

NEVADA IRRIGATION DISTRICT

BOARD OF DIRECTORS

MINUTES

December 14, 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 14th day of December, 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 Remleh Scherzinger, General Manager; Marvin V. Davis, Finance Manager/Treasurer; Chip Close, Operations Manager; Keane Sommers, Hydroelectric Manager; Gary King, Engineering Manager; Peggy Davidson, Recreation Manager; Monica Reyes, Interim Recreation Manager; Jana Kolakowski, Human Resources Manager; Andrew McClure, District Counsel; Lisa Francis Tassone, Board Secretary; and Kris Stepanian, Board Secretary.

PUBLIC COMMENT - Branstrom

Bob Branstrom from the City of Grass Valley, spoke about the unfunded pension liability issue. Mr. Branstrom distributed an article entitled "Pension Funds' Staggering Unfunded Liability", by Marc Cuniberti, that ran in The Union this week. Mr. Branstrom feels that this is an area of concern, and stated that the article was instructive at highlighting on how the low earnings that are currently occurring in the marketplace are going to severely impact future unfunded liabilities.

OATHS OF OFFICE – Scott Miller, Director, Division III, William Morebeck, Director, Division IV and Nick Wilcox, Director, Division V

Lisa Francis Tassone, Board Secretary, administered oaths of office to Scott Miller, who was re-elected as Director for Division III, William Morebeck, who was re-elected as Director for Division IV and Nick Wilcox, who was re-elected as Director for Division V.

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MINUTES – November 9, 2016 Regular Meeting

Approved the minutes of the regular meeting on November 9, 2016, as submitted. M/S/C Drew/Miller, unanimously approved

WARRANTS

Approved the following warrants: All Fund Nos. 77346 through 77712, inclusive; Nos. 75869, 76090, 76372, 76719, 76956, 77140, 77155, 77412, 72303, 72359, 72412, 72810, 73866, 73958, 74027, 74102, 74635, 77484 being void; Payroll Direct Deposit and Warrant Nos. 80494 through 80519 and V13570 through V13924, inclusive; and Wire Transfer/ACH Payments 900583 through 900629, inclusive. M/S/C Drew/Miller, unanimously approved

EMPLOYEE RELATIONS – Howard Retirement (Res. No. 2016-44)

Adopted Resolution 2016-44 (Resolution of Appreciation upon Retirement – Aha Howard) after 16 years of service to the District. M/S/C Drew/Miller, unanimously approved

RESCINDING ADMINISTRATIVE POLICIES (Res. No. 2016-45)

Adopted Resolution No. 2016-45 (Rescinding Outdated Administrative Policies). M/S/C Drew/Miller, unanimously approved

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

INVESTMENT POLICY – Annual Review

Reviewed Investment Policy in accordance with Section 3035.18 of Policy. M/S/C Drew/Miller, unanimously approved.

MONTHLY INVESTMENT TRANSACTION REPORT – October and November 2016

Received and filed Monthly Investment Transaction Report for October and November 2016. M/S/C Drew/Miller, unanimously approved

EMPLOYEE RELATIONS – New Employee Introduction

Remleh Scherzinger, General Manager, introduced Kris Stepanian, Board Secretary. She comes to NID with an MBA and over 25 years of working in real estate, ranging from escrow officer to CFO of Network Real Estate. The Board and Staff welcomed Ms. Stepanian to the District.

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EMPLOYEE RELATIONS – Davidson, Retirement Presentation (Res. 2016-39)

The Board applauded Ms. Davidson for her 29 years of service. President Weber presented Ms. Davidson with a Certificate of Appreciation (Res. No. 2016-39).

Remleh Scherzinger, General Manager recognized Peggy Davidson, Recreation Manager, on her 29 years of service. Peggy has left a permanent mark on the District for the better. She is the epitome of what he would consider boot straps, bailing wire, and duct tape, and that is really a testament to her ability to use absolutely every resource available to her, and to bring out the very marrow of the job that she has. She demonstrated a dedication to the District that has been one of the best, working her way up from an entry level with the District all the way to the management office. Mr. Scherzinger then shared a short story from when he first started with the District and how amazing Ms. Davidson was at handling difficult situations and pressures. Her dedication to the District reflects great credit upon herself and the District. Working with her has been a great pleasure and a lot of fun. She will be missed.

Ms. Davidson shared that she has always felt really lucky and proud to be an NID employee. She is one of those “true blue” employees. She thanked the Board of Directors for giving her so many opportunities. She thanked Mr. Jim Chatigny, Retired General Manager, for hiring her. She has loved all the opportunities she has had, loves everybody she has worked with, and considers this her home. She thanked Mr. Scherzinger for the past few years. Ms. Davidson addressed her staff, and identified them as her family, and could not say enough good things about them. The recreation department before last year had 4 campgrounds, and by the end of the summer there were 17 campgrounds, with a staff of 7 NID employees. She ended by commending her team on always being supportive and for doing a great job.

Mr. Scherzinger added that Ms. Davidson measures a lot by dollars, and her frugality is driven by dollars. He thought it would be interesting to share how recreation has performed since she took it over. In total since 2004, recreation has generated \$16,540,269, and she has barely used her vacation, sick and admin time off.

Ms. Davidson added that she felt the department would continue in the same direction, and that her replacement, Monica Reyes has a great staff to support her in continuing their great work.

Ms. Tassone wished Ms. Davidson a great run in the next chapter of her life.

Mr. Jim Chatigny, Retired General Manager, announced with pride that he hired Ms. Davidson.

Cheryl Harris, Sr. Finance Assistant the campground host at Long Ravine Campground shared that it has been a true joy to work with and for Ms. Davidson.

Director Miller congratulated Ms. Davidson and shared that she shared in him.

President Weber thanked Ms. Davidson for putting up with her even when she gets pushy. She appreciates so much what she has done for recreation.

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Director Morebeck thanked Ms. Davidson, and shared that he has enjoyed getting to know her over the past few years. Looking at the campgrounds he has always felt that they are amazing places, and he is impressed by all she has done.

EMPLOYEE RELATIONS – Tassone, Retirement Presentation (Res. 2016-40)

The Board applauded Ms. Tassone for her 13 years of service. President Weber presented Ms. Tassone with a Certificate of Appreciation (Res. No. 2016-40).

Remleh Scherzinger, General Manager recognized Lisa Francis Tassone, Board Secretary, on her 13 years of service. He shared that Ms. Tassone is a true pillar of the District. She is an important part of the management team, and has kept them all in line. She has led management in terms of interacting with the Board, and is a great moderator. She has been one of the secret keepers within the management team. She has been a right hand of his since he arrived at NID and has been a true pleasure to work with. Her quiet strength touches every corner of the District and it is always there and has always been there to pull from when needed. When asked to serve as a manager of the purchasing department, despite her comfortability with the task, she did it with flying colors, and did a fantastic job. He couldn't say enough good things about her, and shared that she has been fabulous to work with and will be missed greatly.

Ms. Tassone shared that it has been such an honor to serve the Board, to work with the management team, and her awesome staff. This District has done a lot while she has been here, and there is going to be a lot more to do. She will be watching on the sidelines to see how it goes, and is looking forward to it. She thanked the Board for the opportunity and shared that it was a pleasure.

Cindy Ware, Office Assistant and Central Files, congratulated Ms. Tassone and honored her with these kind words: Respectful, kind, appreciative, understanding and thoughtful are just a few of the attributes I think of when I think of you. I have been under your wing since March of 2011, and it has been an honor to work for you and call you my boss. Bosses come in all shapes and sizes, but very few like you come across as a complete package. You have been a truly great mentor and you have given me your time, which is the most thoughtful gift of all. You have always wanted the best for me and have supported my decisions and goals. You have taught me how to be fair and to look at both sides of a situation. Basically, you have taught me how to filter my inside voice. Your teachings and advice will be stepping stones for my career. To my boss, my friend, the retiring Board Secretary superstar, I say "Thank you".

Connie Smith from Central Files, began by thanking Ms. Tassone. She has been one of the most supportive people she has ever worked with. She agrees with everything that Ms. Ware said, and wishes Ms. Tassone nothing but the best.

Gary King, Engineering Manager, said that after years of working with Ms. Tassone, he has found her to be one of the most elegant people he has met. She is steadfast, solid, consistent, helpful, enjoyable to work with, and she can even tolerate his sense of humor and craziness of the engineering department. Any one like that should be put on a high threshold of life and called a wonderful, wonderful person. He shared that he would miss her greatly. She has always helped him get things done and helped him to

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achieve some of the success he has enjoyed at the District. He thanked her and wished her the best in the future.

Director Miller thanked Ms. Tassone and said she was seamless when she came here and that she then only elevated the performance of her office. Her attention to policies and procedures has kept them organized and timely. He shared a story of her ability to stand her ground, and how she elegantly educated him on how sometimes things work on a different time pace, and he has always respected her for being soft spoken, but powerful when she speaks.

Director Wilcox thanked Ms. Tassone for being the conscious of the Board, for guiding them from going astray, and keeping them compliant with The Brown Act.

Director Morebeck thanked Ms. Tassone for making him feel comfortable. She has always been so professional and responsive in answering his questions almost immediately, and that she will be missed.

President Weber asked if Ms. Tassone knew that they all had these feelings. She shared some of the attributes that remind her of Ms. Tassone, including extreme competence, integrity, quiet strength, and thanked her.

EMPLOYEE RELATIONS – Howard, Retirement Presentation (Res. 2016-44)

The Board applauded Ms. Howard for her 16 years of service. President Weber presented Ms. Howard with a Certificate of Appreciation (Res. No. 2016-44).

Marvin Davis, Finance Manager, recognized Aha Howard, Accounting Administrator, on her 16 years of service. He gave some of Ms. Howard's history. She attended high school in Indonesia, and went to college at Sierra College and Sac State. She came to the District approximately 16 years ago. In terms of her demeanor, personality and humbleness, he hasn't encountered another like her. He complimented her on how well she responds to receiving input or ideas on how to change things from different people revolving through the department. He thanked her for putting up with him and for handling the changes that were thrown her way. She was often the first one here in her department, and the last one to leave. There were many ways she demonstrated her dedication to the District, and he is not sure if another person can be found as dedicated to that position.

Ms. Howard thanked the Board for all the opportunities given to her over all the years. She has enjoyed working her. She acknowledged her team, Desiree Ince, Cheryl Harris, Nancy Alstrand and Lisa Ward, and thanked them for being such hard workers, and for helping her be able to complete her work. She shared that she felt so lucky to have them on her team. Ms. Howard thanked Marvin Davis, Finance Manager, for all good the changes he brought to NID. She acknowledged all her friends at NID and added that the friendships she made here are priceless.

Cheryl Harris, Sr. Finance Assistant shared that Ms. Howard was here when she came on board 14 years ago, and that Ms. Howard taught her a lot. There was a time when they butted heads. However, when she became her supervisor, they mended fences

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and really bonded. Ms. Howard is a spectacular lady and she wishes her a lot of luck in her retirement.

Ms. Davidson, Recreation Manager wished Ms. Howard the very best and was excited that she now has a new running partner. She shared how she would sometimes get calls at Scotts Flat Lake or on her cell phone at night, and it was Ms. Howard working diligently. She is so happy for her and congratulated her on her retirement.

Ms. Howard replied saying that Ms. Davidson is an amazing lady. It doesn't matter if it is a race or not, they run and Ms. Howard would get tired, Ms. Davidson would tell her she could still do it and encourage her on.

Mr. Jim Chatigny, Retired General Manger, added that Ms. Howard is another one of his hires, and that she has certainly been a main stay for the accounting department. He added that everyone was going to miss her.

Desiree Ince thanked Ms. Howard for the opportunity to work for the District. She has been an amazing person. She always comes to work with the most positive attitude and a smile on her face. She is always extremely pleasant to work with and to have conversations with. She really appreciates having such a wonderful and pleasant person to work with and work for. She is going to miss her very much.

President Weber shared that despite not knowing Ms. Howard as well, because the financial department is sort of removed from direct connection with the Board, but in her contacts with her she was extremely ethical. She remembers once having difficulties with her mileage, and Ms. Howard helped her get it worked out right away. President Weber thanked Ms. Howard and added that it sounds like she is going to have a lot of time in retirements that she hasn't had.

Director Drew concluded the retirement presentations stating that it was the best of times it was the worst of times. He said he was so proud of all of the retirees. He is proud for them and proud for their families. They have all done so many things for the District for so many years, and have made this a better place. He added that if there is anything that he can do for them or their families to please call him.

Photos were taken of retirees

President Weber called for a ten minute break.

LOMA RICA HYDROELECTRIC FACILITY – Consulting Contract (Task Order 3)

Adrian Schneider, Senior Engineer presented for recommendation by providing some history of how HDR was selected to replace Brown & Caldwell. Brown & Caldwell backed out of the project, so the District sent out requests for proposals to seven consultants. The three they received back were HDR, MESA and NLine. They had five reviewers in the District review each using a scoring system viewing different criteria of the proposal. Based on 100% total possible score, HDR came out at 82%, including the cost (HDR was mid-range in cost). NLine came in at 70% and Mesa at 62% (primarily due to their cost being the highest). HDR's proposal was very well written, including a clear schedule and some great ideas. Their experience in hydroelectric facilities is very

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good and very broad. Staff is confident in their choice of HDR as the consultant for this project.

Director Drew inquired as to the scope of work and if the work done by Brown and Caldwell was going to be integrated into the work that HDR will be doing. Mr. Schneider clarified that it is the same scope of work, with a couple minor changes. Essentially, HDR will take the current 10% design to completion. HDR will use the preliminary design previously in place and use that as a start.

President Weber requested that Mr. Schneider talk about the risk that Brown & Caldwell didn't want to encumber.

Mr. Schneider shared the explanation given from Brown & Caldwell that it was tied to the structural foundation. They did not have in-house capability for that, and felt an increased risk due to their lack of an in-house reviewer looking at an outside structural sub consultant's work. Outside in the field with other consultants, reports were that the project was too small, but that was just hear-say.

President Weber clarified with Mr. Schneider that the positioning of the site has changed from the time the project was first contracted.

Mr. Schneider explained that the former position was above the canal and was on solid soil, so to speak, and it has been moved right next to the reservoir, where there is softer soil above bedrock.

Cancelled Task Order 3 with Brown & Caldwell in the amount of \$320,573 and awarded a contract to HDR, Inc. for the Loma Rica Hydroelectric Design Project in the amount of \$587,900, and authorized the General Manager to execute the necessary documents. M/S/C Wilcox/Drew, unanimously approved.

LOMA RICA HYDROELECTRIC FACILITY – Budget Amendment

Gary King, Engineering Manager explained that the purpose of this item, as indicated on the staff report, is that we had an issue with one of the consultants. That issue has caused delays in procuring the motor, the turbine and the other items that we were going to order this year for this project. In essence, these funds were budgeted for 2016, and we don't anticipate moving the approval for those purchases to the Board until 2017. Staff is requesting a budget amendment to transfer the remaining \$713,716 from 2016 to 2017.

Approved a Budget Amendment to carry over unused funds for the Loma Rica Hydroelectric Facility for use in the 2017 budget. M/S/C Miller/Drew, unanimously approved.

TABLE MEADOWS OPTION 3 PIPELINE FUNDING – Budget Amendment

Gary King, Engineering Manager, stated that the intent of this item is a budget amendment for the Table Meadows Option 3 pipeline project. The Table Meadows project is a District Finance Waterline Extension (DFWE) project. It was originally designed to be hooked up to the existing system. Unfortunately, due to some hydraulic

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issues during the peak day analysis, we are unable to serve it off of the existing system without a pump station, which is identified as Option 1 in the Options Analysis. The Options Analysis was to evaluate options to make Table Meadows work. Three options have been developed: Option 1 is the pump station; Option 2 is to run down Combie Road; and Option 3 is to run down Scooter Bug Road. Staff reviewed the options and put together the analysis provided in the staff report.

It was recommended by staff to the Engineering Committee to go with Option 3. This option is deemed to deliver the best benefit to the community, despite it being the longest and most expensive solution. This area has well issues, and it is similar to what we are already dealing with in South County. The Engineering Committee and staff concur that Option 3 should be pursued. The estimated cost for Option 3 is \$1.1 million. These funds are available from reallocation of funds from 2016 Capital Budget. In addition, capacity fees will be used to do the modifications to the pump station. In essence, if we were able to build the pipeline in Option 3, and if everybody hooked up, the District would be fully reimbursed for the cost of this facility through the Pipeline Reimbursement Policy.

Director Miller shared that he sits on the Engineering Committee, and that he very much appreciates this project, as this infrastructure has been missing for many years in Division 3. An engineering committee meeting was held in September of 2016, and there were 50-60 in attendance from the community. The overall consensus from the residents was that they were very appreciative of these funds that would be delivered in Division 3 for infrastructure, and of the location in Option 3 along Scooter Bug Road.

Director Wilcox stated that this has been on the horizon for a long time, and that it is gratifying to see it finally come to fruition to solve this very long standing problem.

President Weber stated that she felt the Board views the District as a whole when it comes to water line extensions in the community investment program, and as long as we take our turns for first come, first serve, initiated by the people in the area, she feels we have a solid plan.

Approved a Budget Amendment to transfer unused funds in the Capital Programs to the Table Meadows Project. M/S/C Miller/Drew, unanimously approved.

GREENHORN CREEK SEDIMENT REMOVAL – Environmental Impact Report

Gary King, Engineering Manager, stated that the purpose of this item is to approve a consulting contract with Janelle Nolan & Associates for the California Environmental Quality Act (CEQA) portion of removal of sediment out of the Greenhorn area. The Greenhorn area, as we have known from numerous inputs, is filling up with sediment. The intent is through an EIR to remove that sediment and move forward on cleaning up that Greenhorn Ravine. What is happening now is that it is creeping in to Rollins, and starting to adversely affect both the Rollins Reservoir and our recreation facilities. This project requires that we deal with the mitigation measures related to mercury. The intent is to move forward with an EIR and then move into a sediment removal program. Sediment removal will be included in the monthly project status report. NID has worked with Janelle Nolan & Associates in the past and she has always done a very good job.

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It is the recommendation of the engineering department to approve a sole source contract with Janelle Nolan & Associates for the CEQA EIR, for removal at Greenhorn Creek.

Director Morebeck inquired if there would be water storage savings by doing this.

Mr. King replied that we are recovering capacity in our facility, yet did not have the exact number available in front of him. He added that as time goes on, it is creeping into the main Rollins Reservoir area, and needs to be addressed because it is a long-term issue. It is my opinion that we need to have equipment removing dirt from our reservoirs every year.

Director Morebeck stated that the purpose is to keep it from Rollins filling up with sediment.

Director Miller joined the discussion about the process of safely and most effectively removing material.

Director Drew added that there was a study of Greenhorn Arm done by him, Director Miller and Mr. Crough, including pictures that are available. The calculations made, were that we have lost about 10,000 to 11,000 acre feet of storage. About 3,000 to 4,000 acre feet of that is the component that is in the Greenhorn Arm, and the rest is in the Bear River Arm. Both of them are insidious threats to the storage capacity of the reservoir and should be removed. One of the things that seems troublesome to him is the cost of the CEQA EIR process to the environment. We recently had a CEQA presentation that was very good, but just that presentation alone contained 5,000 pages that were distributed to board members, innumerable numbers of miles in traveling back and forth, and a heat component for the vehicles driving back and forth from point A to point B. There were all those people working on the project, earning a living, which is all very well and good. All of these components are costs, whether direct or indirect in how they are interpreted, to the environment. This would be another case of that. Not only are we going to spend more than \$250,000 on this, but there will be thousands and thousands of pages of documents that need to be produced in order for this to go forward, not including all of the other things that are associated with it. So as he works forward, he would like to introduce into the EIR CEQA processes what these procedures cost the environment just to do the studies. This seems to him to be the one thing that has been left out. Mr. King added a comment to the 10,000 feet - that is how much water we use yearly for our treated water customers. In essence that is one year of water for treated all water customers.

Director Wilcox added that in order to carry out this project, it is going to require operation of Rollins differently from the current operation. It will require the lake to be held at lower levels during certain periods of time, and asked how operations at Rollins would change. For example, if Rollins were evacuated to harvest sediment, the water would need to be put somewhere.

Mr. King replied stating that there is a window every year after recreation season and before rains. This is the window we will be aiming for. It is a short window, but we had success working within this window in the past. Mr. Scherzinger added that when we tried this a few years back, we were able to move roughly 13,000 yards of material in a

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day. The trick is to create wind rows further up in the system. So we move the material as quick as we can, and process it elsewhere later.

Director Miller added that the amount of mercury noted in the packet in that setting was not toxic. It is just when it becomes mobilized in the water and can become converted. Mr. Scherzinger added that in working with Hansen they have identified a few mine sites that are adjacent to the Greenhorn side. We are interested in starting to actually harvest this. We know how to get the material out of the lake. The question is where it is put. There is not currently an industry that wants that material in bulk. The sand has some value, but other than that, there is very little value. There are a number of mines that we can put this material back into and treat them as a landfill site, and then actually go after remediation monies to pay for this work. This is a growing thing and not something that the industry has ever really considered. Tim and Jeff Hanson have put this together and Mr. King has a great model to work with here.

Director Wilcox feels this is a companion to the work we are doing in Steep Hollow and that the two projects need to work in tandem. It would not make sense to pull material out of Steep Hollow and also not pull it out of Greenhorn at the same time.

Mr. Scherzinger stated that Mr. King alluded to it and the Chief Engineer he are in complete agreement. As can be seen on the capital program, all of the 27 NID reservoirs need to be addressed. It is important that NID be in these reservoirs annually doing the work that needs to be done, including removing sediment, making sure they are structurally operational, and doing the maintenance on them that we have not done. However, right now the focus must be on the one reservoir that is being the most damaged by sediment, and that is Rollins. There are active mine sites and heritage mine sites on both the Steep Hollow side and the Greenhorn side, and they are hemorrhaging sediment into the reservoir. Not only is storage capacity being lost, but very shortly, access to the Greenhorn Campground and the Peninsula Campground will be lost as well. So this has many ramifications. Mr. Scherzinger also pointed out that while 10,000 acre feet is the amount of water that NID generally delivers to our treated water customers, it is also the amount of water that NID delivers to the environment every year. So it hits both sides of this equation adversely. NID needs to develop a program that provides structure of annual maintenance just like other activities in the District.

Mr. King mentioned that production will be organic. Meaning that during the process it will be determined what works and what doesn't work. He is in complete agreement with Mr. Scherzinger that sediment needs to be removed every year, in order to make sure the reservoirs are maintained and capacity is at its highest.

President Weber commented that this is a pretty tricky project environmentally. There are a number of ways to mess it up, such as taking the dirt out and not worrying about what is done with it, doing it at the wrong time of year and cause considerable problems within the system, or cause methylation of the mercury which would create an environmental hazard. This area is already listed with fish, and an area where pregnant women and so forth do not eat the fish and we don't want to make it worse. This is sort of a beginning pilot. NID has done some similar work down Combie, but this is different. She is pleased that we have Janelle Nolan & Associates working on the project as the

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environmental consultant. She worked with Janelle on the Banner Mountain Project in its early days and appreciates her competence and qualities. Director Weber stated she was glad that NID is going to this extent to and is sorry that in some ways we are contributing to damaging the environment, and added that she probably did on driving in to work this morning.

Mr. King added that the original team that Tim Crough, Past Assistant General Manager put together is still intact and are remaining on the project. Since Mr. Crough has retired from the District, the engineering department will be involved with administration in support functions to get this done.

Director Morebeck inquired to the availability of grant funding being available for this type of project. Mr. King replied that there is some research being done to see what grants may be available. Mr. Scherzinger added that NID has requested that \$6 million be blocked for the Combie Project to start removing dirt there. It is anticipated that approximately \$5 million will come out of that as a direct budget transfer, and then a direct award to the District. This will help NID recover some of the lost storage on Combie, which is very important. NID will then go after mining remediation funds for the Rollins facility.

Mr. King introduced Janelle Nolan who shared that she has been working on sediment removal type projects throughout the sierras and the foothills, addressing them from a perspective of CEQA, and also thru implementation and permitting. One of the key things that the team she put together in working on this project is "implementation". They want to describe and define that project so it is implementable and so that they are preventing environmental issues. The team she put together also includes Cardno, who she has worked with for over 20 years, who are experts in dealing with these types of projects. She brought them on board as they are water quality and mercury as associated with that. She is looking forward to working with NID again.

Richard Thomas, member of the public, stated that he was not sure how much this work is pushing the envelope, and wondered if is something that is applicable to reservoirs statewide, nationwide, or worldwide. He wonders how much the cost that will be encumbered here would be amortized over larger projects, or moved forward to other projects that want to accomplish the same goals, or if this amount of work and expense necessary for each project that faces the same issues. So he was wondering if the costs can be amortized, maybe not necessarily by NID in the short-run, but perhaps by NID in the long-run or other irrigation Districts in the long-run, and perhaps justify or make it a little less painful to absorb these costs.

Ricki Heck, recently appointed Planning Commissioner for the County of Nevada, who plans on attending these meetings now on a regular basis, introduced herself. Her question specific to this project was what happens to the gold that comes out of the sediment.

Director Miller stated that these details are all part of the contract and everything is spelled. It is recognized that gold may be found, and is written in the contract if it is found to be turned in to NID or accepted as part of their payment.

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President Weber then added that the Sierra Fund has been working with some jewelers who prefer to do the environmental thing with gold, and this is marketable at a better price than the price of gold. So there is a place for the gold to go that gives as great a return that can be had for NID.

Director Drew asked the fundamental question as to whether or not gold was going to be taken out of the sediment.

Mr. King replied stating that if there was gold to be found, NID would do their best to achieve retrieving it. From looking at the reports, it is a very small amount. However, in essence the main goal is to regain water capacities in the system.

President Weber replied to Mr. Thomas's question by stating that there are certainly components of this that are applicable to other reservoirs. In terms of environmental work, each one is unique. It doesn't mean that that the whole comprehensive package might need to be done over again, but as it applies to each individual site, it would be necessary to do some environmental work. In her 18 years at NID, she has seen some inadequate environmental work at times, and the cost of being sued is horrendous. Good consultants are really important.

Mr. King stated that the understanding how to manage the methylated mercury at this time is far above what was done when we started. In essence, we can now put in EIR with some firm understanding of what we can and cannot do. Whereas, we are not starting from scratch. That is probably the most difficult part of this type of project is that issue on these reservoirs.

Approved a contract with Janelle Nolan & Associates in the amount of \$240,150 for consulting services for an Environmental Impact Report under the guidelines of the California Environmental Quality Act for the Greenhorn Creek Sediment Removal Project, and authorized the General Manager to execute the necessary documents. M/S/C Drew/Miller, unanimously approved.

FORMATION OF CONTROLLER POSITION

Mr. Davis stated that the formation of the Controller position has been examined by staff and management. The position has been proposed to bring an individual in without impacting headcount. The position would require a higher level of accounting with capabilities of functioning in the capacity of Controller and Assistance Finance Manager. This will be a hi-level position, and the individual would be able to drive projects, audits, things of this nature, and will assist with the new implementation of accounting packet coming in. It is requested that the Board to approve this position in addition to eliminating the existing Accounting Administrator position, which will enable the District to continue to make process changes in the finance department.

Director Wilcox clarified that currently the Accounting Administrator is Aha and her position would go away, while this new position would be created at a higher level.

Director Miller confirmed that this is a new position and that they will report to the Finance Manager.

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Director Wilcox clarified that he then understood that the new position of Controller would provide highly responsible and complex administrative support to the Finance Manager. He stated it is very wise to cultivate people within to move up within the organization and is very enthusiastic about this change.

Mr. Davis stated that he position would be advertised with the salary scale approved with the Board's budget, including the approved 3% increase effective January 1, 2017. The estimated salary increase for the new position in relation to the current position at the "top out" mark was estimated at 20%.

Discussion continued about the slight increase of salary for the new position being in conjunction with the higher qualifications needed for the position.

Approved the elimination of the Accounting Administrator position effective May 3, 2017, and approved the formation of the Controller position. M/S/C Miller/Wilcox, unanimously approved.

CENTENNIAL RESERVOIR PROJECT – Update

Doug Roderick, Senior Engineer, provided the board an update on current project status. The presentation gave an overview of work completed to date, what is currently being done, and upcoming work. He also discussed the schedule and project costs.

Work Completed:

- Water Rights Filing done 2 years ago
- Noticing finished a few months ago
- Received 15 protests / Have not received official word from the Water Board yet that will identify those, but expecting to it any day. Two of the 15 came in after the date of when they were due. They were from United Auburn and Ainsleigh, a private individual.
- LIDAR/Topo/Photos – done at the beginning and using a lot of that information as we move forward in our environmental work, such as bio-mass calculations, wetlands, etc. It is very useful information.
- Unimpaired Hydrology – is completed, and currently some various modeling with operations of the reservoir for the best feel of how it operates, what it will look like and draw downs, etc.
- CEQA –
 - Biological/Cultural Surveys – found quite a few cultural sites, surveying those and will be talking more about them in the future
 - Project Description and Project Alternatives
 - Traffic Study – Started some of the traffic counts and has increased some of the area for the traffic study additional intersections, and has more to do with the construction traffic routing and impacts on Hwy 49, Hwy 80 interchange with Weimar cross.
- NEPA/USACE – Have begun the process and had kick-off meeting with Army Core of Engineers (USACE) a few weeks ago, which went very well. Have another meeting scheduled for next week.
- Geotechnical Investigation

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- Phase I and II Reports - Mike Forest with AECOM previously presented to the Board
- Phase III Field Work – last was to get a permit to drill one down within the ordinary high water mark of the Bear River, and was completed before the rains with the aid of a helicopter
- Design Criteria Technical Memo (Draft) – Currently reviewing the draft memo, which contains a lot of information related to the design components, including foundation treatment, grout curtains, and many other details
- 3rd Party Potential for Active Faulting – AECOM recommended that NID use a 3rd party consultant to determine if there is potential for active faulting within the dam site location. AECOM's comments were that there is no active faulting within the dam location. We are in the Foothill Fault area and have the Weimar and the Wolf Creek faults, which are roughly within 2 and 6 kilometers of the site. The structure will be designed based on these faults. It was thought best to have a 3rd party review this just to confirm what they determine to be as no active faulting. We hired Leitus Consulting International (LCI), who is very well respected, including by the DSOD. The information from LCI will be given to DSOD, to help them when going to the design component of the project. This is currently in draft form and although Mr. Roderick has not seen the draft, it is his understanding that it is in agreement with AECOM that there is no evidence of active faulting within the project site.
- Preliminary Cost Estimate – as previously discussed with the Board
- Dog Bar Road Realignment Study – Looked at multiple locations for the replacement of the existing Dog Bar crossing
- Property Acquisition – has been ongoing throughout the process

Work in progress and schedule:

- Geotechnical Investigation
 - Phase III geotechnical engineering report by March 2017
 - Conceptual design by March 2017
 - Includes design criteria tech memo
 - PMF routing
 - Stability analysis
 - Concept design of dam and appurtenances
 - Construction cost estimating and schedule by March 2017
 - Conceptual Engineering Report
- NEPA
 - NOI expected in January 2017
 - Scoping meetings for NOI in February 2017 – requested meetings to be in this area and as close to the project as possible. Conversation ensued about these meetings, how they are formatted by the United States Army Corps of Engineers (USACE), and the public's ability to obtain information.
- CEQA:
 - Administrative Draft for internal review in April 2017
 - Surveys/recording of identified archeological sites (approximately 140 identified – many were mining sites) The number and types of historical

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- and prehistoric sites will be noted, but the location will not be available to the public.
- Wetlands delineation/Biomass calculations – The existing wetlands include a relatively small component (a little over 4 acres) in terms of the wetlands in various different forms that are mostly seasonal, but rather large (approximately 200 acres) in terms of other water, which is basically the river section.
 - Traffic Study
 - DEIR expected out for public review by July 2017

Director Miller inquired as to the time frames. Mr. Roderick clarified that much of that will be driven by the comments the amount of information that needs to be explored to be addressed in response to the comments. It is expected to be open-ended until such time as NID is prepared to present the final presentation to the Board, and is anticipated in 2018.

Director Wilcox added that he believed the period is statutory minimum to be 45 days, and the actual length of the comment period is at the discretion of the agency. It is questionable if extending the period is something that the Board will want to do this time. Extensions were already made for the noticing for the water rights and the notice of preparation.

Mr. Roderick added that it is important that we do receive the comments and that we address them accordingly and accurately.

President Weber inquired how and at what levels presentations would be shared with the community in some form of a public meeting. She believed that Geo Tech would be in a public meeting. She inquired as to how many public meetings have been planned for 2017 and what topics are scheduled.

Mr. Scherzinger replied that Geo Technical Phase III, which will summarize the geotechnical items, hydrology and the bridge. One presentation will be held up here and one in Placer County. He would like to present all three reports at each presentation to help minimize costs. The dates have not yet been set. However, this is done in the first quarter, then all of those will be done and as we begin to finalize our documents, we can do a presentation again in the 2nd quarter as we move forward. He would like to let the public see some of the internal documents, and to have time to ruminate on them as we have time to move forward on the draft documents. Otherwise, the public will have to try to digest a gigantic mass of material to digest all at once, and that is just not helpful to help them in making decisions. It would also not be helpful to inform the Board as we move forward.

Director Weber was in agreement that it would be a good idea to handle the presentations this way.

Mr. Roderick added that in terms of the noticing, he would imagine that it emails would be sent out to those on the list.

General overview of costs as of 12/9/2016:

- \$1,414,238.87 was spent in 2014

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- \$1,807,893.95 was spent in 2015
- \$3,805,632.15 was spent in 2016* - majority of work really ramped up \$7,027,764.97 Total as of 12/9/2016

Breakdown:

<u>Type of Work</u>	<u>Costs to Date (as of 12/9/2016)</u>
Staff time, overhead, equipment, misc.	\$ 401,749.59
Water Rights (filing fees are most of cost)	\$ 501,101.00
Consulting (including legal fees)	\$ 2,719,789.66
Property (including property taxes, 3 years)	\$ 3,405,124.72
TOTAL	\$ 7,027,764.97

Director Drew inquired as to the remaining parcels.

Mr. Roderick confirmed that we have purchased 23 parcels in the past three years. This is in a state of flux a little bit, and will be until we finalize the location of the dam and the size of the spillway and the pmf, and where that elevation rises. Of the 131 parcels that are impacted in one way or another, some of these are as small as they may just be on a property line. In terms of properties that have improvements, which can mean properties with any type of structure including a modular home on a foundation, barn, or home of any size, and in all types of condition. There are 37 that have been identified either within the inundation area or within the offset. Depending on when we can actually go out there and set the high water mark or delineation of where we need to go, then we can look to see if there are some options for those properties, whether the improvement can remain or be removed. There are 9 properties that are not within the inundation area, but the properties are situated such that NID will need to purchase a large portion of them. So we will need to make sure that they will be able to keep a well and a septic, and to remain whole to keep the property there. A lot of this is really going to come down to when the marks are set on the ground, and then we can go out and determine if we can make it work, with the idea of making the work as much as we can hope for.

Richard Thomas, member of the public asked for clarification that the overall number is 132, or if the 23 is part of the 132.

Mr. Roderick replied that based on current best estimates, there are actually 131 parcels to go, and 12 of those are federal or state properties. There are actually 119 that are private properties, with the majority of those being just a portion that NID would need to purchase of the property. The 23 are not included in the 131.

Mr. Scherzinger clarified those are primarily the ones primarily along the rim and the folks who would be benefiting from the project directly.

Overview of Consultants currently working on the project, as of 12/9/2016:

<u>Consultant</u>	<u>Costs to Date</u>	<u>Amount Encumbered</u>	<u>% Contract Left</u>
AECOM	\$ 1,472,818	\$1,981,318	25.6%
➤ Geotech and engineering work			
HDR	\$ 595,927	\$ 2,484,788	76.0%
➤ Environmental Consultant			
Quincy	\$ 125,455	\$ 189,850	33.9%

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- Initial realignment study and potential for bridge conceptual design

Director Miller confirmed that we are continuing with Quincy despite their weak first presentation. He added that their presentation was weak, not the quality.

Future Work:

- Geotechnical Investigation and Preliminary Design of Dog Bar Road Realignment – The road crossing and the road itself expect to do that this summer, in terms of the geotechnical investigation to make sure there is a good understanding where the bridge abutments and the towers will be located to make sure that it makes sense.
- Additional Subsurface Investigation at Dam Axis - It is important that once we get the conceptual design done and the Phase III report done as to look at all their potential locations that make sense to drill another hole or two in order to get a better understanding in some potential areas that maybe we don't have a good feel for. With a project like this, opening up the ground is the biggest liability that the District is going to have, and opening up and not knowing what is under the ground. He feels it is wise to look at some other potential areas to expand the investigation work, and to come back to the Board with those findings.
- Design of RCC Dam – The actual design of the facility itself will be driven in part by DSOD timeline. There has been discussion of the delivery methods of this project, and those need to be identified. It is expected to start at some point this coming year.
- Continued CEQA/NEPA Work – He was not given a date with regards to the NEPA's EIS draft document. It will be driven by the USACOE's schedule. ESA (introduced at previous Board meeting), was hired as a 3rd party consultant, and they are on board. They will be given as much information from the CEQA work as we can so that they can work with the USACOE to develop that document. They will work for the USCOE, but get paid by NID.

Director Miller inquired to the large folder on the Director's table and was informed by Mr. Scherzinger that it contained the protests against the water rights.

President Weber requested that the presentation be posted to the website.

Mr. Roderick stated that he would post it as requested.

President Weber also requested that meetings on this project be video-taped and archived as well.

Director Morebeck inquired if any of these projects can be compensated from grant funding.

Mr. Roderick stated that he did not believe so.

Mr. Scherzinger supported that statement by adding that the conditioning around Prop 1 is that in order to receive Prop 1 Chapter 8 Funds (the storage money) it has to be something that shows direct public benefit. It cannot be anything that the rate payers would benefit from, which immediately excludes it. In addition, those monies are not

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available yet. The CWC has yet to release its guidelines for us to make applications. The other item is that Kathy is going to have to adopt this project for the DWR for other Prop monies that may apply. We are still in the develop project phase.

Karen Hull, member of the public requested more information be available pertaining to current NID supply and demand. So what is the current state of supply and demand and what is the projected state of supply and demand both with and without the dam. She is sure we have that information, but feels it is not pulled out in a way that is easily seen relative to this project on the website. The website has very general information, and in her opinion doesn't really help a community member understand more of the detailed information about the project. To her, the supply and demand side is absolutely essential. Although NID does provide information, it is not clear to her and others. So she would request that this be a Board presentation possibly and certainly pulled out and put on the website as a separate segment affiliated with the dam. She also inquired as to why NID is spending all this money now. She understands that certain money has to be spent, such as the \$500,000 for water rights applications, and certain studies and internal resources going to analyze that and present that, but NID is buying land and has bridge costs, bridge study costs, traffic study costs, and a lot of this is with the assumption that the dam is going to be built. She thinks that as a rate payer and community member that this is kind of putting the cart before the horse. NID would need to ultimately spend that money if the dam is approved, but NID does not have the water rights. She also feels there is no clear strategy by NID on how this project is going to be funded. She understands how NID would be hoping for Prop 1 money, but as was mentioned earlier, Prop 1 money isn't delineated on who can have that money, how it is accessed, and it will undoubtedly be highly competitive. She would like to see more conversation about what costs are being incurred now versus what is the benefit of waiting until NID has a decision regarding water rights. In addition to the information that was just presented by Mr. Roderick, which she found very helpful, she would like to see projected costs for the project certainly for 2017 and 2018, so that there is a better sense of what the rate payers are going to be investing in this effort before we get the project under way. She thinks that NID is a great organization and has a lot of strengths. It is a true gem in this community. She is a small flower farmer and sells commercially to wholesalers and florists in the region, and she is reliant on NID water. She operates with a small margin as with many agricultural users in our region do. She feels the rates that NID charges its customers are foundational to the economic success of their operations. She doesn't ask solely as an interested community member, but also as a business owner who is reliant on this water and for it to be a rate that she can afford.

Mr. Scherzinger stated that globally all the studies that the District is engaged in currently, are required as part of the CEQA process. We cannot have the project description without saying where we are with the bridge, where we are with the dam. Property acquisition is something that the Board and he had spoke about. They do not feel that it is premature, given that they need to be able to provide a sufficient timeline for property owners to deal with a project of this size and scale. This is why NID has not engaged in any kind of eminent domain or any kind of conversation about taking. All NID has engaged in is willing seller, willing buyer. So if someone would like to sell their property, the District is more than happy to buy that property. As to how NID will use

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that property now or in the future, is something that the Board will have to address as it moves through this process. The important thing to remember up to this point is that the project has not been initiated yet, and this is all project proposal. We have to go through due diligence, and that is what we are doing as part of all these studies. It is well met. As for the project costs into the future, he will be happy to put that together and brought to the Board. It is not a problem. He will need to go back to staff and talk about how we find another way to communicate the need of the project to the public through our plan and documents. If we can come up with a more lay person friendly way to do that, he is happy to do so and put it on our website.

President Weber asked if these expenditures are coming out of Capital Budget and that the money is tax money.

Mr. Scherzinger clarified that the expenditures are coming out of the Capital Budget and not the rate payers' pocket, and that it is property tax money.

Director Miller added that next year the budget for this project is at \$3.5 million.

WATER STORAGE AND CONSERVATION – Update

Remleh Scherzinger, General Manager announced that the rains continued to demonstrate the need for our project. We are currently at 230,985 acre feet of storage that puts us in a normal hydraulic season. It will be very difficult to convince the Governor that his drought is active up here. We have received at the Bowman rain gauge is roughly 35 (almost 36) inches. Deer Creek is doing better than that. The Scotts Flat Power House is up and running, so we will have another full Scotts Flat. To date, the District is at roughly 20 percent which speaks to the community's commitment to conserve water.

Director Miller inquired if we were spilling at Combie from these storms and if we were quantifying these measurements.

Mr. Scherzinger stated that one of the interesting things for the community is that as we moved into November, we were not yet able to hold water in Rollins. We have to pass a lot of that water, because our water rights preclude us to storm water in Rollins until the 30th of November. The early October storms and early November storms we were required to pass, and we had to use other water rights to try to capture certain chunks of that.

Mr. Scherzinger reported that he recently attended the Association of California Water Agencies (ACWA) meeting in Anaheim and shared a couple of points that came out of that meeting. Prop 1 is moving forward. Centennial remains a lead horse in that race. There are actually only three projects, he would say, that are viable under Chapter 8. There are 20+ that actually applied. Centennial is clearly a front runner and because of the amount of water that is still available within the water shed, roughly about 264,000 acre feet are available for our project. Under the new MBK Model, our project really is the poster child for Prop 1, and it will be interesting to see how we can finesse the project into the regulations and try to capture some of those funds. The sites JPA, Glen Colusa, as well as Contra Costa are all working together collectively to make sure that

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our projects can move forward and work best in a regional situation on the Sacramento System.

There was an interesting presentation on electronics policies, and Board use of electronic media. He has asked staff to look into assigning Board Directors each NID email address and providing each Director with an iPad or tablet device for Directors to conduct District business. It became very apparent to him from this presentation was that certain other boards (not ours) that are using personal emails, are exposing themselves to PRA requests and penetration from the public. In an effort to try to capture that material and put into our retention policy so that we can retain those emails and provide them as necessary means that we need to have a separate collection device or bucket. He will be meeting with staff on December 15, 2016 to begin talking about what devices, and will then speak to the Board about which ones they are comfortable with and how to help that migration to happen.

The big news at ACWA was that the State Board has rolled out its draft conservation regulations, or the framework that was required by the Governor's executive order. It comes with a whole host of overreach on the part of the Governor, the State Water Board, DWR, Fish and Wildlife, and others. They range from leak detection and how we do leak detection, how we prioritize leak detection, and went all the way into the invasion of prescribing to the local entity capital activities it will do to stop leaks, and went all the way to the monitoring of private wells on the ag side, all of which clearly we are opposed to. We are in the process with Minasian and a number of the other Sierra Foothill water agencies to craft a letter along with ACWA's letter to send these to the state board. They are due on the December 19th, so we have been working crazily to form a coherent thought around these beliefs that the framework has within it. I will provide this to the Board as soon as we have it up and running. It is overreaching at unbelievable levels.

Mr. Scherzinger was proud to announce that we were victorious on the NID vs Bear Yuba Watershed. The District prevailed on all counts. The adequacy of the project description, the judge said their contest was without merit. On the drainage issue, the petitioners failed to argue the point and then on the groundwater wells, the petitioner showed no evidence to disprove the District's position, so it was rebuffed. So in end, the petitioner writ of mandate was denied in Superior Court.

Mr. Scherzinger was pleased to attend the Lincoln City Council Meeting yesterday, where they swore in their new members. In that meeting they agreed to our tax sharing agreement. Now one of our two tax sharing agreements is done. NID will now annex the 430 acres within Village 1 and complete our section of the City of Lincoln, and NID will continue to move with the Board Supervisors of Placer County and hopefully be able to get that done shortly.

Many in the room, and certainly the Board, may have received a copy of the donation request letter from SYRCL. It comes with a host of inaccuracies within it. He wanted to let you know that staff is working on trying to connect with SYRCL so that we can re-educate them and let them know that this type of fear mongering, cash donation generation is beneath them and can potentially damage our relationship. He really wants to fix that.

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The Rollins property, under the direction of the Board, was acquired below the offer price. It was listed at over \$120,000, and we got it for \$99,000.

He was sorry to inform the Board that the Mernatha Place DFWLE has collapsed. They were unable to put forward the 14 necessary properties. They got 12 properties, and were unable to get the full batch. Those funds will now fold in to our stabilization fund and be available to the Rock Creek Project, which is coming in January. It will probably cause the Alderwood DFWLE, the project just below it, to move forward. So we will probably have two projects running in Director Weber's District.

President Weber stated that she would like to have some input before those get started on both of those projects.

On the engineering side, the one big project that the Board hasn't been updated on and that is underway is the Bear River Syphon Replacement. The contract is currently out to bid. He believes that we have 9 prequalified. The job walk was postponed due to weather. We are expecting a decent contract given the large pool to draw from, and expecting that in the near future.

BOARD OF DIRECTORS' ITEMS / REPORTS:

President Weber reported that she attended the CABY Coordinating Committee and Planning Committee meeting last week in Auburn, and good progress was made. There was actually time left over because they have now worked out with the JPA of governance structure. The JPA is contributing money to help devise the CABY plan. People are happy to be moving on to educational practices and not just financial. CABY survival is very important for us, as it is what DWR requires as our commitment to regional planning.

Director Drew presented video captured on Saturday, December 11, 2016, showing overflow from canal that the drainage could not handle at Orchard Springs. Video showed raised water on both sides of the beach, water coming through the parking lot, overflow channel overflowing (which he had never seen before), and spilling of Rollins.

REORGANIZATION OF THE BOARD

Motion was made by Director Miller to nominate Director Wilcox for President of the Nevada Irrigation District Board of Directors. The motion was seconded by Director Drew. Motion was made by Director Miller to nominate Director Morebeck for Vice-President of the Nevada Irrigation District. The motion was seconded by Director Drew. Hearing no other nominations, the vote was unanimous to elect Director Wilcox as President and Director Morebeck as Vice-President.

Director Wilcox moved to appointed Kris Stepanian as Secretary to the Board for 2017. M/S/C Wilcox/Miller, unanimously approved.

President Weber called for a 20 minute break to enjoy cake for retirees.

WORKSHOP: AB 1234 ETHICS TRAINING

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Andrew McClure, District Counsel, provided a workshop on ethics training as required by Assembly Bill 1234. All Directors were in attendance and the following Staff members were present: Remleh Scherzinger, General Manager; Kris Stepanian, Board Secretary; Gary King, Engineering Manager; Chip Close, Operations Manager; Brian Powell, Maintenance Manager; Keane Sommers, Hydroelectric Manager; Jana Kolakowski, Human Resources Manager; and Monica Reyes, Interim Recreation Manager.

MEETING ADJOURNED at 2:17 p.m. to reconvene in regular session on January 11, 2017, 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
