

# Kirkwood Meadows Public Utility District

## Planning Committee

### REGULAR MEETING AGENDA

NOTICE IS HEREBY GIVEN that the Planning Committee of the Kirkwood Meadows Public Utility District has called a Regular Meeting of the Committee to be held on **Friday, February 8, 2019 at 9:00 A.M.** at the Kirkwood Meadows Public Utility District Community Services Building, 33540 Loop Road, Kirkwood, California 95646.

The Agenda for this Regular Meeting is:

- 1) **Housing – Alternative Model.** Update. **Pgs. 2-3**
- 2) **Propane – Greenhouse Gas Offset Component.** Update.
  - a) **Heat Pumps.** Update. **Pg. 4**
- 3) **Out Valley Cameras / Drone Service.** Discussion. **Pgs. 5-7**
- 4) **Kirkwood Fire Ordinance.** Update.
- 5) Future Topics
- 6) Next Meeting/Staff Recommendation: March 8, 9:00 AM.

Dated: January 31, 2019

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Kirkwood Meadows PUD

The Kirkwood Meadows Public Utility District is an equal opportunity provider and employer.

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the District at (209) 258-4444, by email to [igillies@kmpud.com](mailto:igillies@kmpud.com). Requests must be made as early as possible, and at least two business days before the meeting.

## Alternative Approach to Employee Housing

Recently I was involved in designing a financing approach for a new facility at the University of California. Rather than the University owning the facility outright, a private entity is granted a long-term, no cost lease, builds a building and the University is a renter. This increased the speed of the project as well as substantially improved the overall economics.

The overall approach takes advantage of several situations that are unique to private (rather than public) ownership:

1. The U.S. tax law is structured to be favorable to private ownership. This is even more true thanks to the 2017 Tax Cut and Jobs Act.
2. The building can be made more economically efficient by combining the University needs and market rate private apartments.
3. There is a lot more private capital seeking fixed returns combined with the potential for significant equity appreciation as compared to public financing bonds.

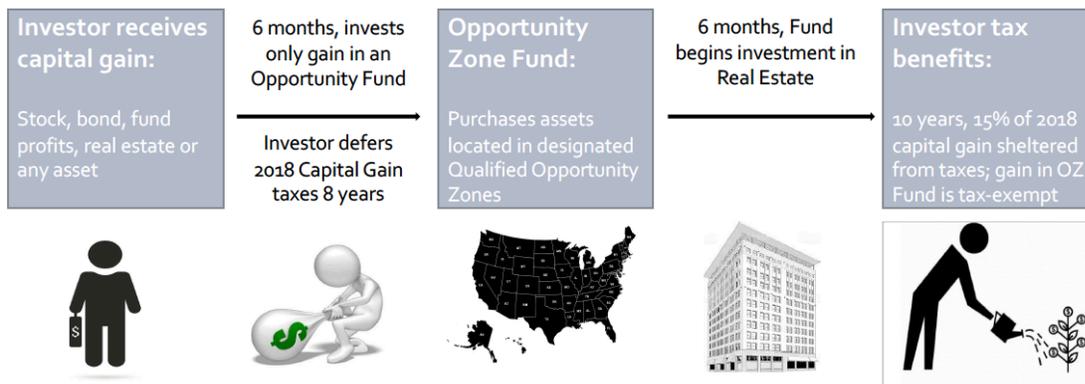
The question is whether a similar approach might accelerate the availability of new employee housing without requiring new debt on the part of KMPUD (or other employers)?

### Opportunity Zones

The Kirkwood area is designed as an “Opportunity Zone” (OZ) for the 2017 tax law. This means that investors with recent capital gains can put funds into a project in an OZ and defer and reduce taxes on their capital gains. The illustration below highlights how this works

## Opportunity Zone (or “OZ”) Summary

The 2017 Tax Cut and Jobs Act created a new set of tax benefits including (a) deferral, (b) reduction and (c) exemption for the investment of capital gains in qualifying real estate.



The capital gains from a sale in the previous six months are deferred and reduced. The tax on capital gain from a qualifying project held for 10 years are eliminated.

An OZ requires timely execution and ready access to investors. It may be possible to identify them within the Kirkwood community combined with a project that directly benefits the broader Kirkwood community.

## Private Ownership Renting to Employers

While an OZ greatly improves the tax advantages, it may not be necessary in order to make private ownership of employee housing worth considering. The overall approach would be for a private developer to take possession of the land, build a structure suitable for employee housing (and possibly mixed use) and rent to employers under a fixed term contract with a guaranteed price and an obligation on the part of the employer to rent.

Affordability would come from some combination of (1) building design, (2) return on land value transferred at reduced or no cost, (3) developers paying into a fund whose income is used to offset rent, (4) a mixed use building where some of the units are sold/rented at market rate.

The next step would be a economic model comparing the traditional model of developer fees plus debt financing a building owned by KMPUD as compared to a model where a private developer supplies the capital and there is a rental/lease structure. The model would also consider the timeframe for housing availability between the two approaches.

Some questions to consider:

- Does the model work without an OZ or does an OZ provide the additional financial value to make it work?
- Is the available land large enough to support mixed use or would it be dedicated to employee housing?
- If new housing became available within three years, how much demand is available to absorb it?
- How can this simplify the structure for developers?

Bob Epstein

## Evaluation of Heat Pumps for Kirkwood, CA

The Kirkwood Meadows Public Utility District (KMPUD) operates all utilities for the community of Kirkwood, CA and the ski resort operated by Vail. Utility services include electric and propane.

Currently most commercial customers use propane-fired boilers as their source of heat. KMPUD would like to study the feasibility of enabling customers to use electric heat pumps either as a replacement for propane or as a supplement to existing propane boilers.

There are three motivations for considering heat pumps:

1. **Compliance with state climate policies.** In the next two decades we expect the California Energy Commission to require reductions in the use of natural gas/propane to reduce greenhouse gases. Renewable/carbon-free electricity would be the simplest solution.
2. **Reducing overall costs for electricity.** KMPUD has a very high debt service (currently 53 cents/kwh assuming 7MWH of total demand) due to recent construction of our distribution line from Salt Springs to Kirkwood. Switching from propane to electricity would increase electricity usage and allow KMPUD to distribute the debt service costs across a broader base.
3. **Reduced future investments in propane.** If propane demand continues to grow at Kirkwood KMPUD would have to invest in additional distribution and storage. By contrast, electric demand can double without any additional investments required.

### Project Description

KMPUD has identified three different buildings for evaluation. We can supply hourly propane usage for three full years of operation. The building owners will supply information about the equipment so demand can be estimated in terms of BTUs of heat. Questions to be answered are:

1. Are there commercially available heat pumps that can operate in the Kirkwood environment and supply comparable heating to propane?
2. What is the estimate cost of installing and maintaining a heat pump?
3. What would be tariff on electricity need to be to enable the customer to at minimum break-even on the operation of a heat pump (both with and without covering the costs of capital for the equipment)?
4. How much new demand from heat pumps would be needed to enable reduction in overall electric rates by 1 cent?
5. How much land is needed for the underground piping and is it available for the buildings that are part of the evaluation?
6. How would costs compare for new construction to consider a heat pump versus propane?
7. Are there example buildings in similar climates that use heat pumps?
8. Is it practical to consider a heat pump in new construction for single family or small condominium developments

### Scope

Based on available time, the scope of the project description can be narrowed to match available time.

# Drone Services Agreement

Date of Agreement: \_\_\_\_\_.

Reference number: #01-092518

Kirkwood Public Utilities District, known as "Customer" agrees to enter into this contract with Lucas Carthew, known as "Operator" on \_\_\_\_\_.

*This agreement is based on the following provisions:*

1. This document, including the Attachments referred to herein and together with any written amendments hereto which may be agreed to constitutes the entire understanding and agreement between the parties with respect to the services to be provided hereunder and supersedes all previous negotiations, commitments, writings, and agreements with respect to the subject matter hereof. The performance of services shall fully comply with the Attachments attached herein. No waiver, alteration, or amendment of any of the provisions hereof shall be binding unless in writing signed by the fully authorized representatives of the parties hereto.
2. Operator is responsible to request the permits and inform the appropriate local, state, and federal authorities about the flight.
3. Operator is liable for any third party damage caused during the flight operations.
4. Operator will give media rights to the Customer.
5. Customer is responsible to provide information about the technical and media requirements for the drone operations.
6. Customer will pay Operator within 30 days of the job being completed.
7. It is expressly understood that Operator is an independent contractor of the Client and does not hereby hire or rent the use of any of the Customer's construction material, equipment, personnel or assume any liability for the use or method of use thereof.
8. It is expressly understood that in accordance with FAA regulations, if the small Unmanned Aircraft System, known as "Drone", has been registered using a Section 333 exemption for the commercial use of drones the agent of Operator shall be the only person to operate the property of Operator. If the drone has been registered under Part 107 of Title 14 Code of Federal Regulations either the agent of Operator or an agent of the Customer who holds a remote pilot airman certificate with a small UAS rating or is under the direct supervision of a person who does hold a remote pilot certificate may operate the drone of Operator.
9. The Operator shall comply with all federal, state, and local laws, rules, and regulations with regard to necessary licenses, permits, and registrations in the performance of the services of this Agreement. Any regulated services performed under this Agreement shall be done by those authorized and licensed in that locality, state or nation to perform such services.

## Drone Services Agreement

10. Operator shall ensure that they are in compliance with the most current FAA regulations for the commercial operation of drones at the time of completing the Task Order. If the drone weighs more than 55lbs the Operator shall ensure that they are in a possession of a Section 333 grant of exemption, a Certificate of Waiver of Authorization (COA), registration of the aircraft with the FAA, a pilot with an FAA airman certificate and, any other requirements of the FAA. If the drone weighs less than 55lbs the Drone Business shall ensure that they are in compliance with Part 107 of Title 14 Code of Federal Regulations and with any other FAA requirements.

*Furthermore, the Operator agrees:*

11. To pilot a small Unmanned Aircraft System (sUAS), also known as drone, following the instructions provided.
12. To deliver the pictures/video to the Customer within 10 days after the flight has been completed.

*Furthermore, the Customer agrees:*

13. To pay Operator in accordance with the included Schedule of Fees.
14. Provide the Operator access to all necessary infrastructure, equipment, and/or access roads in order to execute this contract.

*and the Operator agrees:*

15. To remain on standby until such time as inspection of any infrastructure or equipment by means of a sUAS is needed.
16. To inspect all agreed upon infrastructure or equipment within the agreed upon timeframe.
17. To provide inspection media and media rights to the Customer.

### TERMINATION OR EXTENSION

18. This Agreement may be terminated by either party with or without cause upon ten (10) days written notice specifying the effective date of such termination. In the event of termination, the Drone Business shall be paid for services performed in accordance with the terms of this Agreement less any and all costs and expenses caused by Drone Business' nonperformance, failed performance, or defective performance.
19. This Agreement may be extended as required upon the written consent of both parties.

# Drone Services Agreement

## SCHEDULE OF FEES

- |                          |  |
|--------------------------|--|
| 1. Yearly Standby Fee    | \$4,000.00                                 |
| 2. Hourly Inspection Fee | \$75.00                                    |
| 3. Vehicle Mileage       | \$0.75/Mile                                |
| 4. Access Equipment      | Provided by Customer or Billed as Required |

Invalidity or unenforceability of one or more provisions of this agreement shall not affect any other provision of this agreement.

Signed:

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Erik Christeson

General Manager, Kirkwood Public Utilities District

Signed:

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Lucas C. Carthew

sUAS Remote Pilot #4152076