



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 14, 2018 – 8:00am

BOARD MEETING MINUTES

Eric Richert, Vice President
Peter Dornbrook, Secretary

BOARD MEMBERS
Geoff Smith, President

Standish O'Grady, Treasurer
Robert Epstein, Assistant Secretary

1. CALL TO ORDER

President Smith

Determining a quorum present, President Smith called the meeting to order at 8:00 am.

2. ANNOUNCEMENTS

General Manager Christeson

General Manager Christeson welcomed members of the public to this Regular Board meeting. This meeting is being fed live over the internet and 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 echristeson@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:
Staff Present:

President Smith, Directors Epstein, Dornbrook, Richert and O'Grady
General Manager Erik Christeson, Assistant General Manager Rick Ansel, Assistant Manager Administration Kelly McBride, Assistant Manager Operations Brandi Benson, Clerk of the Board Jessica Austin and IT Representative Drew Meter

Others Present:

Alpine County Supervisor Terry Woodrow, Kirkwood Property Services General Manager John Reiter, Resource Concepts (RCI) representatives JoAnne Michael and Kristen Roaldson, Community Members Nancy Trevett and Judy Flinn

4. COMMENTS FROM THE AUDIENCE:

Nancy Trevett commented regarding the state of disrepair on Loop Road and encouraged the Board to seek further methods of encouraging compliance from Vail Resorts to complete repairs and paving on Loop Road. She further commented about the use of drones in the Kirkwood Valley and encouraged the Board to create regulations or guidelines regarding the use of drones.

RCI representative JoAnne Michaels thanked the Board for anticipated renewal of RCI's contract and stated that Joe Cacioppo, RCI Principal and PE, will be taking on the lead role as District Engineer with support from RCI staff, including herself and Kristen Roaldson. Joe Cacioppo will attend the May 12, 2018 Board Meeting to introduce himself to staff and the Board.

5. CORRECTIONS TO THE AGENDA OR CONSENT CALENDAR:

Director Richert requested to pull the IT Committee Charter and the Personnel Committee Charter from the Consent Calendar to allow for comments on each.

6. ADOPTION OF CONSENT CALENDAR

- a. **Regular Board Meeting Minutes of February 3, 2018**
Approve February 3, 2018 Board Meeting Minutes
- b. **Special Board Meeting Minutes of March 5, 2018**
Approve March 5, 2018 Board Meeting Minutes
- c. **Current Consent for Claims**
Approve Current Consent for Claims
- d. **Updated Committee Charters**
Approve updated Committee Charters
- e. **RCI District Engineer Contract**
Approve RCI District Engineer Contract
- f. **Receivables Shut/Offs Report**
Approve Receivables/Offs Report
- g. **“Thank You” Letter to Former District Engineer Michelle Gamble**
Approve “Thank You” Letter to Former District Engineer Michelle Gamble

Director Epstein motioned to approve the Adoption of the Consent Calendar with the exception of item 6d., Updated Committee Charters. Director Dornbrook seconded the motion and it carried by the following voice vote:

AYES: President Smith, Directors Dornbrook, Epstein, Richert, and O’Grady

NOES: None

ABSENT: None

ABSTAINING: None

7. CONSENT ITEMS BROUGHT FORWARD FOR SEPARATE DISCUSSION / ACTION:

Director Richert requested to include this sentence in the IT Committee Charter: “Review methods for data collection and analysis that can improve District services.”

Director Richert requested to amend the Personnel Committee Charter to include language for potential staff concerns with management and/or disciplinary action appeals. General Manager Christeson noted that confidential personnel issues cannot be discussed at a public meeting. The Personnel Committee Charter will be left as is. In the case that a staff member has a concern with management or wants to appeal a decision by management, the Board President will appoint a temporary advisory committee to hear confidential personnel matters.

Director Richert motioned to adopt the IT Committee Charter including changes as noted and adopt the Personnel Committee Charter as presented. Director O’Grady seconded the motion and it carried by the following voice vote:

AYES: President Smith, Directors Dornbrook, Epstein, Richert, and O’Grady

NOES: None

ABSENT: None

ABSTAINING: None

8. ITEMS FOR BOARD ACTION

- a. **Finances. Discussion and Possible Action Regarding the District’s Financials.**
Assistant Manager, Administration McBride
Lead: Finance Committee

- i. January and February Actuals. Assistant Manager McBride noted that the January Financials are included in the packet and presented February Financials, noting that with regards to the Consolidated Balance Sheet the total operating cash and the total cushion of credit should be netted together. Reviewing the Combined Income Statement for each department, total revenues are up from planned and include reimbursement funds received from the Federal Emergency Management Agency (FEMA) and the California Office of Emergency Services (CalOES) and includes funds from Greenhouse Gas Allowances the District receives annually. It was noted that water should be up from planned but is shown as down from planned due to a budgeting error in base rate revenue. An explanation of the budgeting error was provided. Wastewater is down from planned due to the budgeting error mentioned above and extra staff time at the Wastewater Treatment Plant in February to complete emergency repairs and respond to flooding from excessive storm water runoff. Year-to-date Snow Removal revenue is up from planned but it was noted that number will go down due to overtime staff hours and repairs completed in March. Discussion ensued regarding snow removal contracts. Director O'Grady requested the 2018/19 Snow Removal contracts be completed for Board review at the May 12 Board meeting.
 - ii. March Preliminary Financials. March operating revenues are up from planned. March 2018 is the highest ever recorded metered kWh.
 - iii. Cash Waterfall. It was noted that \$750,000 was moved to the cushion of credit. Discussion ensued regarding the cushion of credit.
 - iv. Budget Variance Tracking. There were no additional budget variances for February.
- b. **Fiscal Year 2018/2019 Budget.** *Assistant Manager, Administration McBride*
- i. **Presentation of Draft Budget**

Assistant Manager McBride gave a detailed explanation of the draft 2018/2019 Budget, covering each department. General Manager Christeson presented the Capital Budget, covering each department. Discussion ensued on various topics throughout the Budget presentation. Director O'Grady requested that Capital repairs be included in the 3 to 5-year budget. The Capital repairs list will be presented to the Operations and Planning Committees for amendment and approval and added to the 2018/2019 Budget for Board approval.
- c. **Performance Reporting and Aquifer Levels. Discussion of Efficiencies/Losses of Each Department and Production Well Levels.** *Assistant Manager Operations Benson*

Assistant Manager Benson presented production and losses for each department. In March, two commercial electric meters were found to have faulty wiring resulting in usage reading and billing errors. Anticipated back billing of the two meters in question is anticipated and will be brought back before the Board at the May 12 Board meeting. Discussion ensued regarding Inflow and Infiltration (I&I) of the wastewater system. President Smith requested a report of the effect of the District's efforts to mitigate I&I over the past year. Assistant Manager Benson will present her findings to the Board when quantification of the results of I&I repairs is complete. Questions from the Board were answered throughout the Performance Report.

d. **Wastewater System Feasibility Study.** *General Manager Christeson*

 - i. **Discussion regarding report prepared by Howard Hoffman. P.E.**
 - ii. **Discussion and Possible Action Regarding Requests for Proposals Received for Feasibility Study.**

General Manager Christeson thanked Howard Hoffman for preparing a detailed report of necessary repairs at the Wastewater Treatment Plant, free of charge to the District. Discussion ensued regarding Howard Hoffman's report and specific repairs needed at the Wastewater Treatment Plant. Howard Hoffman was not present at the Board meeting. General Manager Christeson answered questions from the Board regarding Howard's report. General Manager Christeson presented proposals received from two engineering firms to complete a Feasibility Study at the Wastewater Treatment Plant. Discussion ensued regarding the timeframe for

completion of the Feasibility Study. A correction will be made to the Budget to account for the Feasibility Study to be complete during the next fiscal year. Staff reviewed the two proposals received and recommends executing a contract with Stantec to begin the Feasibility Study.

Director Richert motioned to execute a contract with Stantec to proceed with the Wastewater System Feasibility Study. Director O’Grady seconded the motion and it carried by the following voice vote:

AYES: President Smith, Directors Dornbrook, Epstein, Richert, and O’Grady

NOES: None

ABSENT: None

ABSTAINING: None

e. **Greenhouse Gas Auction Profit Allocation. Discussion and Possible Action for 2016 and 2017 Profit Allocation.** *Assistant Manager Operations Benson*
Lead: Finance Committee

Assistant Manager Benson detailed the Greenhouse Gas Auction funds received from the California Air Resources Board Cap and Trade Program, explaining that funds received must be used exclusively to benefit the District’s rate payers. A summary of past funds received and how they were spent was presented, focusing on the 2016 and 2017 funds yet to be spent. Staff recommendation is to combine 2016 and 2017 funds for a refund to District ratepayers. Additionally, the District is required to comply with the California Renewables Portfolio Standard (RPS), which is met through purchasing Renewable Energy Credits (RECs). Discussion ensued regarding the allocation of past funds received and the anticipated allocation of current funds. A District Newsletter article will be published with a detailed explanation of Greenhouse Gas Auction profits allocation.

Director Epstein motioned to use the Greenhouse Gas Auction Funds to pay for the District’s Renewable Energy Credits and refund the remaining funds to District ratepayers in one lump sum. Director Dornbrook seconded the motion and it carried by the following voice vote:

AYES: President Smith, Directors Dornbrook, Epstein, Richert, and O’Grady

NOES: None

ABSENT: None

ABSTAINING: None

f. **Purchasing Policy. Discussion and Possible Update to Purchasing Policy.**
General Manager Christeson

General Manager Christeson detailed recommended changes to the District’s Purchasing Policy, reviewed and approved by the Finance Committee. Changes include adding California Contract Code and California Government Code language to ensure current and future compliance, increasing General Manager purchasing ability, and increasing Assistant Managers purchasing ability. Discussion ensued regarding purchasing abilities.

Director Epstein motioned to approve as presented Policy Statement No. 310, Purchase of Supplies and Equipment. Director Dornbrook seconded the motion and it carried by the following voice vote:

AYES: President Smith, Directors Dornbrook, Epstein, Richert, and O’Grady

NOES: None

ABSENT: None

ABSTAINING: None

g. **SB 623. Discussion and Possible Action on SB 623 Which Proposes a Statewide Tax on Drinking Water.**

General Manager Christeson detailed a request from ACWA/JPIA to all California local water agencies to oppose SB 623, a proposed statewide tax on drinking water. A lengthy discussion ensued regarding the details of SB 623 and ACWA/JPIA's request to oppose the proposed statewide tax on drinking water.

Director Dornbrook motioned to agree with ACWA/JPIA and oppose unless amended SB 623 Water Quality: Safe and Affordable Drinking Water Fund. Director Richert seconded the motion and it carried by the following voice vote:

AYES: President Smith, Directors Dornbrook, Richert, and O'Grady

NOES: Director Epstein

ABSENT: None

ABSTAINING: None

Staff will prepare and send a letter of opposition of SB 623 to all appropriate California State Senators and Assembly Members.

h. **Mello Roos Escrow. Discussion and Possible Action of Partial Release of the Mello Roos Escrow per Section 7 of the Collateral and Cross Default Agreement.**

General Manager Christeson explained a contractual requirement for a partial release of Mello Roos Escrow funds to Kirkwood Capital Partners, requiring Board action.

Director O'Grady motioned to approve a partial release of Mello Roos Escrow funds per Section 7 of the Collateral and Cross Default Agreement. Director Richert seconded the motion and it carried by the following voice vote:

AYES: President Smith, Directors Dornbrook, Epstein, Richert, and O'Grady

NOES: None

ABSENT: None

ABSTAINING: None

i. **Electric Operation and Maintenance Review. Discussion and Review of RUS Form 300 – Operation and Maintenance Review and Evaluation.** *Assistant Manager Benson*

Assistant Manager Benson detailed a requirement that RUS borrowers conduct a periodic review of Operations and Maintenance of the Electric System. A self-evaluation was conducted using RUS Form 300. The Board of Directors is required to review RUS Form 300 once the evaluation is completed by District Staff. A detailed explanation of ratings assigned to each category was provided, noting that areas with a rating of zero or one are required to be reported to RUS with an explanation of corrective action taken. Discussion ensued regarding specific category ratings

and the completion of the required table top exercise. The Board of Directors has reviewed and evaluated RUS Form 300.

j. **Communications Policy. Discussion and Possible Action on Management of Public Communications.** *President Smith*

President Smith noted the District does not currently have a Communications Policy in place. Discussion ensued regarding possible details of a Communications Policy. General Manager Christeson will draft a Communications Policy for Board review and approval.

9. **GENERAL MANAGER REPORT** *General Manager Christeson*

General Manager Christeson reported on:

1. Employee Housing Ordinance, noting that the Employee Housing Ordinance is still under review by Vail.
2. School Site parking plan moving forward with Kirkwood Village Development (KVD) and is still under review by Vail. President Smith requested staff contact Vail with a request to provide the District with information on Vail's proposed parking plan when available.
3. USDA RUS C8 Loan submission and approval progress. Assistant Manager McBride clarified the approval process and assured the Board that consultant Howard Barnes is working diligently to accelerate loan approval.
4. The Tesla Charging station to be located at Kirkwood Station is under review with Vail.
5. A Developer interested in building a 40-room hotel near Kirkwood Station that has inquired about utility installation.
6. Litigation involving District customer Noia is currently in discovery with the District's insurance company's counsel.

10. **OPERATIONS REPORT** *Assistant General Manager Ansel*

Assistant General Manager Ansel reported on:

1. The lease to own 950 Loader has already been in use for over 100 hours.
2. ISO evaluation of the Kirkwood Volunteer Fire Department which establishes the ISO rating for the Kirkwood community.
3. An unscheduled power outage that occurred on Friday, March 2 due to unknown causes detailing staff efforts to restore power.
4. The Atmospheric River event that affected California on April 6 & 7 with 5 to 8 inches of rainfall, resulting in a flood in the wastewater system and ultimately leading to a Category 1 sewage spill of 50,000 gallons. General Manager Christeson detailed documentation, reporting of the spill to appropriate authorities, water testing completed by staff during and after the spill, and possible action and/or fines from the State Water Resources Control Board. Discussion ensued regarding the sewage spill and inflow and infiltration mitigation measures.

11. **STANDING COMMITTEE REPORT**

a. **Planning Committee**

Director Richert reported the Planning Committee has met twice since the last Board meeting and had discussions on Vail's zero carbon footprint program and how the District can help, the possibility of the District offering storm drain clearing during the winter months, and the possibility of installing a remote camera on the out-valley electric line towers.

b. **IT Committee**

Director Epstein reported on:

1. The Committee's review of a report prepared by the Department of Homeland Security on intrusions into utility systems during the last two years.
2. A draft of the bi-annual Customer Satisfaction Survey to be reviewed by the IT Committee prior to Board consideration.

3. ADA (Americans with Disabilities Act) compliance on kmpud.com
 4. Elimination of paper processes through automation on the District's Report Server, including the mapping of District infrastructure and the tracking of backflow valve testing.
- c. **Operations Committee**
Director Dornbrook reported the Operations Committee has not met since the last Board meeting.
 - d. **Finance Committee**
Director O'Grady reported on Committee discussions regarding the out of service rate structure which will be an Agenda Item for the May 12 Board meeting and Paul Pfotenhauer, Vail representative, possibly joining the Finance Committee which will be a Consent item at the May 12 Board meeting.
 - e. **Personnel Committee**
President Smith reported on Committee discussions regarding General Manager continued education, the upcoming team building exercise and anticipated changes to the Employee Handbook.

12. TEMPORARY ADVISORY COMMITTEE REPORTS

a. Fire Services Funding. Update of discussion, process and potential costs.

Director Richert reported the Fire Services Funding Temporary Advisory Committee has met twice and discussed possibilities of collecting revenues from Kirkwood Mountain Resort (KMR) day users. General Manager Christeson reported that Doug Pierini, KMR General Manager, is discussing possibilities of collecting revenues to aid in Fire Department funding with his colleagues in Colorado and hopes to have a conclusion soon. Several other options for collecting revenue were discussed including access to sales tax revenues or a special tax. Discussions with the District's Attorney, Dick Shanahan, and Alpine and Amador counties are being planned. Conclusions around revenue generation possibilities is anticipated for the June 9th Board meeting.

13. GENERAL DISCUSSION

Board members discussed personal schedules surrounding the May and June Board meetings.

Director O'Grady asked about staff's ability to close circuit breakers at KM Green remotely. Assistant Manager Benson stated that staff has the ability to close one of the two circuit breakers at KM Green remotely. Additional programming is needed to be able to close the second circuit breaker remotely which has been added to the Capital Budget.

Director O'Grady commented about the state of the roads in the Valley and suggested pressure be applied to appropriate persons to complete repairs and paving. General Manager Christeson provided options to complete repairs on Loop Road and will pursue the best option. Discussion ensued regarding road paving and which entities are responsible for each road.

General Manager Christeson noted that according to current District Ordinance, the Regular Board meeting date is the second Thursday of each month and asked the Board to consider officially adopting the current meeting schedule of the second Saturday of each month. Additionally, due to requests from some community members, he asked the Board to consider the Regular Board meeting date take place on Fridays, late in the afternoon. Discussion ensued regarding the possibility of changing the Regular Board meeting date. The 2018 Customer Satisfaction Survey will address this question.


14. CLOSED SESSION

- a. **Closed session significant exposure to litigation involving one potential case concerning the KMPUD/PG&E Interconnection Agreement**
 - i. **Government Code section § 54956.9(d)(2)**

No reportable action.

15. ADJOURNMENT

There being no further business, the meeting was adjourned at 12:40pm
(The next Regular Board Meeting is Saturday, May 12, 2018 at 8:00am)



Jessica Austin, Clerk of the Board


Peter Dornbrook, Board Secretary
Kirkwood Meadows Public Utility District