



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, May 14, 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 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: Directors Richert, O'Grady, Smith and Dornbrook.
Board of Directors Absent: President Epstein, participating by phone as a non-voting member.
Staff Present: Manager Sharp, Brandi Benson, Kelly McBride and Sandy McKay.
Others Present: Community Members Cheryl Stern, Nancy Trevett and Jack Longinotti.

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: April 9, 2016**
Approve April 9, 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 O'Grady / Second Smith / Dornbrook Yes / Richert Yes / O'Grady Yes / Smith Yes / Epstein Absent** 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*****Lead: Finance Committee**

Manager Sharp welcomed everyone to the second Public Hearing regarding Electric and Propane services, and advised that a Rate Study has been completed by Staff and made available to the Public. Staff has formulated Ordinance 16-01 which, if enacted, will change the methodology of calculating Electric and Propane Base Rates, will lower the Electric usage rate to 67¢/kWh in July of 2016, with a 1-cent per kWh per year decrease thereafter, and lower the Propane Usage Rate to better reflect the decrease in fuel costs. The Rate Study also continues the annual adjustment based on the CPI (Consumer Price Index). Staff recommends these changes become effective July 1, 2016.

Director Richert opened the Public Hearing for comments. Manager Sharp stated that he received two additional comments by email; the questions and his response to both are provided in the Board packet. Director Richert noted that President Epstein is working on how to put this rate adjustment into place, if approved. Hearing no additional comments or questions from the audience, Director Richert closed the Public Hearing at 8:10am. Director O'Grady noted that the Finance Committee recommends adoption of this new methodology for calculating electric and propane base rates and the lowering of the usage rates as described.

b. Discussion and Possible Approval of Ordinance 16-01 Revising Electric and Propane Gas Service Charges. *Manager Sharp***Lead: Finance Committee**

Manager Sharp reported that Ordinance 16-01 has been prepared and reviewed by legal counsel, and recommends its approval.

Moved O'Grady / Second Richert / Dornbrook Yes / Smith Yes / O'Grady Yes / Richert Yes / Epstein Absent to approve Ordinance 16-01 as presented, revising electric and propane gas service charges effective July 1, 2016.

c. Discussion and Possible Action Regarding the District's Financials. *Manager Sharp and Accounting Manager McBride***Lead: Finance Committee**

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

- i. March Financials. Manager McBride reported that March EBITDA showed a positive variance of \$217K and YTD \$406K, due mainly to good early season performance. March Water Operating expenses were over budget due in part to utilities being posted directly to G&A. Electric revenue was down for the month but better YTD by \$240K and Total Operating was up by \$339K due to savings in depreciation and early season revenue.
- ii. April Preliminary Financials. Operating revenue was down from budget by \$115K, and up by \$102K YTD. Metered kWh vs. Budget was down by 71,500 kWh for the month of April due to the early closure of the resort
- iii. Cash Flow.
 1. Cushion of Credit. Manager Sharp stated that the District plans to maintain \$1.3M in the Cushion of Credit account. Director O'Grady requested Staff reach \$2M in Operating Funds in December 2016. He also requested that Staff place on the next Finance Committee Agenda the possible payoff of the CalPERS Side Fund.

d. 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 presented a final draft of the budget based on feedback from the Finance Committee and Board, outlining changes made from the last version, including:

- Assumptions reorganized to follow Budget;
- Added Cushion of Credit section;
- Increased cost of Chair 10 Transformer in Capital Plan;

- Added a "Changes & Corrections" to Assumptions section, detailing changes from last year's budget;
- Included Units Sold for each of the four departments;
- Added Rates spreadsheet detailing anticipated future rates;
- Added Property Taxes, showing anticipated Property Tax allocations; and
- Reduced April 2017 Revenue due to recent trend of Resort closing early.

Other 2017-2021 Budget changes to note are:

- Included Consolidated Income Statement monthly for 2016-17, and annually for 2017-2021;
- Added Balance Sheet monthly for 2017 and Balance Sheet annually for 2016-2021;
- Added Cushion of Credit line item to Balance Sheet and Cash.

After a discussion, the Board agreed with Staff to:

1. Identify cash accounts on Balance Sheet and consolidate where appropriate.
2. Include removal of existing sectionalizing cabinet and installation of a vault at the bottom of Palisades Drive into the Capital Budget.
3. Orient Capital Assumptions to landscape mode for consistency.
4. Budget for a 2-week PG&E outage next fiscal year.
5. Adjust Cushion of Credit on the Cash Flow, Balance Sheet and Assumptions to extend into May 2017 and beyond.
6. Finalize Budget and present complete budget at next meeting.
7. Circulate finalized budget to Finance Committee ten days before its June 6 meeting.

**e. General Update and Possible Action Regarding Ongoing Issues with PG&E. Manager Sharp
Lead: PG&E Ad Hoc Committee**

i. Status Update and Revised Cost Forecast of the Three-Week PG&E Power Outage.

Manager Sharp reported that after months of planning for a 3-day outage, then being informed by PG&E a week before that it would actually be a 3-week outage, the District's generators including the Volvos all ran under load and performed well. Taking advantage of the extended outage, Staff performed maintenance along the line, including pumping out electrical vaults. Estimated cost to the District was \$68,000 in labor and diesel, not counting the initial 3-day outage. The Board directed Staff to submit an invoice to PG&E in this amount for the unanticipated District expenses incurred during this extended clearance.

During the outage Staff noticed that the wooden enclosure around the radiators was hot from the exhaust; Staff draped thermal heat blankets over the wooden enclosure as a temporary solution. Staff will return this item to the Board once a permanent solution is researched.

ii. Discussion and Possible Approval of Cost of Ownership Charges in the Amount of \$194,798.07.

Manager Sharp stated that PG&E Cost of Ownership charges began accumulating as soon as the District went live, connecting to the power grid in November 2014, but have never been billed by PG&E. On April 18 the District received a bill for these charges totaling \$232,011. A response has not been received as yet regarding the District's email to PG&E proposing a reduced amount owed of \$194,798.07, taking into account a 20% discount on the Substation construction work that was not applied to the original invoice. After some discussion, the Board agreed that it would be in the District's best interests to pay this discounted invoice.

Moved O'Grady / Second Dornbrook / Smith Yes / Richert Yes / O'Grady Yes / Dornbrook Yes / Epstein Absent to proceed with making payment to PG&E in the amount of \$194,798.07 for Cost of Ownership charges during the period November 2014 to March 2016.

iii. Continued Discussion of Possible Alternatives to the Construction of a Potential Switch Station.

Manager Sharp reported that the District is still waiting to receive a counterproposal from PG&E regarding a resolution to the construction of the Switch Station. President Epstein agreed to call PG&E Management for a status update.

**f. Discussion and Possible Action Regarding Recent Claims by Caltrans that the Out Valley Line is Causing Water Intrusion on Two Locations on State Route 88. Manager Sharp
Lead: Operations/Capital Committee**

Manager Sharp reported receiving an email from Caltrans on April 29 regarding two locations on SR 88 where a maintenance crew observed water flowing or coming up onto the roadway surface, which they believe is the result of the District's Out Valley project. The District has responded to two previous concerns from Caltrans regarding this issue, in January 2015 and later in the spring of 2015, and performed significant remedial work including the removal of concrete slurry in the affected areas. The District contends this may or may not have been the cause of the water intrusion. Before any further action, the District has responded to Caltrans, requesting that a site-specific subsurface investigation be performed to better determine the cause. Manager Sharp will continue to provide regular updates to the Board.

g. Discussion and Possible Action Regarding the Impacts Associated with the Use of Grindings on Parking Areas Throughout Kirkwood. *Manager Sharp*

Lead: Operations/Capital Committee

Manager Sharp reported that grindings from resurfacing SR 88 between Kirkwood and east to Red Lake last summer were brought in by the contractor for the ski resort to use on unpaved parking lots in an effort to mitigate muddy surface conditions. Vail Resorts was issued a Notice of Violation on May 6 by the State Water Board; FOG (fuel/oil/grease) testing has recently been conducted to determine the extent of soil and water contamination beyond the parking lots. Vail Resorts is required to respond by May 31, providing details on the amount of grindings brought in, where they were placed, action taken to prevent their movement off of the parking lots, etc. Staff will work with Director Dornbrook on possible sites for additional sampling, and request a copy of Vail Resorts' response to the State, in addition to understanding next steps from the Water Board and Fish & Game.

h. Discussion and Possible Action Regarding Electric Usage Meter Billing Issues at the Following Locations: AT&T Facility; Volcano Complex; and Monte Wolfe's Restaurant.

Lead: Finance Committee

Recently a billing error was discovered on three electric meters serving the noted locations. Account reconciliations comparing the corrected meter use to the billed use, based on verified monthly meter reads for each of the three accounts, has been performed. In accordance with the District's Electric Rules & Regulations, Section 18G, the District will render an adjusted bill for the amount of over or undercharge. The net undercharged amount for the three meters totals \$202,801.53. Staff will proceed to recover this amount per District Policy. Staff has scheduled a 2-day site visit from PCS on July 11 to provide updated training on the District's billing system.

i. 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 10-month period ending April 30, 2016. Total Electric Line Loss YTD is 17%, with Distribution System Losses of 7%. Water production in April is 760,000 gallons, with 8% YTD unidentified loss. Wastewater unmetered was at 80% for the month of April and 39% YTD. Director Dornbrook requested Staff investigate the possibility of cleaning out culverts, and ask anyone in the community who sees a drainage issue to call the District. Staff will concentrate on Wastewater infiltration and also watch water flows and attempt to alter their course away from manholes. Staff will estimate Line Loss on long Electric service lines with the possibility of charging the responsible customer for the loss.

j. Discussion and Possible Action Regarding Improvements Needed to the District's Electric Distribution System. *Electric/Propane Manager Benson/Manager Sharp*

Lead: Operations/Capital Committee

- i. Chair 10 Transformer. This 500 KVA transformer, owned by the District and dedicated solely to running Chair 10, has a history of problems and needs to be upgraded to 750 KVA. Staff will present a RFP at the June 11 Board meeting.
- ii. Caples Lake Spill Containment. The 300 KVA transformer that powers the snowmaking pumps needs acceptable spill containment per FERC guidelines. Located on Forest Service land and on a flood plain, Staff along with Consultant Dave Rightley will complete a material plan including costs and a preferred option, for presentation at the June 11 Board meeting.

- iii. Faulted Circuit Indicators. Staff will finalize a plan for installation of Faulted Circuit Indicators (aka Ground Fault Indicators) throughout the Valley and present at the June 11 Board meeting.
 - iv. Circuit Project. This ongoing project continues to improve Staff's confidence on the layout of the Distribution system and reducing the amount of line loss. Staff will continue tracing the wires in each transformer along the Distribution line to check for proper connections and unmetered usage.
 - v. Meter Certifications. Staff will finalize a cost estimate and a list of selected meters for certification and present at the June 11 Board meeting.
- k. **Presentation and Possible Action on 2016-2017 General Manager Objectives**. *Manager Sharp*
Manager Sharp reported that a draft of the General Manager Objectives (GMOs) for the new fiscal year have been circulated to Board and Committee members for comment. A final review by the Personnel Committee will be held on June 6 for approval at the June 11 Board meeting. Staff will present a revised edition of the GMOs to the Board by May 26.
- l. **Presentation and Possible Action Regarding the Preliminary Customer Service Survey Results**. *Manager Sharp*
Lead: Planning Committee
Manager Sharp reported that the results are in based on a Customer Satisfaction Survey that was distributed to all District customers in April. A total of 375 surveys were sent electronically representing 581 accounts, with paper copies sent to customers who receive monthly billing statements via mail. The District received 182 responses (138 online; 44 mailed in). Staff will work with Cheryl Stern on a final presentation for the July Board meeting. The complete survey will be posted on the District website, comparing the results against a similar 2013 survey. Staff will also follow up on comments received (of the 182 respondents, 76 provided their names). A list of all comments received will be provided to the Board. Staff will also produce a list of service providers to Kirkwood to assist homeowners with plumbing, electrical, roofing, locksmith and other needs.

9. GENERAL MANAGER REPORT

- a. Vail/Epic Promise. Manager Sharp reported that he has met with Dave Myers, Jon Copeland and Brian Biggs from the ski resort since Casey Blann's departure, discussing interim resort management until his position is filled, along with summer projects. Senior management from Vail Resorts has not contacted the District. As discussed previously with Casey Blann, Manager Sharp will continue to pursue Vail Resorts' Epic Promise funding for additional landscaping along Kirkwood Meadows Drive south of Loop Road, parallel to the Upper 7 parking lot.
- b. Tri-County Technical Advisory Committee (TC-TAC). TC-TAC held a meeting on May 13 to review the scope of work that addresses the public comments received in response to the 10-Year Review of the Specific Plan. For the first time the meeting was broadcast live and enabled public to call in with comments. TC-TAC will continue to discuss the District's role (and the USFS) in TC-TAC, as well as include the grindings issue on their next meeting agenda.
- c. County Law Enforcement/Fire Services in Kirkwood. On May 13 a well-attended meeting was hosted by the District with Alpine and Amador County Supervisors, fire and sheriff personnel from both counties, a rep from Vail Resorts and Kirkwood Property Services, along with community members and District Staff. Discussions included an increased presence by Alpine Sheriff next winter, the possibility of a sheriff living in Kirkwood, and the cross-training of officers to respond to fire calls. Regarding Fire Services, possible funding mechanisms were discussed, including Measure M, KCA Civic Fund, or an admissions tax. Additional meetings are anticipated as needed, and more frequent ongoing meetings between Vail Resorts and Alpine County will continue. Assistant Manager, Operations Rick Ansel will be invited to attend these and will report any updates.
- d. Timber Creek Townhomes. District Staff responded to a report of a drainage issue, causing erosion concerns alongside Timber Creek Townhomes. Staff cleared a clogged storm drain.
- e. Caltrans/Icebox. Board President Epstein has written three letters to government representatives urging them to consider the area known as Icebox on SR 88 as a public safety concern. It is not known at this time whether Caltrans' investigation and analysis will be completed before next winter.
- f. Verizon Cell Tower. Work on extending the existing tower is set to begin, weather permitting.
- g. Volcano Communications Fiber Update. A detailed update on this project as of May 10 has been provided by Volcano.

10. OPERATIONS REPORT *Manager Sharp*

- 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. Ebbett's Pass Rockslide. Manager Sharp showed pictures of a huge rockslide that occurred on Highway 4 on March 26. The largest boulder, estimated at 300 tons, along with smaller ones took Caltrans five days and 32 pounds of explosives to break down and clear the road.

11. STANDING COMMITTEE REPORTS

- a. Finance. Chair O'Grady reported all items have previously been covered. Regarding raising revenue for the Fire Department, he suggested developing a list of most likely, to least likely, sources of funding.
- b. Planning. Chair Richert reported that the Committee did not meet formally this month, however a conversation was held regarding future topics.
- c. Operations/Capital Projects. Chair Dornbrook stated that all topics have been previously discussed.

12. GENERAL DISCUSSION

None.

13. ADJOURNMENT *(The next Regular Board Meeting is Saturday, June 11, 2016 at 8:00am)*

There being no further business, the meeting was adjourned at 10:33am.



Peter Dornbrook, Board Secretary
Kirkwood Meadows Public Utility District



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