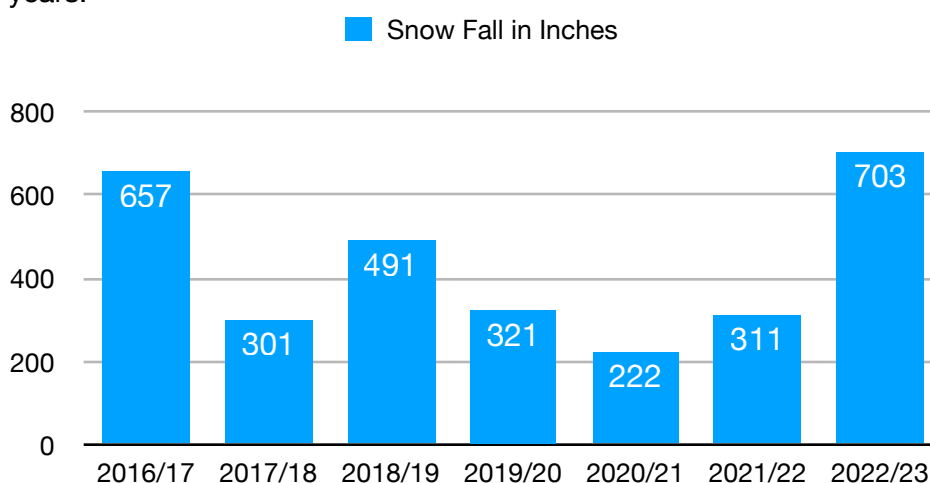


January 2024

To Our Kirkwood Community

The Kirkwood Meadows Public Utility District (District) is pleased to present this 2022-2023 Annual Report, a synopsis of the past year and important issues the District will be focusing on moving forward. The District operates on a fiscal year basis, and the financial data in this report covers the period of July 1, 2022 through June 30, 2023. Our non-financial information covers activities through December 2023. The District's priorities are to safely provide reliable utilities and control costs in our challenging environment all while considering our environmental impact.

Winter 2022-2023 was incredibly powerful - both in terms of volume of snow and also lower than average temperatures. In turn, this had a significant impact on availability of propane and snow removal services which are discussed below. Snowfall as measured at the KMPUD flagpole was 703 inches - exceeding the previous record of 657 inches in 2016/17. KMPUD publishes snow fall and temperature data at kmpud.com. The average hourly temperature in 2022/23 for Nov - Feb was 26 degrees. The average for the previous 7 years was between 29 and 32 degrees. The lower temperatures resulted in increased demand for propane and also less snow melt between storms so the build-up was more extreme than in previous years.



Financial Results July 2022 - June 2023

The District had a strong operating revenue year. The District's audited financial results are available on kmpud.com and can be found at www.kmpud.com/about/financials/. Total operating revenues were \$10.7 million, an increase of \$1,400,000 over the previous year. Property taxes income was \$927,996 and investment and other income was \$233,042. District net income for 2022 was \$468,121.

Revenues were better than the previous year in part due to better snow and increased residency. As in the previous year, Vail stayed open through the end of April which also helped District revenue.

Operating expenses were well managed which provided, positive net income. Wholesale electricity prices spiked during the winter due to extraordinarily high natural gas prices. This significantly affected our electricity business and forced the District to draw on more property taxes than normal to meet our electric loan covenants. Interest on our debt from construction

of our utilities is a large expense. In 2022/23 the total interest payments were \$1.6M. Long-term debt declined \$2.2M to \$51.3M. KMPUD paid off the 10-year Certificate Of Participation loan made in 2013 in August which was created to complete certain capital projects.

Some non-cash expenses related to our participation in retirement and benefits systems are beyond our control and cause large fluctuations from year to year. This year we received an expense of \$269K as compared to a credit of \$136K for the previous year.

Staffing

The District budgets for 18 full-time staff and 4 seasonal staff for snow removal. We want to acknowledge the extraordinary efforts performed by staff during the extreme winter weather. The District provides a broad range of utilities and services including electricity, propane, water, wastewater treatment, solid waste, snow removal, fire department, and parks and recreation.

We welcomed new full-time staff members to KMPUD. The following staff joined or rejoined since July 1, 2022:

Baron Birge: Wastewater Operator 2
Jon Campbell: Electric/Propane Project Manager
Terri Leach: Accounting Specialist 2
Brittnie Morris: Accounting Specialist 2 / Clerk of the Board
Spencer Patterson, Construction/Snow Removal Foreman
Carrie Williams: Administrative Assistant
Chris Williams: Technology Specialist

Kirkwood Volunteer Fire Department (KVFD)

In last year's annual report we stated the following:

"In our long term plans we are evaluating options for expanding fire safety operations, replacing our main fire engine and potentially increasing the full-time fire and emergency services staffing. We anticipate public hearing on this topic in Spring of 2023."

The Kirkwood 501(c)3 was successful in purchasing a replacement for our main fire engine funded entirely by your generous contributions and we thank the many members of the community for their donations. Those community efforts follows the long tradition of community engagement at Kirkwood.

We were not successful in our efforts to move KVFD from an all volunteer service to a mix of paid fire fighting staff and volunteers funded through a new Community Facilities District (CFD). In July 2023 the community overwhelmingly voted against Measure E that would have created a CFD and a tax funding structure.

However, the urgent need to increase funding for the KVFD and provide a level of full-time staffing has not disappeared. In August the Board of KMPUD created a Temporary Advisory Committee (TAC) with the charter to work with and inform the community on the current needs and possible funding structures for the KVFD. A community meeting was held in December 2023 and was attended by 140 people. If you did not attend the community meeting, we encourage you to view the information on-line at <https://www.kmpud.com/community-forum-the-future-of-kvfd/>

An urgent priority for the Board will be to complete the work of the TAC, have the Board choose a new approach informed by the TAC's work and move towards implementation.

Fire Safety

The severe winter of 2022/23 witnessed several near explosions from improperly built or improperly maintained propane plumbing and fixtures. Fortunately, KMPUD propane Staff and KVFD were able to contain the situations. The incidents were a reminder of why the District implemented the propane meter enclosure safety project. The project is challenging for the District and customers, but essential to prevent potential propane-related property damage and personal injury and protect the District staff from dangerous situations. The project is nearly complete as we enter 2024. District staff will work with the remaining accounts to encourage and support completion of the propane safety efforts during 2024.

Wastewater Treatment

The District began construction to repair and rehabilitate the Wastewater Treatment Plant. Work will proceed during the winter as much of the work takes place inside the building. The construction is expected to be completed by the end of 2025.

Snow Removal

The huge volumes of heavy snow coupled with colder than average temperatures took its toll on snow removal equipment and staff. On several occasions the District was unable to keep up with the volume of snow due to aged, inoperable equipment and staff snowed out of Kirkwood due to highway closures. From October through December 2022 we received 15 feet of snow with almost 4 feet falling on a single day on December 10. By comparison, snowfall from October 2023 through December 2023 was a modest 2 feet. The focus for winter of 2023/24 has been on new and vigorously repaired equipment and retaining experienced operators. The District has new equipment designed for handling the edge work on the roads and a new trackless for the driveways.

Propane

A combination of propane delivery problems, extremely cold weather, and extended highway closures caused the District to request customers to reduce propane usage in the early days of January 2023. Customers responded and reduced demand by about 36,000 CF/day or about 20%. The road closures continued but thanks to the efforts of CalTrans, Chief Ansel, and staff, we received an escorted delivery of propane via Carson Pass (which remained closed to the public) on January 5, 2023 and avoided running out of propane.

Later in winter, a temporary equipment failure caused a drop in propane pressure which caused pilot lights to go out and required manual relighting for many homes.

The District has sufficient propane storage to handle peak demand (150,000 CF/day) through a 9 day road closure assuming we start the period with full tanks (the practical operating capacity is 1,350,000 CF). A tanker truck delivers about 340,000 CF - approximately a 2.5 day supply. A propane study done in 2023 confirmed that it is not practical nor economical to increase storage capacity. Our long range plans are to (1) help our largest customers improve efficiency and reduce demand in an emergency, (2) disallow propane connections in new subdivisions and disallow all new connections completely by January 2025, and (3) encourage the conversion from propane to electric powered heating using heat pumps. Over the last two years, several home remodels and new homes installed electric heat pumps rather than

propane heating. A portion of the District’s building was converted from propane to a heat pump.

Long Term Planning

Master plans for each utility are updated every five years. Major projects are shown on the chart below. Projects are regularly reviewed by Board committees and then the full Board. The community is encouraged to attend the Board meetings which are in person and over Zoom. All committee meetings are on Zoom only.

Major Projects Description	2024				2025				2026			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Hydrology Study / Test Wells			■				■					
Master Plan - Electric	■											
Master Plan - Propane	■	■										
Master Plan - Wastewater			■	■								
Master Plan - Water	■	■										
Needs Assessment												
OGALS Park Project			■									
Propane Service Line Replacement	■	■	■	■			■	■				
Tank & Vaporizer Roofs - CEQA			■	■								
Tank & Vaporizer Roofs - Design/Bid/Build					■	■	■	■	■			
WWTP Repair & Rehabilitation	■	■	■	■	■	■	■					
Planning	■											
Design	■											
Bid/Construction	■											

The plans focus on repair and replacement of aging infrastructure, capacity, reliability, and where possible, reductions in operating costs.

In Conclusion

On behalf of the Staff and Board of the Kirkwood Meadows Public Utility District, we thank you for being part of the Kirkwood community. As a small, remote utility we depend on working together to make Kirkwood a great community. Your comments, ideas and suggestions are welcome.

Bob Epstein, President
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