event. Next year Tahoe Mountain Milers are considering expanding the event to include a half-marathon.
8. Maintenance Activities. Manager Sharp showed before and after pictures of some of the District facilities that have been painted and/or repaired this summer.

10. COMMITTEE REPORTS:

1. Finance. Director Epstein reported that most issues had been covered. He noted that consultant Randy Finken is working with the Committee on Debt Management.
2. Planning. The Committee is taking a second look at the Employee Housing Ordinance and potential amendment efforts.
3. Operations/Capital. It was noted that October marks the 3-month trial regarding the new On Call System, and the Committee will bring back a recommendation to the Board next month.

11. GENERAL DISCUSSION:

Director Ende asked if a summary memo can be included at the front of the backup material supplied with each agenda topic, or at least for the topics containing action items.

12. ADJOURNMENT:

The meeting was adjourned at 10:00 a.m. and immediately went into Closed Session. After approximately one hour in Closed Session, President O'Grady reopened the Regular Meeting and stated the Board had discussed a potential lawsuit issue and had given direction to Staff.


Peter Dornbrook, Secretary

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