

NEVADA IRRIGATION DISTRICT
BOARD OF DIRECTORS / JOINT POWERS AUTHORITY

MINUTES

May 25, 2016

The Board of Directors of the Nevada Irrigation District and the Nevada Irrigation District Joint Powers Authority convened in regular session at the District's main office located at 1036 W. Main Street, Grass Valley, on the 25th day of May 2016 at 9:03 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; Tim Crough, Assistant General Manager; Marvin V. Davis, Finance Manager/Treasurer; Chip Close, Operations Manager; Brian Powell, Maintenance Manager; Gary King, Engineering Manager; Jana Kolakowski, Human Resources Manager; Dustin Cooper, District Counsel; and Lisa Francis Tassone, Board Secretary.

REAL PROPERTY NEGOTIATIONS – Closed Session (Adding Item to Agenda)

Dustin Cooper, District Counsel, asked the Board to consider adding a closed session item to the agenda pursuant to Government Code Section 54956.8 to allow the Board to meet with its real property negotiators to consider acquisition of one parcel of real property and to authorize price and terms of payment. The availability of this parcel arose after publication of the agenda, and the terms must be settled before the next meeting of the Board.

Added a closed session item to the agenda pursuant to Government Code Section 54956.8 to allow the Board to meet with its real property negotiators to consider acquisition of one parcel of real property and to authorize price and terms of payment. Wilcox/Drew, unanimously approved

May 25, 2016

MINUTES – May 11, 2016 Regular Meeting

Approved the minutes of the regular meeting on May 11, 2016, as submitted. M/S/C Drew/Wilcox, unanimously approved

WARRANTS

Approved the following warrants: All Fund Nos. 73997 through 74201 and 900303 through 900339, inclusive; and Payroll Direct Deposit and Warrant Nos. 80309 through 80320 and V10066 through V10249, inclusive. M/S/C Drew/Wilcox, unanimously approved

EMPLOYEE RELATIONS – Lockwood Retirement (Res. No. 2016-17)

Adopted Resolution 2016-17 (Resolution of Appreciation upon Retirement – Lawrence Lockwood, Sr.) after 22 years of service to the District. M/S/C Drew/Wilcox, unanimously approved

WATERSHED SANITARY SURVEY – Memorandum of Understanding

Authorized the General Manager to sign a Memorandum of Understanding (MOU) between Nevada Irrigation District and Placer County Water Agency to share in the development and costs of the 2016 Watershed Sanitary Survey. M/S/C Drew/Wilcox, unanimously approved

URBAN WATER MANAGEMENT PLAN UPDATE (Res. No. 2016-18)

Adopted Resolution No. 2016-18 (Adopting, Directing, Filing and Implementing the Nevada Irrigation District Urban Water Management Plan). M/S/C Drew/Wilcox, unanimously approved

ROLLINS PENSTOCK AND LOW-LEVEL OUTLET PIPE COATING REPLACEMENT PROJECT – Budget Amendment and Award of Contract

Approved a budget amendment in the amount of \$350,000 from the Hydroelectric Department Reserves to the Hydroelectric Division Budget, awarded a contract to JeffCo Painting & Coating, Inc. in the amount of \$730,864 for the Rollins Penstock and Low-Level Outlet Pipe Coating Replacement Project, and authorized the General Manager to execute the necessary documents. M/S/C Drew/Wilcox, unanimously approved

DEER CREEK PARK IIa WATERLINE EXTENSION – Conveyance Agreement

Approved Conveyance Agreement with Terra Alta Development Company, for the installation of approximately 633 feet of 8-inch pipe, 653 feet of 4-inch pipe and all appurtenances to serve Nevada County Assessor Parcel Nos. 36-230-33 and 36-240-27 which will be subdivided into seven lots. M/S/C Drew/Wilcox, unanimously approved

EMPLOYEE RELATIONS – New Employee Introduction, Chittock

Brian Powell, Maintenance Manager, introduced Davin Chittock, Utility Worker I. Mr. Chittock was born and raised in Grass Valley and is a graduate of Nevada Union High School. He was a District temporary employee in 2007, and has worked with Custom Landscapes. He was most recently employed with Simply Country. He and his girlfriend have twin 9 year old daughters.

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

EMPLOYEE RELATIONS – New Employee Introduction, Koster

Brian Powell, Maintenance Manager, introduced Clint Koster, Utility Worker I. Mr. Koster was born and raised in Grass Valley and is a graduate of Nevada Union High School. He was a District temporary employee in 2014. Mr. Koster is a newlywed. He has worked with SLC and C&D Contractors.

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

EMPLOYEE RELATIONS – New Employee Introduction, Kolakowski

Rem Scherzinger, General Manager, introduced Jana Kolakowski, Human Resources Manager. Ms. Kolakowski has a Bachelor's Degree in International Relations and a Bachelor's Degree in Italian. Ms. Kolakowski has 30 years of human resources experience, predominantly in the private sector. She resides in North Auburn and is the mother of two young daughters, and is a tri-athlete.

The Board and Staff welcomed Ms. Kolakowski to the District.

NEWTOWN CANAL REALIGNMENT PROJECT – Award of Contract

Adrian Schneider, Senior Engineer, stated that the Environmental Impact Report for the Project was approved by the Board of Directors on November 18, 2015, and the design is complete. Bids were sent to eight contractors and the results are as follows:

Contractor	Base Project	Paving Alternate	Total Quote
Hansen Bros.	\$1,275,025	\$65,895	\$1,316,770
T&S Construction	\$1,313,160	\$51,750	\$1,349,730
Teichert Construction	\$1,348,415	\$50,025	\$1,352,210
Lorang Brothers	\$1,439,538	\$69,000	\$1,508,538

A paving component is a part of the bid because the County would like to overlay Newtown Road. Staff has been working in coordination with the County so that the District's Project is completed before the overlay.

The original estimates for the Project were less than \$1 million. Bids came in a little higher, but he noted that the results from each contractor are very close.

May 25, 2016

Director Drew asked if the District will pay for a portion of the overlay work.

Mr. Schneider stated that the County will pay for the overlay work, if the District completes the Project prior to the overlay, which is a savings to the District of approximately \$65,000.

Director Wilcox asked if the award is approved by the Board at this time, the District saves approximately \$65,000.

Mr. Schneider stated that if the Board approves the award, the paving costs would be included. If the County overlays the road, the District will experience a cost savings that will be less than the bid amount.

President Weber asked if the District is able to proceed with the Project given that there is a lawsuit that has been filed.

Rem Scherzinger, General Manager, explained that a cease and desist order has not been received by the District regarding work on the Newtown Canal Realignment Project. The issue at hand is the canal and its abandonment.

President Weber asked if there is the potential for the Project to be delayed in order for the neighbors to take action in the future.

Dustin Cooper, District Counsel, explained that the property owners could request an injunction.

President Weber asked when construction will start.

Mr. Schneider stated that he is estimating that construction will begin in June or early July, 2016.

President Weber expressed concern that a budget transfer is needed and that the funds will come from the District's Finance Department.

Mr. Scherzinger stated that the District is currently not in a position to be able to purchase computer software before the end of the year. The software will be budgeted for in 2017.

Director Drew asked what the original estimate was for the Project.

Gary King, Engineering Manager, explained that the various alternatives have been considered with different costs associated with each alternative.

Director Drew pointed out that were this Project to have been done under the original estimate and the original timeline, there would have been enough funds to purchase the Finance Department's computer software, and the contract amount would be less than

the amount being considered at this time. There have been a number of unnecessary delays.

Director Wilcox referenced the Board meeting minutes of November 18, 2015 where he asked how much the Project has cost the District to date, and Mr. Scherzinger responded that \$400,000 has been spent on environmental costs, and the original construction costs were estimated to be \$600,000. He pointed out that this Project will cost the District \$1 million more than if the Project had been constructed as originally planned.

Awarded construction services contract to Hansen Bros. Enterprises in the amount of \$1,316,770 for the Newtown Canal Realignment Project, approved the associated budget amendment, and authorized the General Manager to execute the necessary documents. M/S/C Drew/Wilcox, unanimously approved

CENTENNIAL RESERVOIR PROJECT – Award of Consulting Services Contract

Doug Roderick, Senior Engineer, stated that Staff is recommending that the Board award a contract to HDR Engineering, Inc. for work on the National Environmental Policy Act (NEPA) document. The Board has already approved a contract for the California Environmental Quality Act (CEQA) document.

Mr. Roderick stated that the multiple tasks and costs of the work items are broken down as follows:

Project Management	\$74,154
Delineation of Waters of the U.S.	\$132,528
USACE CWA 404 Permit Package	\$49,380
Conceptual Mitigation Plan	\$29,292
USACE CWA (b)(1) 404 Alternatives Analysis	\$81,235
CWA 404 Permit Liaison support for Regulatory Agencies	\$40,540
Cultural Resources Agency Liaison	\$11,947
Late Season Rare Plant Survey and Report	\$87,243
Protocol Level Survey (Valley Elderberry Longhorn Beetle)	\$38,845
CA Red-legged Frog Habitat Assessment	\$58,697
NEPA oversight	\$272,129
Total:	\$875,990

Additional permits and approvals will be required for the Centennial Reservoir Project such as Regional Water Quality Control Board – 401 Water Quality Certification, California Endangered Species Act (CESA) compliance, California Department of Fish and Wildlife, Fish and Game Code 1602, Streambed Alteration Agreement. These permits and approvals will also be covered under a separate, additional scope of work and cost to be developed at a later time.

HDR is recommended as a sole source consultant on this work based on their experience and understanding of the project. It is Staff’s recommendation that the Board

May 25, 2016

award a consulting contract to HDR in the amount of \$875,990. He does not expect all of this work to be done in 2016, so all of these funds may not be spent this year. Overall, the costs for environmental work are under budget.

Director Wilcox stated that under the circumstances, he would agree that it is appropriate to award this contract as a sole source contract. HDR is the primary contractor for the CEQA work. The CEQA work and NEPA work can be more efficiently accomplished if the work is coordinated together.

President Weber asked what the timeframe is to complete the environmental work for the Centennial Project.

Mr. Roderick stated that Staff hopes to have the Notice of Intent issued this summer. The Draft Environmental Impact Report is scheduled to be issued in February 2017. He is hoping that the Draft NEPA document will be issued at about the same time.

Awarded consulting services contract to HDR Engineering, Inc. in the amount of \$875,990 for the Centennial Reservoir Project National Environmental Policy Act (NEPA) document, and authorized the General Manager to execute the necessary documents. M/S/C Drew/Wilcox, unanimously approved

LONG-TERM WATER CONSERVATION MANAGEMENT (Res. No. 2016-19)

Chip Close, Operations Manager, stated that a Resolution was placed on the Board agenda in April, but was pulled due to changes occurring at the State level. This Resolution seemed very important in February 2016 following the Governor's Declaration of Extension of Emergency Conditions thereby extending mandatory regulations on treated water customers to conserve 33 percent. That was a difficult message to send to the District's customer base at a time when the District's reservoirs were full and spilling. Since that time, on May 9, the Governor extended the drought regulations through 2016; however, he has directed the State Water Resources Control Board (SWRCB) to lighten up the regulations and allow some self-certifications. This is great news for the District, and Staff provided a comment letter to the SWRCB stating that this would be the right path. In the Governor's Emergency Declaration, there are some ongoing efforts to lock in permanent conservation regulations in the future. He has directed the SWRCB to issue targets above and beyond the 20 percent conservation by year 2020. The document should be released to the public by January 2017. The District remains concerned that the SWRCB wants to look at the entire State as a "one size fits all." A one size fits all approach does not necessarily work for an agency as diverse as the District. So, the Resolution has been retooled and states that the District supports long-term conservation on behalf of the local agencies' control. He is hoping that the SWRCB can work with local agencies to accomplish this goal.

Director Wilcox would recommend that the Resolution be retooled again. On May 18, 2016, the SWRCB adopted state-wide conservation regulations which allow local agencies to determine their own conservation targets, depending on the local hydrology conditions, infrastructure, water supply, etc. He feels that this Resolution is premature

May 25, 2016

at this point, because much of what is being asked has already occurred. The Resolution should be retooled to address long-term concerns.

Dustin Cooper, District Counsel, stated that the Resolution does not have to be acted upon at this time. However, he thinks that this is an important document to adopt at some point in the near future. The new regulations look at three years of average supply and two years of average demand. The SWRCB has not agreed to this approach. There is the short-term issue which is the regulations, and there is the long-term issue. The Resolution is setting the marker for the long-term issue.

Rem Scherzinger, General Manager, pointed out that the Resolution states that the District is in favor of local control and supports long-term conservation. This is the message the District is sending to the State.

Director Wilcox would argue that what the SWRCB adopted on May 18 allows for local control.

Mr. Scherzinger stated that in January 2017, local control may be taken away.

Director Wilcox stated that the Resolution is somewhat off target based upon the situation on the ground at this time.

President Weber stated that the District must have some target.

Mr. Close explained that the State has not come out with the certification documents to provide the proof that the District has enough water supply for three years to meet demand. It appears as though the District should qualify for a zero percent mandatory target.

Mr. Cooper pointed out that even though the District will have a zero percent target, the SWRCB still has the list of end user limitations (cannot hose down hardscapes, automatic shut-off nozzles on hoses, etc.).

Director Wilcox noted that the District has met the intent of the legislation. What the District is proposing going forward is that the District meets what is called for in the District's Drought Contingency Plan.

Director Drew recommended that this matter be tabled and that the Resolution be reviewed by the Administrative Practices Committee before being brought back to the Board for consideration.

The Board concurred.

WATER STORAGE AND CONSERVATION – Update

Rem Scherzinger, General Manager, reported that the District has 256,676 acre feet in storage, which is 119 percent of average and 97 percent of capacity. He noted that

May 25, 2016

since 2013, the District has conserved 1,640,000,000 gallons of water through treated water conservation efforts.

CENTENNIAL RESERVOIR PROJECT – Presentations

Rem Scherzinger, General Manager, reported that he provided presentations on the Centennial Reservoir Project to the following:

- National Active Retired Federal Employees Association
- Placer County Realtors Association
- Nevada County Senior Staff Leadership

E. GEORGE TO CASCADE SHORES TRANSMISSION MAIN PROJECT – Update

Rem Scherzinger, General Manager, reported that pipe will begin to be installed for this Project on June 6, 2016.

SIPHON LANE PUMP STATION PROJECT – Update

Rem Scherzinger, General Manager, reported that the Project is in testing/start-up mode, and the pumps are being run today.

LOCKSLEY LANE INTERTIE PROJECT – Update

Rem Scherzinger, General Manager, reported that the Locksley Lane Intertie Project is now complete.

JIM BACHMAN

Rem Scherzinger, General Manager, informed the Board that former Director Jim Bachman (Division IV) passed away on May 22, 2016. A service is scheduled for June 1 at 1:00 p.m. at Mt. Pleasant Hall in Lincoln.

GABRIEL HERRERA

Rem Scherzinger, General Manager, informed the Board that Gabriel Herrera, husband to employee Tonia M. Tabucchi Herrera, has passed away. A service is scheduled for May 27 at 1:00 p.m. at Peace Lutheran Church in Grass Valley.

TERM PAYMENT AGREEMENT – Status

Director Miller thanked Staff for the work that has been done to update the Term Payment Agreement. Proposed modifications to the policy include financing capacity fees, meter connections and the meter-set fee in an amount up to \$20,000 for a term of 10 years at four percent interest.

He asked when the matter will be considered by the Board of Directors.

Rem Scherzinger, General Manager, stated that the item will be scheduled for the June 8, 2016 Board of Directors meeting.

May 25, 2016

TELEVISIONING / LIVE-STREAMING BOARD OF DIRECTORS MEETINGS

Director Miller stated that it is his opinion that a Board meeting being filmed such as the meeting today would be boring. He suggested polling the District's constituents. He has no problem with someone filming the meetings, but not at the District's cost.

FIRE SAFE COUNCIL – Dinner

Director Drew reported that he attended the Fire Safe Council Dinner at the Miners Foundry and had the opportunity to speak with Joanne Drummond. She looks forward to working with the District.

ROCK CREEK INTERTIE PROJECT – Tour

President Drew participated in a guided tour of the Rock Creek Intertie Project. The work was well done.

MOUNTAIN COUNTIES WATER RESOURCES ASSOCIATION (MCWRA) – Meeting

Director Morebeck reported that he attended the MCWRA meeting on May 18, 2016. The topic was 'The Conquest for the History of California Water – Past, Present and Future.' He provided a summary of the information that was presented.

President Weber also attended the MCWRA meeting. She stated that two years ago it would have been difficult to ask Westlands Water District and Metropolitan Water District to attend a meeting in Northern California. Now, it appears that this is socially appropriate.

DIRECTOR WILCOX – Comment

Director Wilcox reported that he is pleased to be back and apologized for his absence. He had a massive stroke in the cerebellum that affected his balance and vision. His visual functions returned very quickly, and his balance is returning as well. The stroke has no impact on cognitive functions, fine motor, speech, etc. He thanked everyone for their support.

SOUTH YUBA RIVER CITIZENS LEAGUE (SYRCL) – Board of Directors Meeting

Director Wilcox reported that he and the General Manager will be attending the SYRCL's Board of Directors meeting on May 26, 2016, and providing a presentation on the Centennial Reservoir Project.

NEVADA COUNTY SHERIFF'S OFFICE – Commendation of Rem Scherzinger

President Weber read a letter of commendation from Keith Royal, Nevada County Sheriff:

Dear Ms. Weber:

May 25, 2016

I just wanted to write to let you know what a great representative you have in your General Manager, Rem Scherzinger. I have witnessed Rem make a number of presentations on behalf of NID in the past few months. His knowledge, professionalism and concern for our community and our natural resources are quite impressive. He is well prepared in making his presentations and provides visuals to maintain the attention of the audience.

Please let him know that I personally appreciate his service to the community. He is a great communicator and represents you well. Hopefully, due to his efforts, water theft and pollution will be on the decline here in Nevada County.

Sincerely,

Keith Royal
Sheriff-Coroner

FOOTHILLS WATER NETWORK (FWN) – Panel regarding Centennial Reservoir Project

President Weber reported that she attended a panel discussion hosted by FWN regarding the District's proposed Centennial Reservoir Project. She left before the question/answer period because she had another appointment. In a very contentious situation, it is important that each Board member is honest and does not overplay the emotional aspects of the Project, and that the facts are completely accurate.

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) – Brochure on Water Transfers

Director Wilcox thanked Director Miller for picking up the brochure from the Spring ACWA Conference titled 'Water Transfers and Access to Water Markets in California.' He read it with interest, particularly with regard to the issue of carriage water.

CLOSED SESSION was declared at 10:23 a.m. pursuant to Government Code Section 54956.8 to confer with Real Property Negotiators Scherzinger and/or District Counsel regarding price and terms of payment; property subject to negotiations is Nevada County Parcel No. 27-110-03.

MEETING RECONVENED in regular session at 10:40 a.m.

MEETING ADJOURNED at 10:40 a.m. to reconvene in regular session on June 8, 2016, at 9:00 a.m. at the District's main office located at 1036 W. Main Street, Grass Valley, California.

May 25, 2016

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