

NEVADA IRRIGATION DISTRICT

BOARD OF DIRECTORS

MINUTES

November 9, 2016

The Board of Directors of the Nevada Irrigation District convened in regular session at the District's main office located at 1036 W. Main Street, Grass Valley, on the 9th day of November 2016 at 9:00 a.m.

Present were Nancy Weber, President (Division I); Nick Wilcox, Vice-President (Division V); John H. Drew (Division II), W. Scott Miller (Division III), and William Morebeck (Division IV), Directors.

Staff members present included Rem Scherzinger, General Manager; Marvin V. Davis, Finance Manager/Treasurer; Brian Powell, Maintenance Manager; Keane Sommers, Hydroelectric Manager; Gary King, Engineering Manager; Peggy Davidson, Recreation Manager; Jana Kolakowski, Human Resources Manager; Dustin Cooper, District Counsel; and Kristi A. Kelly, Deputy Board Secretary.

PUBLIC COMMENT – Curry

Mike Curry, District retiree, thanked Staff for the time spent on his issue regarding his pension. He appreciates the assistance.

PUBLIC COMMENT – Hoffler

Jim Hoffler, Friends of Auburn Ravine, thanked the District for helping with the Lincoln Gaging Station Camera Project this Fall. There are three underwater cameras and one overhead camera, and salmon are being videoed seven days a week, 24 hours a day. The videos will be viewed shortly by volunteers. There was a good run of fish after the nice rains. At the present time he estimates 40 to 50 fish in the system. The Friends of Auburn Ravine have applied for a permit to be able to take DNA samples from salmon carcasses this year and the heads of dead salmon. This will provide a scientific baseline as to the genetics of the fish in the system and the timeframe when they enter the system.

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PUBLIC COMMENT – Thomas

Richard Thomas, irrigation customer, stated that he was very interested in Mr. Hoffler's good news about the salmon. He also congratulated Directors Miller, Morebeck and Wilcox on their reelection.

Mr. Thomas is very interested in the District videotaping Board meetings. He attended the Administrative Practices Committee meeting when a discussion took place regarding videotaping and live-streaming District meetings. He appreciated the excellent report provided by the IT Department. When the discussion closed, interested members of the public began to leave the meeting. He asked if there was anything else on the agenda that would be of interest, and the General Manager indicated that the remaining items pertained to policies and job descriptions. After the public left, there was a discussion about a survey regarding live-streaming District meetings that was prepared at the request of Director Miller. A copy of the survey was provided at the meeting. That survey would have been of great interest to those that had already left the meeting. He was disappointed in the way this occurred. He does not know if this was intentional, or if this is indicative of the problem of transparency with the District.

MINUTES – October 26, 2016 Regular Meeting

Approved the minutes of the regular meeting on October 26, 2016, as submitted. M/S/C Drew/Miller, unanimously approved

WARRANTS

Approved the following warrants: All Fund Nos. 77124 through 77345, inclusive, Nos. 76666, 76704, 76775, 75691, 76779, 77126 and 74798 being void; Payroll Direct Deposit and Warrant Nos. 80467 through 80493 and V13216 through V13569, inclusive; and Wire Transfer/WCH Payments 900547 through 900582, inclusive. M/S/C Drew/Miller, unanimously approved

EMPLOYEE RELATIONS – Davidson Retirement (Res. No. 2016-39)

Adopted Resolution 2016-39 (Resolution of Appreciation upon Retirement – Peggy A. Davidson) after 29 years of service to the District. M/S/C Drew/Miller, unanimously approved

EMPLOYEE RELATIONS – Tassone Retirement (Res. No. 2016-40)

Adopted Resolution 2016-40 (Resolution of Appreciation upon Retirement – Lisa Francis Tassone) after 13 years of service to the District. M/S/C Drew/Miller, unanimously approved

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POLICY: Administrative Policies – Conflicts of Interest and Acceptance of Gifts (Res. No. 2016-41)

Adopted Resolution No. 2016-41 (Establishing Policy for Administration – Conflicts of Interest and Acceptance of Gifts). M/S/C Drew/Miller, unanimously approved

JOB DESCRIPTIONS – Updates to Current Descriptions

Chip Close, Operations Manager, indicated that there is a page that needs to be replaced for the Senior Water Distribution Operator position job description to add the option for the Operators to perform standby and night call (on page 4 of 5).

Approved updates to job descriptions for the positions of Maintenance Supervisor, Senior Facility Ranger, Senior Water Distribution Operator and Water Treatment Operator I/II/III. M/S/C Drew/Miller, unanimously approved

EMPLOYEE RELATIONS – New Employee Introduction, White

Nathan Wasley, Water Superintendent, introduced Jeremiah White, Water Distribution Operator. Mr. White is married and has four sons, and the family resides in the Penn Valley area. Mr. White graduated from Paola High School in Kansas and brings a Grade 2 Water Distribution Operator Certificate to the District. Mr. White spent six months last year as a temporary employee for the District and was previously employed with a refrigeration company in the energy management section.

The Board and Staff welcomed Mr. White to the District.

EMPLOYEE RELATIONS – New Employee Introduction, Adams

Brian Powell, Maintenance Manager, introduced Andrew Adams, Utility Worker I. Mr. Adams was born and raised in Nevada County, and is married with two sons. He is a graduate of Nevada Union High School, and was previously employed with Les Schwab and a local contractor.

The Board and Staff welcomed Mr. Adams to the District.

POLICY: Administrative Policies – Reserves (Res. No. 2016-43)

Gary King, Engineering Manager, presented a recommendation from the Administrative Practices Committee and the Engineering Committee to amend the Reserves policy to include a Community Investment Program Stabilization Fund. Any unused funds from the Community Investment Program will be placed in the Stabilization Fund for future projects.

President Weber asked what would occur if the amount of money to carry over exceeded \$1.5 million.

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Rem Scherzinger, General Manager, explained that the goal is to continue to push projects forward. It makes sense that if a project would not be completed by the end of the year, the money would be carried over in order to complete the project in the following year. In the past, left over funds were placed in the District's General Fund.

Adopted Resolution No. 2016-43 (Establishing Policy for Administration – Reserves). M/S/C Drew/Wilcox, unanimously approved

LOMA RICA HYDROELECTRIC FACILITY – Interconnection Agreement with Pacific Gas & Electric Company

Gary King, Engineering Manager, stated that the intent of this item is to have the General Manager execute an Interconnection Agreement with PG&E and to provide PG&E with a deposit in the amount of \$135,000 for the interconnection. He stated that the first phase of the Loma Rica Hydroelectric Facility is a 1.5 megawatt unit (45 cfs). The total capacity of the Cascade Canal is 90 cfs. The second phase will also have 45 cfs. The payback will be approximately 15 years. The average lifespan of facilities such as this is 100 years. The cost of the facility is approximately \$5.5 million. The Facility is part of the Lower Cascade Canal / Banner Cascade Pipeline Project and will consist of a 5 jet pelton wheel. The purpose of the Interconnection Agreement is to enable PG&E to provide additional power to the Facility. If the Project does not proceed, the deposit is refundable.

Director Wilcox asked if the District will lose line capacity if no action is taken now.

Mr. King responded affirmatively. As time goes on, the cost goes up and the capacity is reduced.

President Weber asked why the Project may not proceed.

Mr. King explained that he does not see any reason why the District would not proceed with this Project.

Director Wilcox pointed out that when the Project was first considered there was a seven year payback. He would like to know how serious the 15 year payback period is because this speaks to the viability of the Project.

Mr. King explained that the Project had to be relocated, and this extended the payback period. The payback period is fairly stable at this point.

Approved Interconnection Agreement with PG&E, authorized commitment of \$135,000 to PG&E as a deposit, and authorized the General Manager to execute the necessary documents. M/S/C Miller/Drew, unanimously approved

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2017 RECREATION RATES

Director Drew disclosed that he will abstain from voting on this matter because he is a season boat slip holder at Orchard Springs.

Peggy Davidson, Recreation Manager, presented a recommendation from the Maintenance and Resource Management Committee to approve recreation rates for 2017. The District has incurred additional costs during the 2016 recreation season. One of those costs was the fees incurred from the new online reservation system being utilized at Scotts Flat and Peninsula Campground. An estimated cost of having these on-line systems at two locations was an increase of about 11 percent which are charges from PayPal Pro and Hercules (the online reservation system). This does not include additional staff time spent balancing the systems each month. Additional costs consist of the purchase of new credit card machines to accommodate credit cards with the chip component.

Another cost incurred was an increase in the minimum wage for Temporary Employees. For 2015 a Temporary Employee started at \$10 per hour and in 2016 an employee started at \$11.00 per hour.

To help cover some of these additional costs, Staff is requesting increases for the 2017 day use fees, season pass fees, camping and boat slip fees. The budgetary impact will be an increase in revenues between 6 and 15 percent.

Ms. Davidson conducted a survey, and noted that the proposed increases are in line with other neighboring recreation sites.

President Weber asked why the fee for docks/slips at Long Ravine is \$1,000 per year and the fee at other locations is \$800.

Ms. Davidson stated that she is budgeting \$200,000 to replace the existing docks at Long Ravine, so that is why the fee is higher.

Director Morebeck stated that the proposed rates are very reasonable.

Director Morebeck made a motion to approved Recreation Rates for 2017. Director Wilcox seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Abstain
Miller, Division III	Aye
Morebeck, Division IV	Aye
Wilcox, Division V	Aye

2017 WATER RATES

Marvin Davis, Finance Manager/Treasurer, stated that the District retained Willdan Financial Services to prepare a Water Rate and Fee Study for the fiscal periods 2014 through 2018. The consultant analyzed historical and budgeted data while forecasting the necessary revenue to cover expenditure assumptions. The report recommended an annual 6 percent increase beginning January 1 for fiscal years 2014 through 2018 to sustain operations.

Rate Comparison Analysis:

- Factors Influencing Rates
 - Board direction
 - Current financial position
 - Age of infrastructure
 - Geographical service area
 - In-house expertise
 - Current cost structure (fixed v. variable components)
 - Water rate development methodology (base v. commodity)
 - Historical and estimated consumption
 - Political environment (local, regional, state, federal)

2016 Treated Water Survey:

	Year	Bi-Monthly Base Rate 5/8" Meter	Bi-Monthly Usage 10 hcf	Total Bi-Monthly Billing Based on 10 hcf
City of Lincoln	2016 Rate	\$68.70	\$14.53	\$83.23
	2017 Rate	76.26	16.09	92.35
PCWA	2016 Rate	66.26	14.86	81.12
	2017 Rate	67.25	15.08	82.33
City of Grass Valley no increase	2016 Rate	52.00	26.25	78.25
	2017 Rate	52.00	26.25	78.25
El Dorado Irrig District Proposed 5% 2017	2016 Rate	58.14	14.12	72.26
	2017 Rate	61.05	14.83	75.88
City of Nevada City Rates readjusted in 2013	2016 Rate	45.00	19.16	64.16
	2017 Rate	46.00	19.57	65.57
NID Proposed 6% 2017	2016 Rate	44.19	18.20	62.39
	2017 Rate	46.84	19.30	66.14

Director Wilcox asked if the proportion of the water rate for fixed vs. variable can be adjusted at this time.

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Rem Scherzinger, General Manager, stated that the rate cannot be adjusted proportionally until a new Proposition 218 process starts which requires a new rate study.

Discussion ensued regarding how the proportion of fixed rate vs. variable rate might be proposed (70 percent fixed; 30 percent variable rate).

Recommendation:

- Maintain current approved increase due to:
 - Accepted Rate Study Analysis
 - 2017 Borrowing \$4.6 million from Reserves
 - Short and Long-Term Cash Forecast Analysis
 - 36% Conservation Mandate
 - Regional Rate Comparison Table
 - Consistent with Public Agreement to Drive Down Reserves

2016 FINANCIAL EFFICIENCY REPORT

Marvin Davis, Finance Manager/Treasurer, provided the following presentation:

Finance, Human Resources and Administration

1. Closed James Marta & Company consultant re-engineering contract saving \$30,000
2. Improved internal controls resulting in interest earnings increase, \$402,000
3. Joined National Cooperative Contract yielding price discounts from participating vendors such as Caterpillar, Office Depot, Grainger, HON Company, etc. savings of \$75,000
4. Reduced GIS contract for 2016 saving \$2,000 and combined Centennial website hosting saving \$5,000
5. Used IT Staff for key report modifications over consultants saving \$5,000 and configured in-house camera system over consultants saving up to \$20,000
6. Configured Hydro internet meter reading over consultants savings \$6,000
7. Due to Administration efforts, the District received \$467,830 in overall grant revenues

Engineering

1. Use of NID temporary staff for a number of construction and inspection related engineering duties resulted in the following savings: 1,800 hours @ \$37 per hour vs. \$100 per hour = \$114,061

Operations

1. Redesign Technician position with Dispatcher saving \$10,587
2. Collaborated with purchasing to join consortium on chemicals saving \$55,000
3. Authorized remote access to treatment plants savings time and equipment of \$5,000
4. Reduced emergency call outs with tracking technology staff labor of \$45,000
5. Installed telemetering gauge at Loma Rica with staff labor saving time \$8,000

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6. Received grant to offset cost of installing water meters on canals, revenue of \$55,000
7. Collaborated with NRCD and UC Extension on staff training saving \$8,000
8. Due to contract negotiations, no longer required to purchase water from PG&E; the District will have the option to purchase water from PG&E during a low water year

Maintenance

1. Repair of Brunswick Basin with NID staff saving \$572,320
2. Developed alternative process for meter lids in Cascade shores subdivision saving \$28,000
3. Repair leak off Hollow Way using NID staff saving \$5,100
4. Continue to narrow canal sections reducing velocities saving on chemicals, \$10,000
5. Maintained landscape at main office and North Auburn Treatment Plant with staff saving \$14,000
6. Redesigned Deer Creek pressure reducing valve station eliminating need to maintain storage tank saving \$100,000

Hydroelectric

1. Replaced Rollins AC oil pump using NID staff saving \$35,000
2. Remote network access installation at powerhouses reducing labor time and equipment needs saving \$10,000
3. Installed automatic rain gauge reducing labor time saving \$1,000
4. Installed capacitor banks at Combie South Powerhouse using NID staff saving \$25,000

Recreation

1. Used surplus trucks instead of new purchase saving \$50,000
2. Using NID staff vs outside labor for tree removal, wood resale packaging, ice bagging, pole barn building at Ditch-tenders, clerical copy work savings \$45,500
3. Used Fire Camp Crew vs higher paid labor saving \$24,400
4. Temporary staff and housing work as opposed to FTEs saving \$25,689

Summary of Financial Efficiencies

Department	Savings	Revenue	Efficiency
Finance	\$ 143,000	\$ 402,000	\$ 545,000
Engineering	114,061		114,061
Operations	131,587	55,000	186,587
Maintenance	729,420		729,420
Hydroelectric	71,000		71,000
Recreation	145,589		145,589
Administration		412,830	412,830
Total	\$ 1,334,657	\$ 869,830	\$ 2,204,487

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Bob Branstrom, member of the public, stated that he loves to see savings such as the efficiencies mentioned. He is curious if there are any areas where costs increased.

Rem Scherzinger, General Manager, stated that the District is coming in under budget, and that the report presented is based on efficiencies only.

Richard Thomas, member of the public, stated that he appreciates the report that was presented. He mentioned that the District provides local employment, whereas consultants usually come from out of the area adding traffic to Highway 49.

2017 BUDGET AND FINANCIAL FORECAST

Marvin Davis, Finance Manager/Treasurer, stated that the new budget format presents a uniform Chart of Accounts (COA) and serves to present a clear revenue, expenditure and cash flow projection for the 2017 fiscal year. The overall spending plan is funded by current operating and non-operating revenues from all business lines with a modest contribution from reserves. Based on the adopted rate increase, the overall proposed plan will require a \$4.6 million reduction in reserves.

The objectives of the budget are to meet current customer service demands and adhere to all State and Federal laws. The following assumptions were considered in the development of the budget, which uses a conservative yet realistic approach.

Operating Revenue:

- Water Sales and Seasonal Ag 6 percent over 2016 forecast; rate study in January 2014. Transfer In \$3 million loan to Hydro Division and \$350,000 from Community Facilities District and Assessment District.
- Hydroelectric Power Contracts are projected at 85 percent of expected levels.
- Recreation revenues are 20 percent over forecast, excluding \$200,000 Transfer In. The increase is necessary to build operating reserves.

Capital Revenue:

- Property Taxes are set to 3 percent over 2016 forecast.
- 2017 Bond Proceeds draw down estimated at \$9 million.
- Capacity Fees consistent with forecast and Grant activity averages 2015 and 2016 forecast.

Operating and Maintenance Expenditures:

- Labor: 9 FTEs over 2016 Budget; 3 percent Cost of Living Adjustment at January 2017; 5 percent for normal step increases; PERS retirement rate at 29.97 percent.
- O&M: Water \$3.2 million over forecast and \$2.1 million over prior budget; Hydro loan repayment of \$3 million; overall (excluding Transfers) District is up 2.96 percent from prior budget.

Capital Expenditures:

- Water drawing down \$9 million from Bond Proceeds.

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- Hydro up \$1.2 million from prior Budget.
- Debt service up \$1.5 million for 2016A Series; first full obligation payment.

Cash Flow Assumptions:

- 2016: \$1.7 million contribution from reserves
- 2017: \$4.6 million contribution from reserves

Mr. Davis pointed out that he integrated the progress of internal controls (findings from the Comprehensive Audit Financial Report) to the budget process, as requested by President Weber.

2017 Five-Year Cash Forecast:

Staff developed a long-term cash forecasting model that considers the assumptions to assist the District with prudent financial management while monitoring reserves. The model charts historical and projected figures as well as displays the information in a tabular format. The programming within the model allows sensitivity analysis among the variables and easily prints out different scenarios. The development sheet within the model provides additional details to users seeking to generate forecasting scenarios. The model provides overall cash levels as well as specific water rate revenue requirements.

- Revenue Requirement: Long-term Water Operating Expense assumptions (COLA, Average Merits, Medical, PERS, Unfunded Pension Payments, OPEB, O&M inflation, Capital Projects, Reserve Building)
- Water Sales Growth Assumptions: Rate Increase, Fixed Base Percentage, Commodity Usage (Demonstrates revenue sensitivity to fixed base and usage/drought assumptions)
- Other Water Revenue
- Property Taxes
- Hydro and Recreation Growth
- Bond Proceed draw down

Given the current assumptions, which Staff believes to be realistic, operating cash reserves will range from 3.46 to 4.16 months of coverage highly dependent on designated cash, while complying with debt service coverage.

12 Month Rolling Cash Forecast:

Staff developed a rolling cash forecast, a significant tool to assist with the overall function of cash management. The tool integrates the current cash position, 2016 end of year forecast, and 2017 spending plan excluding transfers and Union Bank interest earnings.

As with any cash forecast, the model considers the timing of receipts and disbursements affecting short-term cash. The Local Agency Investment Fund (LAIF) is cash as balances are available within 48 hours. The model demonstrates sufficient

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liquidity over the forecasted period anticipating a \$4.5 million long-term investment in October 2016.

Discussion ensued about the forecasting model. The model will be an excellent tool to plan for the future.

Richard Thomas, member of the public, asked what the meaning is of several acronyms: LAIF, UAL and OPEB.

Mr. Davis stated that LAIF stands for the Local Agency Investment Fund. UAL stands for Unfunded Actuarial Liability. OPEB stands for Other Post Employee Benefits.

Mr. Thomas referenced page 24 of the Budget regarding the revenue forecast assumptions, with water rates at 6 percent or 8 percent. This is a five-year forecast, and he asked if these are yearly increases.

Mr. Davis responded affirmatively.

Mr. Thomas asked if the property taxes and water revenue are also yearly increases.

Mr. Davis responded affirmatively.

Adopted the District's 2017 Budget. M/S/C Drew/Wilcox, unanimously approved

Mr. Scherzinger recommended that a workshop be schedule to review different scenarios utilizing the forecasting model.

CENTENNIAL RESERVOIR PROJECT – Third Party National Environmental Policy Act (NEPA) Contract

Doug Roderick, Senior Engineer, stated that per HDR's contract, a Clean Water Act Section 404 individual permit application was submitted to the U.S. Army Corps of Engineers (USACE). The USACE determined that an Environmental Impact Statement (EIS) is required and that the project's NEPA documentation be completed by a third party contractor, which excludes HDR. This work is outside of HDR's scope of work previously approved by the Board.

Staff sent requests for Statement of Qualifications (SOQ) to six consulting firms. Staff received SOQs from two firms: ESA and GEI Consultants that were approved by the USACE. Both consulting firms submitted a proposal. The proposals were first evaluated on four separate criteria. Costs were then added and final scores were developed and are summarized as follows:

Consulting Firm	Criterion 1-4	Cost	Overall
GEI Consultants	30	28	58
ESA	26	70	96

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Since both firms were already approved by the USACE to perform the work, Staff felt that costs should be a major consideration in evaluating the proposals, which is why it was given 70 percent of the possible points. The cost submitted by ESA was for \$199,825 and the cost by GEI Consultants was \$498,700.

This scope of work covers tasks associated with compliance under NEPA as part of the CWA Section 404 Permit Process for the Centennial Reservoir Project and includes project management, public and agency outreach, development of the draft EIS, final EIS and response to comments, record of decision and general conformity analysis.

Staff anticipates bringing an informational item to the Board in December to give an update of the project which will include an overall budget and schedule for 2017.

Overall budget for this project in 2016 is \$4,500,000, of which \$3,300,000 is for various consulting work. Amount of money expended to date (as of November 1) for consulting is \$1,385,722. Some of ESA's scope of work will be completed in budget year 2017.

Director Wilcox asked if HDR and ESA will be working on the same timeline so that when the draft Environmental Impact Report (EIR) is available, the draft EIS will also be available.

Mr. Roderick stated that he anticipates that the EIS will follow the EIR. There will be several scoping meetings for the EIR and several scoping meetings for the EIS. The USACE is the lead agency for the EIS.

Discussion ensued about the location of the scoping meetings. USACE will pick the venue, and Staff will make every effort to encourage a venue that is convenient for the public.

Awarded consulting contract to Environmental Science Associates (ESA) in the amount of \$199,825, and authorized the General Manager to execute the necessary documents. M/S/C Miller/Drew, unanimously approved

DISTRICT FINANCED WATERLINE EXTENSIONS (DFWLE) – Maps

Rem Scherzinger, General Manager, reported that he supplied the Directors with maps of the existing DFWLEs as requested by President Weber. The map consists of completed projects and projects that are underway. In addition, the map indicates those projects that are on the waiting list.

WATER STORAGE AND CONSERVATION – Update

Rem Scherzinger, General Manager, reported that the District has 199,150 acre feet of water in storage which is 134 percent of average and 75 percent capacity. Precipitation at Bowman Lake is 19.65 inches which is 318 percent of average. In terms of conservation, the District is at 24 percent conservation compared to October 2013. To date, the District is at 20.7 percent which speaks to the community's commitment to conserve water.

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CENTENNIAL RESERVOIR PROJECT – Tours and Meetings

Rem Scherzinger, General Manager, reported that tours of the proposed Centennial Reservoir Project were conducted for three members of the Placer County Board of Supervisors. He also met with the Executive Officers of Placer County, Nevada County, Nevada City, Grass Valley and Colfax.

Director Morebeck stated that he attended two of the tours provided to the Placer County Board of Supervisors.

THE UNION NEWSPAPER – Meeting with the Publisher

Rem Scherzinger, General Manager, reported that he and President Weber met with Don Rogers, Publisher of The Union newspaper. Mr. Scherzinger stated that he offered District Staff to provide the Editorial Board an overview of the District.

President Weber stated that as a result of the meeting, The Union will be publishing a series of articles that will define a watershed, what the District does to preserve the watershed, and the environmental work that is being done. This information could be used to combat threats that are being made against the District's water rights.

Director Morebeck stated that he provided the Auburn Journal and The Lincoln Messenger an article with a positive approach about what the District does and how it relates to the community.

COSUMNES, AMERICAN, BEAR AND YUBA (CABY) – Joint Powers Authority Meeting

Rem Scherzinger, General Manager, reported that a CABY JPA meeting was held to discuss budget requirements.

NEVADA COUNTY SUPERVISOR NATE BEASON – Retirement Luncheon

Rem Scherzinger, General Manager, reported that he attended Supervisor Beason's retirement luncheon on November 8, 2016.

LOCAL AGENCY FORMATION COMMISSION (LAFCo) – Report

Director Wilcox reported that LAFCo is working on the District's Sphere of Influence update. The District is applying for an expanded Sphere of Influence to include 5,000 acres to be served from the Cascade Shores interconnection pipeline. Additionally, there is a request to include an island exclusion area in between Rollins Reservoir and Combie Reservoir. Another interior exclusion (the Northwest Pocket) is also being considered for inclusion.

Director Wilcox asked what is being done about including the Railroad Commission lands in Yuba County. The District has petitions with the State Water Resources Control Board to amend the District's place of use under the water rights. Those petitions include the Railroad Commission lands in Yuba County. The Railroad

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Commission lands are not being considered in the Sphere of Influence update. He would like a presentation to be provided to the Board as to the status of the Railroad Commission lands.

Rem Scherzinger, General Manager, noted that the Cascade Shores exclusion is not within the District's current water rights. The other two exclusion areas are within the District's place of use.

LINCOLN CROSSINGS COMMUNITY ASSOCIATION – Meeting

Director Morebeck reported that he attended the Lincoln Crossing Community Association meeting and explained the District's role in the Lincoln Crossing Community. They were unaware of where their water came from and what it is used for.

2016 ELECTION

Director Morebeck stated that he is blessed to be able to serve on the District's Board of Directors for two more years.

Director Miller stated that someone posted a false biography and photo of him. He noted that his opponents' biographies and photos were accurate.

Director Drew stated that at the risk of disillusionment, he asked what Director Miller would expect from "that crowd."

Richard Thomas, member of the public, stated that the actions of one, two, three or five people are often attributed to whole groups of people. He asked for the Board to be aware of his statement.

BOARD OF DIRECTORS' MEETING SCHEDULE – November and December

Cancelled Board of Directors' meetings of November 23 and December 28, 2016. M/S/C Wilcox/Drew, unanimously approved

OUTDATED ADMINISTRATIVE POLICIES (Res. No. 2016-42)

Director Miller requested that this item be removed from the Consent Agenda so that the Board can discuss the policy pertaining to Improvement Districts. His concern is that the Board is being asked to eliminate the policy.

Rem Scherzinger, General Manager, would propose that Resolution No. 2016-42 be adopted with the Improvement Policy being removed from the Resolution.

President Weber requested that this policy be placed on the Engineering Committee agenda for further consideration.

Adopted Resolution No. 2016-42 (Rescinding Outdated Administrative Policies), as amended. M/S/C Wilcox/Miller, unanimously approved

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CLOSED SESSION was declared at 11:55 a.m. pursuant to Government Code Section 54957: Public Employee Performance Evaluation – General Manager.

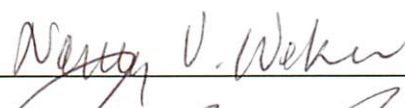



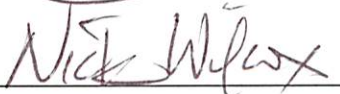
MEETING RECONVENED in regular session at 12:15 p.m.

MEETING ADJOURNED at 12:15 p.m. to reconvene in regular session on December 14, 2016, at 9:00 a.m. at the District's main office located at 1036 W. Main Street, Grass Valley, California.



Board Secretary

Attest a true record of actions
had and taken at the above and
foregoing meeting our presence
thereat and our consent thereto.

 _____	Director Division I
 _____	Division II
 _____	Division III
 _____	Division IV
 _____	Division V