



BOARD OF DIRECTORS
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
33540 Loop Rd., P.O. Box 247, Kirkwood, CA 95646
Telephone (209) 258-4444

REGULAR MEETING OF THE BOARD OF DIRECTORS
Saturday, February 13, 2016 – 8:00am
BOARD MEETING MINUTES

Eric Richert, Vice President
Peter Dornbrook, Secretary

BOARD MEMBERS
Robert Epstein, President

Standish O'Grady, Treasurer
Geoffrey Smith, Assistant Secretary

1. **CALL TO ORDER** *President Epstein*
Determining a quorum present, President Epstein called the meeting to order at 8:00 am.
2. **ANNOUNCEMENTS** *Manager Sharp*
General Manager Michael Sharp stated that this meeting is being fed live over the internet and that the public can view this meeting by going to our website, 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 themselves when making comments.
3. **ROLL CALL** *Secretary Dornbrook*
Board of Directors Present: President Epstein, Directors Dornbrook, O'Grady, Richert and Smith.
Staff Present: Manager Sharp, Rick Ansel, Brandi Benson, Kelly McBride and Sandy McKay.
Others Present: Community Member Judy Flinn, Sandy Sloan.
4. **COMMENTS FROM THE AUDIENCE**
None.
5. **CORRECTIONS TO THE AGENDA OR CONSENT CALENDAR**
None.
6. **ADOPTION OF CONSENT CALENDAR**
 - a. **Special Board Meeting Minutes: December 28, 2015**
Approve December 28, 2015 Rate Study Meeting Minutes
 - b. **Regular Board Meeting Minutes: January 9, 2016**
Approve January 9, 2016 Meeting Minutes
 - c. **Consent for Claims**
Approve current Consent for Claims.
 - d. **Receivables / Shut Offs**
Review current Receivables/Shut Offs Report.

Moved Richert / Second O'Grady / Dornbrook Yes / Smith Yes / Epstein Yes / Richert Yes / O'Grady Yes to approve the Consent Calendar as presented.
7. **CONSENT ITEMS BROUGHT FORWARD FOR SEPARATE DISCUSSION / ACTION**
None.

8. ITEMS FOR BOARD ACTION**a. Discussion and Possible Action Regarding the District's Financials. *Manager Sharp and Accounting Manager McBride*****Lead: Finance Committee**

Accounting Manager McBride presented the December Financials, January Forecast and Cash Water Fall, and answered questions from the Board.

- i. December Financials. Manager McBride reported that December's EBITDA (reporting only revenue and operating expenses) was \$81K better than budget, and YTD \$284K better than budget.
- ii. January Preliminary Financials. It was noted that Revenues reported are Actuals, and Expenses are mostly budgeted numbers.
- iii. Cash Flow. It was noted that Cash Flow is less than budget because the Alpine County tax revenue normally posted is not expected now until next week.
- iv. Calendar 2015 Property Tax Allocation. The property tax allocated for Calendar Year July-December 2015 was reversed, and now will be reallocated at the end of FY 2016. Staff was requested to forward the RUS Form 7 spreadsheet to the Board.

b. Discussion and Possible Action Regarding the Formation of the District's 2017-2021 Budget. *Manager Sharp***Lead: Finance Committee**

Manager Sharp provided the first draft of the 2017-2021 Budget, focusing on the Assumptions, Summary Sheets for the four major enterprises, and the Capital Plan. Projects in the 5-year Capital Plan include: Wastewater Collection System improvements; Protective Gear for firefighters; Powerhouse Radiator Cover; Fremont Road Electric Line replacement; Chair 10 Transformer; Vaporizer Shed; Snow Removal equipment; and Asphalt repairs and sealing. After a lengthy discussion, the following action items were requested by the Board:

- i. Staff to determine why Irrigation Rate increase is targeted for 2018 (and not earlier).
- ii. Staff to reduce Electric rates by \$.01 each year.
- iii. Staff to redo Propane Summary to show at a minimum a cash neutral position.
- iv. Staff to work on 5-year portion of the Capital Plan.
- v. Staff to research whether new radiators would be needed if Powerhouse is upgraded to 2MW generators.

A first presentation of the overall Budget template, one-year Income Statement and revised projections will be presented at the March 12th Board meeting.

c. Discussion and Possible Action Regarding the District's Investigation to Complete a Rate Study for All Enterprise Services. *Manager Sharp***Lead: Finance Committee**

Manager Sharp reported that the December 28, 2015 Board Workshop focused on two areas: (1) Standardize methodology of calculating Base Rates for four major departments; and (2) Review and possibly revise Rate Strategies established in December 2013. Manager Sharp proceeded to explain the current Equivalent Dwelling Unit (EDU) calculation for Water and Wastewater (Residential units all pay one EDU; Commercial unit rates are calculated by taking their 3-year average usage, divided by the average Residential usage to formulate the number of EDU's for each commercial unit). Electric and Propane get one EDU for each meter even if it has large usage or many units connected to it. Manager Sharp presented three scenarios to formulate an EDU, one using the current Base Rate, one using only residential usage, and one using total usage to formulate an EDU. Assumptions included: No increase in Revenue; Usage above one EDU is calculated at one decimal point in tenths so that a customer might pay 1.1 EDUs; and no distinction between Commercial and Residential. The Board requested Staff to rework the Rate Study analysis with the possibility of increasing Propane Base Rates to cover projected capital expenses.

Manager Sharp presented the 2015 Rate Strategy objectives, including:

- Reviewing principles established at the December 2013 Rate Strategy Workshop;
- Creating target reserves by department;
- Addressing whether Electric reserves should be augmented by Cushion of Credit funds; and
- Addressing whether any needed reserves could be augmented by a line of credit.

President Epstein asked whether a Public Hearing could be called, based on information collected and options discussed, focusing on Electric and Propane Base Rate calculations.

Moved O’Grady / Second Richert / Dornbrook Yes / Smith Yes / Epstein Yes / O’Grady Yes / Richert Yes to hold a Public Hearing in April to discuss changing Base Rate methodology and Rates for Electric and Propane.

d. Discussion and Possible Approval of Resolution 16-01 Delegating Emergency Contracting Authority to the General Manager. *Manager Sharp*

Lead: Operations/Capital Committee

Manager Sharp presented Resolution 16-01 for possible approval. Due to recent emergencies experienced in close proximity to Kirkwood, Staff investigated how the District would comply with competitive bidding laws in the event of an emergency on the Out Valley project or one here in Kirkwood. This Resolution allows the General Manager, upon declaring an emergency, to procure the necessary equipment, services and supplies required without following existing contract bidding requirements under normal conditions. A discussion ensued.

Moved Richert / Second Dornbrook / Smith Yes / Epstein Yes / O’Grady Yes / Richert Yes / Dornbrook Yes to execute Resolution 16-01 delegating emergency contracting authority to the General Manager.

e. Presentation and Possible Approval of the 2016 Out Valley Work Plan for Submittal to the United States Forest Service. *Manager Sharp*

Lead: Operations/Capital Committee

Manager Sharp reported that the 2016 Work Plan for maintenance of the Out Valley underground and overhead lines has been completed (in-house as a cost savings measure) and is ready for the Board’s review and approval prior to submission to the Forest Service. The Plan is general in nature as Staff have not been able to perform visual inspections due to the snowpack and includes the following summer 2016 projects:

- Install water bars in front of the vaults to divert water (install this year and maintain in subsequent years);
- Erosion Control, Access Roads/Grading;
- Vegetation Management, Hazardous Tree Removal;
- Invasive Weed Monitoring (late July/early August); and
- Improve the path from Pole 37 to KM Green and to the 115 kV line by removing debris for safety reasons.

The Plan is required to be submitted to the Forest Service now to go through their approval process in order to implement in July. Staff recommends approval to submit to the Forest Service at this time.

Moved Dornbrook / Second Smith / Richert Yes / Epstein Yes / O’Grady Yes / Dornbrook Yes / Smith Yes to approve the 2016 Out Valley Work Plan for submittal to the United States Forest Service.

f. Presentation and Possible Approval of a Proposal from Exponential Engineering to Provide Support and Conduct Necessary Inspections on the Out Valley Electrical Line. *Manager Sharp*

Manager Sharp presented a proposal from Exponential Engineering to provide engineering services for 2016 in support of the Out Valley system. The scope of work includes a summer site visit as well as the following projects:

- Re-assess system voltages;
- Download and review all relay settings files, noting any recorded events;
- Update programming of all VOIP telephones to allow them to access new outside line capability;
- Continued training for Staff on Out Valley operations;
- Visual inspection with Staff of the Green and Blue Substations, and the underground and overhead lines.

Moved O’Grady / Second Smith / Epstein Yes / Richert Yes / Dornbrook Yes / O’Grady Yes / Smith Yes to approve Exponential Engineering’s proposal for 2016 support in the amount of \$7,030.00.

g. General Update and Possible Approval of Payment to PG&E for Services Related to the Construction of the District’s Out Valley Electrical Line is the Amount of \$2,442,172.

Manager Sharp

Manager Sharp provided the Board with a copy of a bill from PG&E along with a summary explaining the charges. Staff has discussed the invoice with Michelle Gamble at RCI and representatives of PG&E on several occasions to work on a final payment amount. The District is recommending payment of the actual charges incurred by PG&E for the design, review and construction of various components of the Out Valley Power Line Project and the applicable Income Tax Component of Contribution (ITCC) for items that are owned by PG&E. The District is disputing payment of \$127,103.36 of this bill which accounts for ITCC charges for engineering design of the 115kV line that is owned by the District. PG&E has been asked to complete a review to determine if the ITCC has been fairly applied.

After discussing several options, the Board agreed to make payment to PG&E, less the disputed amount, and include a letter explaining why the District arrived at this amount, and that it is considered final payment for this portion of the project.

Moved O’Grady / Second Epstein / Smith Yes / Richert Yes / Dornbrook Yes / O’Grady Yes / Epstein Yes to authorize payment to PG&E in the amount of \$2,243,228.34 and include a letter stating this is considered final payment.

h. General Update and Possible Action Regarding Meetings with PG&E and the Planning Phase of the Potential Switch Station Project. *Manager Sharp*

Manager Sharp reported that the District and PG&E continue to pursue a discussion on remaining issues with the Interconnection Agreement. As previously reported, the District has communicated its concerns to PG&E over the Cost of Ownership charge for the Substation work done at Tiger Creek and Salt Springs (completed by PG&E on the District’s behalf), as well as the cost and need for building the Switch Station. Discussions continue and this will be a recurring agenda topic until resolved.

i. Discussion and Possible Approval of Bid Award for the Purchase of a Trackless MT Series 6 for Snow Removal Services. *Manager Sharp*

Lead: Operations/Capital Committee

For the past 14 years the District has used the Trackless snow blower to clear snow from public property and for its customers, and it has been the key to successful snow removal operations in the Kirkwood area. The District currently owns five Trackless snow blowers; all but one have been fully depreciated. To continue reliable Snow Removal Services, the District went out to bid on a Trackless MT Series 6, Tier 3 with a Simplicity A/C Heating Unit and less than 200 operating hours. One bid was received, from Rosellini Service and Repair. The District is familiar with this vendor and have used them to perform some service on our existing Trackless that cannot be completed in-house. The bid, in the amount of \$122,410.25 includes freight and tax but does not include a Blower, which is an additional \$19,000. Several years ago the District purchased a spare blower for redundancy, and with this purchase the District would own 6 Trackless machines and 6 blowers. This used machine is available now and its purchase would be funded from the Snow Removal reserve fund, which has a current balance of \$330,000.

Moved Dornbrook / Second Smith / Epstein Yes / O’Grady Yes / Richert Yes / Dornbrook Yes / Smith Yes to purchase one used Trackless MT6 Tier 3 with Simplicity A/C Heating Unit, in the amount of \$122,410.25.

j. Discussion and Possible Approval of Proposal from Gabbart & Woods Structural Engineers for the Design of a Roof over the Powerhouse Radiators. *Manager Sharp*

Lead: Operations/Capital Committee

Manager Sharp noted that when the Powerhouse was built, the radiators were placed outside to dissipate the heat from the generators, and any snow that accumulated near the radiators quickly melted off. The snow storms this year have made the radiators inoperable at times due to snow and ice blocking the fans on the radiators. To ensure the radiators are operable, District Staff has built a temporary structure around the radiators to allow proper operation and prevent build-up of snow, which has been an effective short-term solution. Long term, Staff would like to see a shed roof built over the radiators. Gabbart & Woods, the original structural engineers for the Powerhouse, have provided a proposal to build a ledger off the south wall of the Powerhouse and support it with posts in front of the radiators, allowing for openings at the exhausts. The amount of the proposal is \$15,500 and includes design, construction documents and construction administration. If approved, Staff would initiate this work during this summer with construction over the CATS in 2017 and over the Volvos in 2018. Staff is recommending approval to enter into an agreement with Gabbart & Woods in the amount of \$15,500 and include in the FY2016/17 budget.

Moved Richert / Second Dornbrook / Smith Yes / Epstein Yes / O’Grady Yes / Richert Yes / Dornbrook Yes to contract with Gabbart & Woods in the amount of \$15,500.00 for the design and construction of a permanent shed roof to protect the radiators from accumulating snow.

k. Discussion and Possible Action Regarding the District’s and Vail’s Ongoing Efforts to Resolve Electric Harmonics Issues in the Kirkwood Valley. *Manager Sharp and Electric/Propane Manager Benson*

Lead: Operations/ Capital Committee

The Board had previously requested a written update from Vail Resorts (VR) regarding their plan to address harmonics issues caused by lift operations. A letter was recently received from VR informing the District that they intend to continue the effort to improve power quality at the resort as it may affect the greater Kirkwood Valley, by addressing the power quality issue at Chair 4. VR stated they are still researching options and will share that information with the District prior to purchasing and installing any equipment. Further, VR will continue to work with their electrical engineers and harmonic filtering contractors to assess the remaining power quality issues at the resort, and as they are able to identify and fund future projects and this issue is a priority of VR. The Board requested Staff to reply to VR, thanking them for their response.

l. 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*

Lead: Operations/ Capital Committee

Electric/Propane Manager Benson provided an update on Performance Reporting for Electric, Propane, Water and Wastewater for the seven-month period ending January 31, 2016. Manager Benson reported that 6% of all Electric losses are attributed to Lifts. All of the line loss on Chairs 2, 3 and 4 is absorbed by the District. The cost of a new meter is expensive; the Board requested a payback calculation on this and whether the District can sell line loss back to customers. A Line Loss column will be added to the Electric Performance Report. For clarification, there are three distribution systems in the Valley: (1) Commercial, including Chair 1; (2) Lifts, including all other lifts; and (3) Residential, including snowmaking.

9. GENERAL MANAGER REPORT

- a. Specific Plan Review. As the Board is aware, the 10-year Review of the Kirkwood Specific Plan, a 65-page report paid for by KRD and Vail, has been completed and distributed to the community. The District requested TC-TAC move their next meeting to Friday, March 11 to tie in to the next Board meeting on March 12th, and hopefully allow greater participation by Kirkwood homeowners. Individual comments received by the District will be compiled and forwarded to TC-TAC. Staff will work with Director Richert is formulating the District's response to the Report.
- b. Caltrans Claim. The District has filed a claim to recover \$377,000 from Caltrans for deviating from approved plans relating to the Out Valley trench location in the Carson Spur area. Caltrans rejected the claim stating that it was filed after one year of the completion of the work. The District responded on February 1st stating that the one-year deadline cannot start until after payment for said work. Staff will keep the Board informed.
- c. Out Valley Inspections. Due to the average snowpack this year, Staff have added snow poles to several of the existing 10-foot poles for safety purposes and locating cabinets. Additional poles will be added to cabinets this summer. The District has GPS coordinates and an Omni Ball for each sectionalizing cabinet. Staff have recently dug out 4 feet of snow at KM Green to access the facility and control building.
- d. Snowfall Accumulations. A number of graphs were presented to highlight this winter compared to the last five years. Snowfall season-to-date (thru Feb. 12) is 296". Also included was a slide showing the number of days this winter that 3 inches or more has fallen, the threshold at which Snow Removal services are required and cause the same wear and tear on equipment as a much greater snowfall.
- e. Vehicle Maintenance. Recently Staff have been concentrating on maintenance requirements of the District's fleet of 10 vehicles used to transport and assist staff in their efforts. Repairs are underway and thanks to a vehicle donation from Alpine County, Staff feels there is an adequate fleet.
- f. Butte Fire Communications. Amador County Supervisors recently held a recap meeting of the Butte Fire with area residents and responding agencies to understand the biggest concerns during the event. Based on the survey conducted, it is interesting to note that the lack of communication was a major concern, with real-time fire information and updates being the biggest concern.
- g. Caples Ecological Restoration Project. The Caples Ecological Restoration Project has been approved based on a Decision Memo from the Eldorado National Forest and will begin this summer. The project area to the north of Kirkwood will include prescribed burns starting in 2017. The District provided comments during the public hearing process on fire safety. The project details and comments are posted on the District's website.

10. OPERATIONS REPORT *Rick Ansel, Assistant Manager, Operations*

Assistant Manager, Operations Rick Ansel was not in attendance, and therefore this agenda item was deferred.

- a. Water/Aquifer Levels. Assistant Manager Ansel reported that the aquifer level at Well 4/5 is averaging 141' – last year at this time it was 117'. Well 2 is holding steady at 26'.
- b. Cal Fire Grant Application. Staff have submitted an application to receive up to \$6,000 in funding for the chipping program.
- c. Wastewater Treatment Plant. Running well; no update.
- d. Kirkwood Valley Flooding. A flooding event occurred in Kirkwood on January 30th; Staff will be checking the electrical vaults on either side of Base Camp for water intrusion. Staff will also verify Amador County emergency numbers.
- e. Ice Box Traffic Accident. The 15-car pileup that also occurred on Saturday, January 30th was discussed briefly. The District will be writing to Caltrans with suggestions for signage in this area.

11. STANDING COMMITTEE REPORTS

- a. Finance. Chair O'Grady reported the Finance Committee has been discussing:
 - i. EDU's and Base Rate strategies;
 - ii. Nearing completion of the Committee self-assessment on performance;
 - iii. Directed Manager Sharp to resubmit a Letter of Credit request with Bank of the West for a lower amount, based on their response to District's initial request; and

- iv. Committee continues discussion regarding a cushion of credit that could be used to offset Operating Reserves.
- b. **Planning.** Chair Richert reported on recent Planning Committee topics:
 - i. 10-Year Specific Plan Review and discussions with County officials re mitigation measures and the District's role as ex-officio member of TC-TAC;
 - ii. Meeting with Casey Blann and Nate Whaley regarding the Employee Housing Ordinance; and
 - iii. Developing next Customer Survey.
- c. **Operations/Capital Projects.** Chair Dornbrook stated that all topics have been previously discussed.
- d. **Personnel.** Chair Epstein reported on the following:
 - i. Standardized outdoor uniforms have been issued for all Operations personnel;
 - ii. Staff Appreciation Lunch is scheduled for Friday, March 11 and encouraged Board members to attend;
 - iii. Discussing means and ways to gather employee satisfaction feedback;
 - iv. Succession Planning and possible extension or renewal of General Manager's contract expiring at the end of 2016.

12. GENERAL DISCUSSION

Director O'Grady requested that any material handed out and not part of the Board Packet be placed in Box for reference.

13. CLOSED SESSION

- a. **Discussion of Performance Evaluation of the General Manager and Possible Extension of GM's Employment Contract.**

The Board adjourned at 10:54am to Closed Session.

14. OPEN SESSION

President Epstein reconvened the Open Session portion of the meeting at 11:40am, stating that the Board had met in Closed Session and discussed the General Manager's employment contract. The Board authorized the Personnel Committee to make an offer to the General Manager to extend his contract within the next two weeks. This matter will be back before the Board at a future meeting.

15. ADJOURNMENT *(The next Regular Board Meeting is Saturday, March 12, 2016 at 8:00am)*

There being no further business, the meeting was adjourned at 11:43am.



Peter Dornbrook, Board Secretary
Kirkwood Meadows Public Utility District



Sandy McKay, Clerk of the Board
Kirkwood Meadows Public Utility District