



KIRKWOOD MEADOWS
PUBLIC UTILITY DISTRICT

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, March 12, 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** *Vice President Richert*
Determining a quorum present, Vice President Richert called the meeting to order at 7:57 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: Vice President Richert, Directors Dornbrook, O'Grady and Smith.
Board of Directors Absent: President Epstein.
Staff Present: Manager Sharp, Rick Ansel, Brandi Benson, Kelly McBride, Derek Dornbrook, Kim Norton and Sandy McKay.
Others Present: Community Member Nancy Trevett.
4. **COMMENTS FROM THE AUDIENCE**
None.
5. **CORRECTIONS TO THE AGENDA OR CONSENT CALENDAR**
Director O'Grady requested to pull 6.b. Consent for Claims from the Consent Calendar for further discussion.
6. **ADOPTION OF CONSENT CALENDAR**
 - a. **Regular Board Meeting Minutes: February 13, 2016**
Approve February 13, 2016 Board Meeting Minutes
 - c. **Receivables / Shut Offs**
Review current Receivables/Shut Offs Report.
 - d. **New Community Member of Finance Committee**
Approve Jack Longinotti as a new Community Member of the Finance Committee.

Moved O'Grady / Second Dornbrook / Epstein Absent / Dornbrook Yes / Richert Yes / O'Grady Yes / Smith Yes to approve 6.a, 6.c and 6.d of the Consent Calendar.

7. CONSENT ITEMS BROUGHT FORWARD FOR SEPARATE DISCUSSION / ACTION

Item 6.b Consent for Claims. Director O'Grady questioned a payment to First National Bank of Omaha. Manager Sharp explained this is the District's credit card and included charges for maintenance and repair of District vehicles, among other items.

Moved O'Grady / Second Smith / Epstein Absent / Dornbrook Yes / Richert Yes / O'Grady Yes / Smith Yes to approve 6.b Consent for Claims as presented.

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 January Financials, February Forecast, Cash Water Fall reports and answered questions from the Board. The financials indicate a good first half of FY 2016.

- i. January Financials. Manager McBride reported that final payment to PG&E has been made. January's EBITDA, reporting revenue and operating expenses only, was \$52K better than budget, and YTD \$339K better than budget. The average cost of Propane in January was \$1.06/gal.
- ii. February Preliminary Financials. Metered Kwh vs. Budget was better by 117,520 Kwh and \$22K better than plan.
- iii. Cash Flow. At the end of February, cash was at approximately \$3.0M. The low point for cash will occur in 2018 per the 5-year forecast. Manager McBride noted that the low point for cash in any given year is November and generally cash flow is in the \$2.8M-\$3.2M range at any given time.

Director O'Grady noted that the Out Valley Switch Station is included in the budget. Staff will review the Switch Station budget on the Cash Waterfall report. In addition, he noted that by applying the next three RUS interest and principal payments (June, September and December) to the Cushion of Credit, one-quarter of the amount will count towards the District's Operating Reserve. Staff will work with Director O'Grady on depositing 2016 RUS interest and principal payments into the Cushion of Credit account.

b. Presentation and Possible Approval of Engagement Letter from Moss Adams LLP to Complete the Audit of the District's Financial Statements as of June 30, 2016 for a cost of \$46,737. *Manager Sharp***Lead: Finance Committee**

Manager Sharp provided the Board with a summary of Moss Adams' proposed audit fees for FYE 2016. The audit is scheduled to start on June 20th offsite, with their accountants onsite during the week of August 15th. The Finance Committee and Staff recommend approval to engage Moss Adams to conduct this year's audit.

Moved Smith / Second O'Grady / Epstein Absent / Dornbrook Yes / Richert Yes / Smith Yes / O'Grady Yes to approve Moss Adams to complete the District's audit for FYE 2016 for a total cost of \$46,737.

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

Manager Sharp provided a second presentation of the 2017-2021 Budget to the Finance Committee and Board, and stated any comments received today will be incorporated into the next draft. Discussion on this second draft focuses on the Summary sheets for all departments, revised Assumptions, and the revised Capital Plan. A Preliminary Balance Sheet and Cash Flow forecasts will be presented at the next Board meeting. 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
- Asphalt repairs and sealing

After a lengthy discussion, the following action items were requested by the Board:

- i. Staff to budget net propane fuel surcharge in Revenue;
- ii. Staff to budget for Base Rate CPI increase in Electric;
- iii. Staff to work on Capacity portion of Capital Plan; and
- iv. Staff to investigate a potential Fire Assessment Increase.

d. 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 provided a draft letter to customers explaining how the proposed adjustments will affect their individual rates, and requested Board approval to proceed with sending the letter along with the Notice of a Public Hearing.

Moved Smith / Second O'Grady / Epstein Absent / Dornbrook Yes / Richert Yes / Smith Yes / O'Grady Yes to approve the letter to customers and Notice to hold a Public Hearing in April to discuss changing Base Rate methodology and Rates for Electric and Propane.

e. 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 has made final payment to PG&E as approved by the Board at the February 13th meeting. A meeting of the PG&E Ad Hoc Committee (Bob Epstein, Standish O'Grady and Michael Sharp) is planned next week to discuss options regarding previously discussed concerns, namely:

- i. The Cost of Ownership charge for the Substation work done at Tiger Creek and Salt Springs, which was completed by PG&E on the District's behalf; and
- ii. The costs and need for building the Switch Station, and alternatives to its construction.

The District has communicated these concerns with PG&E; PG&E has indicated they are meeting internally to determine a direction and counterproposal.

f. 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 intent to address harmonics issues caused by lift operations; VR responded that they plan 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. Recently VR provided the District with specifications for a harmonics filter; Dave Rightley has reviewed and approved the use of this filter as a long term solution. The Board requested Staff to research the cost of the proposed filter to be used on Chair 4.

g. 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 eight-month period ending February 29, 2016. Manager Benson reported total Electric Line Loss in February was 16%, with Distribution System Losses leading at 7%. The identified system losses have been broken out into five categories: KM Blue Transformer, KM Green Transformer, Distribution System losses, Step-up Transformers, and Out Valley line loss. Manager Benson is working with Dave Rightley on Standard Operating Procedures for meter calibrations, and Staff will research the concept of charging customers for the electric line loss on long service runs where the meter is located at the customer's place of business; i.e., the Backside, Kirkwood Inn, Caples Lake Spillway. As requested, Manager Benson informed the Board that the Return on Investment (best case) of a new meter installed at the Backside metering cabinet would be approximately 15 years.

h. Discussion and Possible Action Regarding the District's Role as an Ex-Officio Member on the Tri-County Technical Advisory Committee. *Manager Sharp*

Lead: Planning Committee

Manager Sharp reported that discussions are ongoing with the Tri-County Technical Advisory Committee (TC-TAC) regarding the District's role as an ex-officio member, in addition to the District offering to provide limited services to assist TC-TAC in ensuring compliance with mitigation measures according to the 2003 Kirkwood Specific Plan. Some of the potential services the District could provide to TC-TAC include:

- Increased and improved communications
- Follow-up on action items
- Attend pre-construction meetings
- Perform regular in-valley construction inspections for mitigation compliance.

Based on observations over the last couple of years, the District believes environmental issues in Kirkwood are being largely ignored, and the District wants to assist the Counties with the oversight that promotes environmentally responsible growth in Kirkwood. Per Board direction, Staff will write TC-TAC to propose specific services that the District can offer, and request feedback regarding their level of interest in all or part of the proposed assistance. Once known, a discussion on reimbursement of associated District costs will be initiated.

The District, the Eldorado National Forest, and the Toiyabe National Forest are named as ex-officio members in the original 1992 formation document of TC-TAC. Regarding the District's role as an ex-officio member, it was discussed whether Manager Sharp, along with a representative from the Eldorado National Forest, should each have a seat alongside the three County members.

i. Presentation and Possible Approval of a Customer Survey to be Distributed Within the Next 60 Days. *Manager Sharp*

Lead: Planning Committee

Manager Sharp reported that the Planning Committee, with special thanks to Cheryl Stern, has produced a Customer Survey to be distributed with the next billing cycle in both online and paper format, and requested Board approval for distribution. The last customer survey was done in 2013. If approved today, the results of the 2016 survey will be ready for review at the July homeowner meetings.

Moved Richert / Second Dornbrook / Epstein Absent / Dornbrook Yes / O'Grady Yes / Richert Yes / Smith Yes to authorize Staff to distribute the Customer Survey as presented.

j. Discussion and Possible Action Related to the District's Role in Working with Caltrans to Improve the Signage at the Highway 88 Section Due East of Kirkwood (Icebox) for Motorist Safety Concerns. *Manager Sharp*

Lead: Planning Committee

Manager Sharp reported that as a result of the concerns expressed to Caltrans in his letter dated February 29th, in addition to several other entities echoing the District's concerns regarding the area known as Icebox, the Traffic Safety Division of Caltrans will be doing an analysis of this area. Expected to take 3-4 months, Manager Sharp will keep the Board apprised of any new correspondence with Caltrans in this regard.

k. Presentation and Possible Approval of Pay Schedules for Fiscal Years 2012, 2013 and 2014 to Comply with Findings from the 2015 CalPERS Audit. *Staff Accountant Kim Norton*

Lead: Finance Committee

Staff Accountant Kim Norton reported that a recent CalPERS audit for FY 2012, 2013 and 2014 found the District was missing Board-approved Pay Schedules for these years. After a review of job titles and wages from January 1, 2012 through December 31, 2014 by Staff and the Finance Committee, the three Pay Schedules were produced and provided to CalPERS; CalPERS will await the District's formal Board approval before removing this finding from their auditor's report. Staff recommends that the Board approve the Pay Schedules as presented.

Moved O'Grady / Second Smith / Epstein Absent / Dornbrook Yes / Richert Yes / O'Grady Yes / Smith Yes to approve the completed Pay Schedules for Fiscal Years 2012, 2013 and 2014 as presented.

i. Discussion and Possible Action Regarding Request from Kirkwood Meadows Association for the District to Provide Additional Services (speed bumps and pet dispensers). *Manager Sharp*

Lead: Operations/Capital Projects Committee

Manager Sharp reported that the District received a written request from the Kirkwood Meadows Association (KMA) proposing additional services the District may be interested in providing KMA, including the purchase, storage and periodic install and removal of speed bumps year round on KMA roads to reduce speeds on its residential streets; and the purchase, install and maintenance of dog dispensers and bags on some of the parking pads throughout KMA. KMA's safety concerns for pedestrians is mainly on weekends when resort traffic is heavy entering Kirkwood and guests take Fremont or Merrill as a short cut. It was generally agreed the placement and removal of speed bumps during the winter is labor intensive; since Vail does this on Kirkwood Meadows Drive, and East Meadows HOA manage their own speed bumps which are laid out each spring and removed in the fall. The Board recommended that Staff research costs, operations, liability and the legality of providing these services, including discussions with Vail and East Meadows, and report back to the Board.

m. Presentation and Possible Approval of a Proposal from Liquid Engineering to Complete an Interior and Exterior Inspection and Evaluation of the District's Water Storage Tanks.

Superintendent Derek Dornbrook

Lead: Operations/Capital Projects Committee

Superintendent Dornbrook reported that a 2015 compliance inspection of the District's two water storage tanks by the State Water Resources Control Board, Division of Drinking Water (DDW) resulted in a notice that the District begin conducting thorough inspections of the Dangberg and Lodge tank interiors at least every five years to determine the integrity of the epoxy lining and tank walls, and to rule out any potential source of contamination. Staff received a proposal from Liquivision Technology Diving Services to perform the inspections, in which divers are able to inspect in detail all surfaces of each tank up close, and vacuum any sediment from the bottom of each tank. This is a more economical and efficient approach, rather than draining the tanks as suggested in the DDW report, and this alternative method will also satisfy the DDW.

The proposal from Liquid Engineering to clean and inspect the two tanks is \$2,700. Staff recommends that the Board approve this quote for services, noting that there may be additional costs for any minor epoxy repairs that may be needed.

Moved Dornbrook / Second Smith / Epstein Absent / Richert Yes / O'Grady Yes / Dornbrook Yes / Smith Yes to approve Liquid Engineering to conduct an interior and exterior inspection of the

District's water storage tanks in the amount of \$2,700, and perform any needed repairs at an additional cost at the General Manager's discretion.

9. GENERAL MANAGER REPORT

- a. Radiator Enclosure at Powerhouse. When the Powerhouse was built in 2012 the radiators were placed on the outside to dissipate heat from the Generators, and any snow that accumulated quickly melted off. After the first significant winter in four years, the radiators needed protection from relatively heavy snow that began filling in around the radiators, effectively shutting them down. An enclosure to protect the radiators has been completed in-house and is working well to shed the snow from this area.
- b. Out Valley Inspections. With a recent warm spell and some rain, Staff have been inspecting vaults and removing water as needed. Staff is looking at options to improve the efficiency of this process.
- c. Snowfall Accumulations. A number of graphs were presented to highlight this winter compared with the last five years. Snowfall season-to-date (thru March 10th) is 358". Also included was a slide showing the number of days this winter that 3 inches or more has fallen (32 days to-date), the threshold at which Snow Removal services are required and cause the same wear and tear on equipment as a much greater snowfall.
- d. Snow Storage. Snow storage at the old School Site and in the Lower 7 parking lot are causing concerns. Snow storage in the Lower 7 parking lot has been encroaching onto District owned land immediately south of Lava Rock Lodge, and the environmental impact it may have on surrounding trees and runoff into the meadow is of particular concern. It is estimated that 6-8 inches of grindings from the parking lot are imbedded in the pile of snow. Staff will research negative impacts grindings may have when used in parking lots and road shoulders, and the effects of subsequent runoff. Manager Sharp will request Vail redefine their snow removal and snow storage practices in this area.
- e. Ethics Training. Cities, counties and special districts in California are required to provide ethics training (every two years) to their local officials per the California Fair Political Practices Commission. It is anticipated that Board Members and the General Manager will fulfill this requirement in August this year.

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

- a. Snow Roof Slide. Assistant Manager, Operations Ansel reported that a snow roof slide occurred in at a home on Yarrow Place and caused an electrical outage at the residence. The electric meter was not damaged, however the District will be asking the homeowner to either reinforce the electric meter's protective cover or relocate the meter to prevent this from occurring in the future.
- b. Water/Aquifer Levels. Assistant Manager Ansel reported that the aquifer level at Well 4/5 is averaging 137' – last year at this time it was 117'. Well 2 is holding steady at 27'.
- c. Cal Fire Grant Application. No update. Staff have submitted an application to receive up to \$56,000 in funding for the chipping program; expect to hear status of the Grant request in mid-March.
- d. Wastewater Treatment Plant. Several issues during the last month; all up and running again including a broken monitor for the membrane system, which Koch has confirmed is under warranty.
- e. Snow Removal Operations. The new MT6 Trackless arrived last week; the District's fleet of snow removal equipment now consists of six Trackless machines.

11. STANDING COMMITTEE REPORTS

- a. Finance. Chair O'Grady reported the Finance Committee has completed a self-evaluation per the Committee's Charter.
- b. Planning. Chair Richert reported that the Committee continues to work with KMR and KRD on Employee Housing in an effort to reach agreement on exactly how many legitimate housing units are in the Valley. Chair Richert noted that the Employee Housing Ordinance, as contained in the 2003 Kirkwood Specific Plan, references an Exhibit E-1, listing which units were designated as employee housing *prior* to the Specific Plan. Unfortunately Exhibit E-1 was never included with the Ordinance, nor made part of the final, approved Specific Plan.

- c. Operations/Capital Projects. Chair Dornbrook stated that all topics have been previously discussed; the Committee has completed its Self-Evaluation.
- d. Personnel. This Committee did not meet last month, therefore no update.

12. GENERAL DISCUSSION

Director O'Grady reporting discussions continue regarding the General Manager's employment contract based on the Closed Session meeting from the last Board meeting. The Board is also considering whether the District's IT system be delegated to one of the Standing Committees.

13. ADJOURNMENT *(The next Regular Board Meeting is Saturday, April 9, 2016 at 8:00am)*

There being no further business, the meeting was adjourned at 10:45am.



Peter Dornbrook, Board Secretary
Kirkwood Meadows Public Utility District



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