



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, April 9, 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.
Board of Directors Absent: None.
Staff Present: Manager Sharp, Rick Ansel, Brandi Benson, Kelly McBride and Sandy McKay.
Others Present: Community Members Nancy Trevett and Judy Flinn.

4. **COMMENTS FROM THE AUDIENCE**
None.

5. **CORRECTIONS TO THE AGENDA OR CONSENT CALENDAR**
None.

6. **ADOPTION OF CONSENT CALENDAR**
 - a. **Regular Board Meeting Minutes: March 12, 2016**
Approve March 12, 2016 Board Meeting Minutes.

 - b. **Current Consent for Claims**
Approve current Consent for Claims.

 - c. **Receivables / Shut Offs**
Review current Receivables/Shut Offs Report.

Moved Richert / Second O'Grady / Epstein Yes / Dornbrook Yes / Smith Yes / Richert Yes / O'Grady Yes to adopt the Consent Calendar as presented.

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

8. ITEMS FOR BOARD ACTION

a. Public Hearing: Discussion and Possible Action Regarding the District's Investigation to Complete a Rate Study for Electric and Propane Services. *Manager Sharp*

Manager Sharp explained the process of a duly noticed public hearing, whereby the President opens the hearing and takes comments from those attending in person and periodically from anyone calling in. Once all comments have been received, the President closes the public hearing. Manager Sharp noted that a letter sent to all customers on March 22nd explained in detail the issues for consideration:

- Change the methodology of calculating Base Rates for Electric and Propane to more fairly allocate charges to higher usage account holders who have a greater impact on operations;
- Reduce Propane Usage Rates in response to the drop in fuel prices; and
- Reduce the Electric Usage Rate by \$0.01/kWh annually per the District's proposed 5-year budget.

At 8:03 am President Epstein opened the Public Hearing for input. Manager Sharp stated that to-date he had received 12 written comments, all which were provided in the Board packet and include his response to each. Director Richert noted that the Base Rate is based on average usage (over 3 years), and the Usage Rate is month to month. Hearing no additional comments, President Epstein closed the Public Hearing at 8:14am.

Moved Richert / Second Smith / Epstein Yes / Dornbrook Yes / O'Grady Yes / Richert Yes / Smith Yes to hold a second public hearing on May 14th and draft the Ordinance needed to effect this change, should the Board elect to implement. Staff will also develop a chart to present at the May 14 meeting showing the impact an average homeowner can expect from the proposed rate changes by comparing a before and after billing statement.

b. Discussion and Possible Action Regarding the District's Financials. *Manager Sharp and Accounting Manager McBride*

Lead: Finance Committee

Accounting Manager McBride presented the February Financials, March Forecast, and Cash Water Fall reports and answered questions from the Board.

- i. February Financials. Manager McBride reported that February EBITDA was up from budget by \$266K, due in part to continued savings in Propane. February Operating expenses were over budget due to utilities being posted directly to G&A, as well as significant vehicle repairs and other maintenance costs. February Depreciation is over budget; Staff are working to break out depreciation by asset and expect to be closer to budget for the remainder of this fiscal year. The average cost of propane in February was \$0.82/gal.
- ii. March Preliminary Financials. Metered kWh vs. Budget was down by 18,500 kWh for the month of March; compared to March 2015, metered kWh was up by 116,255.
- iii. Cash Flow.
 1. Cushion of Credit. Manager Sharp credited Allan Sapp, Finance Committee member and Community volunteer, for the idea of placing funds needed solely for RUS Interest and Debt Service into a Cushion of Credit account earning the District 5% interest, and potentially up to \$93K annually.

The Board requested Staff present an estimate at a future meeting of what a variety of emergencies might cost the District, to help determine the amount of available cash to budget.

c. Discussion and Possible Action Regarding the Formation of the District's 2017-2021 Budget. *Manager Sharp and Accounting Manager McBride*

Lead: Finance Committee

Manager Sharp provided a third presentation of the budget to Committees and the Board, outlining changes made from the last version, including:

1. Rates have been adjusted to reflect a possible rate change.
2. Property tax allocations have been updated to show FY 2016.
3. Summary Sheets have been updated to reflect Actuals (Revenues & Expenses) through February and FY 2016 Budget for Balance.
4. Operating Expenses have been updated.

5. A third rate increase has been added in 2018, along with a Fire Assessment of \$.08.
6. The Capital Plan has been updated.

Discussion on this draft of the 5-year Budget focuses on the One-Year Balance Sheet, Income Statement and Cash Flow, and changes on the Summary Sheets and Assumptions. After a lengthy discussion, the Board directed Staff to:

1. Present a reconciliation between the Cash Flow and Income Statement.
2. Adjust Cushion of Credit on the Cash Flow, Balance Sheet and Assumptions.
3. Research how to use funds generated by the use of the Cushion of Credit to assist with the goal of reducing rates, possibly with assistance from Consultant Howard Barnes.
4. Contact Vail Resorts for anticipated future season closing dates to assist with District's budgeting efforts.
5. Reduce April 2017 Revenues due to Vail Resort's recent trend of mid-month closings.
6. Expand Balance Sheet to a 5-year plan.
7. Finalize Budget for presentation at the May 14 Board meeting.

Director Richert also requested Staff check with other public utility districts for a comparison of our "current ratio" to that of other districts, the current ratio being current assets/current liabilities.

d. Presentation and Possible Action on Proposals Received from Wired Solutions, Inc. to Improve the District's Information Technology Security and Internet Configuration.

Accounting Manager McBride

Accounting Manager McBride reported the District took advantage of a free 2-week trial offer using a Cisco product to monitor internet tracking and found no issues, however it was recommended that the District's network and firewalls be upgraded for increased security. With this recommendation, Wired Solutions provided three proposals for consideration as contained in the Board Packet. Staff is recommending Option #3, to purchase a Cisco cloud product with new equipment and cloud management for \$3,379 including 3 years of service. Director O'Grady offered to arrange District staff to meet with a member of his firm experienced in this area to determine best options and identify vulnerabilities of a cloud based management system. This item is tabled until the May14 Board meeting. Staff will also research upgrading existing firewalls at the Powerhouse, Wastewater Treatment Plant and Community Services Building.

e. Discussion and Possible Action Regarding Forming a Standing Committee to Specifically Address the District's Information Technology Issues.

Manager Sharp

Manager Sharp proposed the formation of a new Standing Committee, the IT Committee, to address ever changing technology and security concerns. Staff recommends the formation of the IT Committee, to be comprised of two Board members with the greatest IT knowledge and up to five Community members. Manager Sharp recommended that he and Accounting Manager McBride be included as non-voting members. Steve King from Wired Solutions will plan to attend the first committee meeting to answer questions, and will continue to assist the IT Committee in a consultant capacity as needed. A draft of a new IT Charter will also be presented at the first meeting.

Moved Richert / Second Epstein / O'Grady Yes / Dornbrook Yes / Smith Yes / Richert Yes / Epstein Yes to establish a new Standing Committee, to be known as the IT Committee and co-chaired by Directors Bob Epstein and Standish O'Grady.

f. 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 had been advised by PG&E over a month ago of a planned outage scheduled for April 17-19. On April 7 the District was notified by PG&E that due to additional maintenance issues the outage was being extended from three days to three weeks. The Interconnection Agreement with PG&E states that planned outages should be mutually agreeable to both parties, although only 72 hours' notice is required. The cost to the District during this time, including diesel and staffing the Powerhouse with two shifts, is estimated at between \$80,000 and \$100,000. Staff was directed to contact PG&E to possibly reduce the length of the outage, or determine the availability of a temporary alternate source of power. The Board requested staff to discuss possible action with legal counsel to recover a portion of the costs, and to pursue an

agreement with PG&E to credit District expenses related to future clearances against the District's Operations & Maintenance costs.

Regarding the status of the potential Switch Station, Manager Sharp reported that the District is still waiting to receive a counterproposal from PG&E regarding a proposed resolution to the Cost of Ownership charge for the Substation work done at Tiger Creek/Salt Springs, as well as their response to the District's request to provide alternatives to constructing the Switch Station that would still benefit and protect both parties.

As previously reported, the District made a final payment to PG&E in the amount of \$2,243,228.34, as approved by the Board at the February 13 meeting, for costs associated with the Out Valley Power Line Project. The District deducted \$127,103.36 from what it considered as final payment, explaining in writing to PG&E that this amount included ITCC charges for engineering review of certain project components that pertain to work requested and completed by PG&E on District-owned facilities, and therefore are not subject to ITCC.

Staff will continue to keep the PG&E ad hoc Committee informed.

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 nine-month period ending March 31, 2016.

Manager Benson reported total Electric Line Loss in March was 19%, with Distribution System Losses of 10%. Staff is actively working on meter issues and will focus on seasonal meters this summer to identify those that need recalibrating the most.

The Board directed staff to determine the cost, mostly related to pumping, to treat infiltration entering the WWTP and to develop a forecast for 2016 infiltration costs.

h. Discussion and Possible Action Regarding Improvements Needed to the District's Electric Distribution System.

Manager Benson provided a Power Point presentation entitled "Power Down" which details procedures to follow under various scenarios when the need to switch from Out-Valley to generator power is necessary. As there is no fault-finding technology along the in-valley underground distribution system, the District plans to install ground fault indicators this summer and provide Thumper training for staff on the fault finding methodology. Estimated to cost \$25,000 over two years for training and equipment, this project, along with replacing the distribution line from The Meadows to the District in conduit, investigating the replacement of the Chair 10 transformer, modifying the Caples Lake transformer to include spill containment per FERC guidelines, and performing meter certifications by a consultant are all included in the Capital or Operating budgets.

i. Discussion and Possible Action Regarding the Impacts Associated with the Storage of Snow on District Property to the South of Lava Rock Lodge. Manager Sharp

Lead: Operations/Capital Committee

Manager Sharp presented recent photos of the snow storage location that Vail Resorts has been using to clear its Lower 7 parking lot, piling snow just south of the District's existing employee housing; Vail Resorts has a snow storage easement to use this District-owned land until such time as it may be developed. For a number of years Vail Resorts has used excess grindings from Caltrans to cover the unpaved Upper, Middle and Lower 7 parking lots in addition to other unpaved parking lots in Kirkwood, both in Amador and Alpine Counties. Once Vail Resort's snow removal operations clear the lots after a storm, much of the grindings are scraped, mixed in with the snow, and blown into snow storage piles which ultimately drain into the meadow and creek. and beyond. Concern has been raised over the environmental impact of the petroleum-based grindings; the District estimates a layer six inches thick could be deposited under these enormous piles once the snow disappears. Vail Resorts was notified in February of the District's concerns with the grindings, as well as for the health of several lodgepole pines in the area that are buried up to their necks. Vail Resorts responded by altering their method of snow removal and offering to remove the

grindings when conditions permit. Manager Sharp recommended water sampling be performed, and that the State Water Resources Control Board be notified. Quarterly groundwater monitoring that the District performs routinely does not test for hydrocarbons.

j. Continued 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 pursuant to the Kirkwood Meadows Association indicating their desire to install speedbumps along Fremont on Saturdays due to safety and traffic concerns, Vail Resorts has agreed to manage the placement and removal of speedbumps in up to nine sections along Fremont and Merrill to discourage guests from taking this route as a shortcut during busy weekends and holidays. The District has elected to defer on making a recommendation regarding the installation and maintenance of pet waste dispensers but will continue working with the Operations Committee and Kirkwood Meadows Association on options.

9. GENERAL MANAGER REPORT

- a. Tri-County Technical Advisory Committee (TC-TAC). TC-TAC held a meeting on April 1, 2016; at the next meeting scheduled on Friday, May 13, attendees should have the opportunity to review the scope of work that addresses the public comments received in response to the 10-Year Review of the Specific Plan. An update is also provided on the District website under Latest News.
- b. Caltrans/Icebox. Caltrans has two overlay projects in Amador County in July that will impact traffic in the Buckhorn/Pioneer area and from Silver Lake to Kirkwood. Regarding the dangerous conditions in the Icebox area of SR 88 and the District's letter of concern regarding the February 6 15-car pileup, Caltrans has responded that an investigation will be conducted by its Traffic Safety Branch in the next 4-6 months. The District is preparing a letter to legislative members in all three counties requesting their assistance to encourage Caltrans to get improvements in place prior to the start of the 2016/17 winter season.
- c. Caples Ecological Restoration Project. The U.S. Forest Service has provided their approved plan to implement prescribed burning, aspen enhancement, and meadow restoration activities within the Caples Creek Watershed north of Kirkwood. 2016 will be spent creating a border around the burn area, with 2017 earmarked for slow burns when some impact from drifting smoke is expected.
- d. Customer Satisfaction Survey. Responses are due back to the District by April 23rd and results will be tabulated in time for the July homeowner meetings. Manager Sharp thanked the Planning Committee for their work in developing the survey.
- e. Electric Vehicle Charging Station. The District has received several inquiries regarding the availability of a charging station in Kirkwood for Tesla and other electric vehicles. District staff will begin to research logistics including labor and equipment costs, location, potential liability, rates, etc.
- f. Community News. The Resort is planning on closing the 2015/16 season on Sunday, April 17. Casey Blann from Vail Resorts has agreed to participate in expanding the landscape screening at the corner of Loop Road and is asking for ideas. Manager Sharp also reported that he and staff are working with the Counties and Vail Resorts to increase law enforcement presence in Kirkwood and funding the fire department.

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

- a. Kirkwood Summer Festival. Planning continues on this popular annual event to benefit the Kirkwood Volunteer Fire Department. Community volunteers are working hard to ensure another successful, well attended fundraiser will take place on Saturday, July 2.
- b. Cal Fire Grant Application. Assistant Manager Ansel reported that the Grant application submitted to the Department of Forestry and Fire Protection to fund a defensible space chipping program in Kirkwood has been denied due to lack of funds. Director Richert requested that staff obtain a list of successful applicants for this Grant Program to research why the District did not receive the Grant and possibly improve the chance for a successful outcome next year. It was noted that areas with the most extreme fire conditions are given priority.
- c. Water Supply on North Side of 88. On Saturday, March 26 at 11am, minor damage was reported when a chimney fire sparked some of the Kirkwood Inn's roof shingles; the fire had been

extinguished prior to the Kirkwood Volunteer Fire Department arriving. This incident raised the issue of the lack of a hydrant or water supply on the north side of 88. Assistant Manager Ansel is researching solutions including water storage options and consulting with Alpine Fire Protection District.

- d. Staff Training. Assistant Manager Ansel is training staff on fire and hazmat procedures, and first-aid and CPR.
- e. Zika Virus Update. On March 21 Alpine County's Public Health Department issued an update on the Zika Virus; the District will continue to provide updates as new information is received, or visit www.alpinecountyca.gov for additional information.
- f. Summer Projects. Assistant Manager Ansel presented a list of 2016 Electric and Propane spring and summer projects.

11. STANDING COMMITTEE REPORTS

- a. Finance. Chair O'Grady reported all items have been previously discussed.
- b. Planning. Chair Richert reported that the Committee continues to work with Vail Resorts and Kirkwood Resort Development on Employee Housing including the idea of expanding Lava Rock Lodge by 20% and open it to Vail Resorts and Kirkwood Community Association employees. Yet to be defined are Valley needs and a concrete fee structure for trading deed restricted properties.
- c. Operations/Capital Projects. Chair Dornbrook stated that all topics have been previously discussed.
- d. Personnel. President Epstein reported that the Committee is exploring ideas to encourage employee retention including allowing seasonal employees to stay in Employee Housing when not working for the District during the summer.

12. GENERAL DISCUSSION

None.

The Board adjourned at 11:01am to Closed Session.

13. CLOSED SESSION

- a. Closed session conference with District designated labor negotiators (Directors Epstein and O'Grady) regarding the General Manager position.

14. OPEN SESSION


President Epstein reconvened the Open Session portion of the meeting at 11:20am, stating that the Board had met in Closed Session and discussed the General Manager's employment contract.

Moved Richert / Second O'Grady / Epstein Yes / Dornbrook Yes / Smith Yes / Richert Yes / O'Grady Yes to extend the General Manager's contract for a period of three years per the terms of the contract presented.

15. ADJOURNMENT *(The next Regular Board Meeting is Saturday, May 14, 2016 at 8:00am)*

There being no further business, the meeting was adjourned at 11:30am.


Peter Dornbrook, Board Secretary
Kirkwood Meadows Public Utility District


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