

NEVADA IRRIGATION DISTRICT
BOARD OF DIRECTORS / JOINT POWERS AUTHORITY

MINUTES

June 8, 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 8th day of June 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; Chip Close, Operations Manager; Brian Powell, Maintenance Manager; Keane Sommers, Hydroelectric Manager; Gary King, Engineering Manager; Jana Kolakowski, Human Resources Manager; Anthony Soares, District Counsel; and Lisa Francis Tassone, Board Secretary.

PUBLIC COMMENT – Coulter

Matthew Coulter expressed concern about a clean-up project occurring behind the Raley's shopping center. The City of Grass Valley is moving a large amount of dirt impacting Little Wolf Creek and Wolf Creek. When he spoke with the City, he was told that Wolf Creek is not part of the District's water conveyance system and that the District has no jurisdiction in this area. He asked if this is true.

Mr. Scherzinger stated that the property the City is working on is private property, and the District has no regulatory jurisdiction in this area. The City does have regulatory jurisdiction in this area. He encouraged Mr. Coulter to contact the Regional Water Quality Control Board or the State Water Resources Control Board because a Streambed Alteration Permit (1602) should be on file.

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MINUTES – May 25, 2016 Regular Meeting

Approved the minutes of the regular meeting on May 25, 2016, as submitted. M/S/C Drew/Wilcox, unanimously approved

WARRANTS

Approved the following warrants: All Fund Nos. 74534 through 74755, inclusive; Payroll Direct Deposit and Warrant Nos. 80323 through 80336, and V 10250 through 10427, inclusive; and Wire Transfer/ACH Payment Nos. 900340 through 900377, inclusive. M/S/C Drew/Wilcox, unanimously approved

MONTHLY INVESTMENT TRANSACTION REPORT – April

Received and filed Monthly Investment Transaction Report for April 2016. M/S/C Drew/Wilcox, unanimously approved

ASSESSMENTS – DELINQUENT ACCOUNTS (Res. 2016-20 & Res. 2016-21)

Adopted Resolution No. 2016-20 (Placing Delinquent Accounts on District's Assessment Roll for Collection – County of Nevada) and Resolution No. 2016-21 (Placing Delinquent Accounts on District's Assessment Roll for Collection – County of Placer). M/S/C Drew/Wilcox, unanimously approved

ELECTIONS (Res. 2016-22 and Res. 2016-23)

Adopted Resolution No. 2016-22 (Calling General District Election, and Requesting the Board of Supervisors Consolidate with Any Other Election Called on Said Date and Requesting Election Services by the County Clerk – County of Nevada). M/S/C Drew/Wilcox, unanimously approved

Adopted Resolution No. 2016-23 (Calling General District Election, and Requesting the Board of Supervisors Consolidate with Other Election Called on Said Date and Requesting Election Services by the County Clerk – County of Placer). M/S/C Drew/Wilcox, unanimously approved

SHALE RIDGE TANKS PHASE II PIPELINE PROJECT – Change Order and Budget Amendment

Authorized construction of Phase II of the Shale Ridge Tanks Pipeline Project, approved a change order in the amount of \$572,684 to Hansen Bros. Enterprises, approved a budget amendment in the amount of \$600,000, and authorized the General Manager to execute the necessary documents. M/S/C Drew/Wilcox, unanimously approved

EMPLOYEE RELATIONS – New Employee Introduction, Jackson

Eric Fassler, Water Distribution Supervisor, introduced Robert Jackson, Water Distribution Operator. Mr. Jackson is a graduate of Nevada Union High School, and has a Bachelor's Degree from Liberty University in Virginia. He worked for the

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University for 14 years before moving back to this area. He is married with two children and the family resides in the Chicago Park area.

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

EMPLOYEE RELATIONS – Lockwood, Retirement Presentation (Res. 2016-17)

Monica Reyes, Customer Account Administrator, recognized Larry Lockwood on his retirement and 22 years of service. Mr. Lockwood’s career spans a total of 38 years in the water and wastewater industry. Mr. Lockwood joined the District in 1994 as a Utility Worker in the Placer Yard. He was promoted to the Meter Reader position two years later. Mr. Lockwood has been her “go-to” employee. He has always supported Ms. Reyes 100 percent. This is the sign of a loyal and dedicated employee. Throughout the years Mr. Lockwood has worked hard to make sure the Customer Service Department has been well respected. His years of knowledge have allowed him to play an important role throughout the District and with the District’s customers. He has touched every meter and probably more than once.

Mr. Lockwood’s future plans include moving to Georgia with his wife Donna to be closer with family and to focus on being grandparents. Ms. Reyes stated that he has appreciated and will wholeheartedly miss Mr. Lockwood’s commitment and dedication not only to the District but to her, his Supervisor and friend.

Mr. Lockwood thanked Ms. Reyes for the kind words. She has been the type of Supervisor that makes one want to do their job properly. He never wanted to let her down. He thanked the Board and Staff for the opportunity to work at the District the past 22 years. The decision to retire was a difficult one to make. He stated that the position of Meter Reader goes far beyond just reading meters. A huge part of the job is interacting with the customers.

The Board applauded Mr. Lockwood for his 22 years of service. President Weber presented Mr. Lockwood with a Certificate of Appreciation (Res. No. 2016-17).

EMPLOYEE RELATIONS – Service Awards

The following Employees were recognized for their length of service with the District and were congratulated by their Department Manager or Supervisor prior to being presented with recognition awards:

<u>Employee</u>	<u>Title</u>	<u>Hire Date</u>
<u>25 Years</u> Robert MacDonald	Maintenance Supt. – Raw Water	05/20/1991
<u>20 Years</u> Monica Reyes	Customer Account Administrator	06/17/1996
<u>15 Years</u> Aha Howard	Accounting Administrator	01/29/2001

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Robert Jordan	Utility Worker II	01/29/2001
Barry Scicluna	Engineering Technician II	04/23/2001

10 Years

Philip Goguen	Electrical Systems Superintendent	01/03/2006
Kenneth Bartsch	Equipment Operator	02/13/2006
John Foppiano	Water Distribution Operator II	02/27/2006
Nathan Allen	Operations Technician II	06/12/2006
Pamela Robinson	Management Assistant	06/26/2006

HEMPHILL DIVERSION STRUCTURE ALTERNATIVES ANALYSIS

Rem Scherzinger, General Manager, stated that the Analysis by Kleinschmidt has been included in the Director's agenda packet. It has taken some time to get to this place where a solution could be found for the Hemphill Diversion that will be reasonable for both operations and fish passage. The process has culminated in an agreement with the Placer County Senior District Attorney's office that the District would complete a study and provide the Board's direction to Placer County by the end of June. The Hemphill Canal delivers approximately 320+ Miner Inches, and there are a little more than 10 customers on this Canal. The recommendation is for the Board to recommend that Staff move forward on Alternatives 4 and 5 (river bank filtration and a Ranney Collection system). Staff would evaluate the south side of the facility to ensure that it has the appropriate area to support an off-stream diversion facility, so that then the District can pursue the Hemphill Structure for full abandonment or partial abandonment.

Director Wilcox stated that there is a huge cost difference between Alternatives 4 and 5. He asked why the District would be entertaining Alternative 5 at this time, if the same diversion rates could be achieved using Alternative 4.

Mr. Scherzinger stated that the reason Staff is pursuing Alternative 5 is that the Engineering Committee recommended Alternatives 4 and 5. Staff did not push one Alternative over the other because the preliminary studies for both are essentially the same. If Alternative 4 is unsuccessful, Staff will default to Alternative 5.

Ron Otto, Ophir Property Owners Association and Auburn Ravine Preservation Committee, encouraged the Board to move forward with Staff's recommendation on Alternatives 4 and 5. He was favorably impressed with the thoughtful, creative approach that was used with this Project.

Robert Hane, Save Auburn Ravine Salmon and Steelhead (SARSAS) Board Member, stated that SARSAS is very appreciative to the District for starting this process. He thinks there will be a huge increase in fish capacity and rearing area.

Jennifer Biaz (sp?), Placer County Planning Department, presented a letter from Paul Thompson, Acting Director of the Community Development Resource Agency, encouraging the District to continue supporting habitat and water quality improvements in the Auburn Ravine watershed, and to continue the partnership between the District and County.

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Steve Hubbard, Friends of Auburn Ravine, stated that he wholeheartedly supports this Project and he thinks it is a big step in the right direction. The Alternatives Analysis was very thorough. A few years ago, there was one mile of spawning habitat on the Ravine. In 2012, the District installed a fish passage project in Lincoln which added two more miles of spawning habitat. This Project will add six more miles.

Recommended using Alternatives 4 and 5 from the Hemphill Diversion Structure Alternatives Analysis. M/S/C Wilcox/Drew, unanimously approved

Meeting recessed at 9:50 a.m. and reconvened at 10:00 a.m.

ROCK CREEK SIPHON PROJECT – Easement Acquisition (Res. No. 2016-24)

Matthew Crowe, Sr. Right-of-Way Agent, stated that he is presenting information on the proposed easement acquisition of Placer County Assessor's Parcel No. 052-030-046 which is needed for the Rock Creek Siphon Project.

Resolution of Necessity (RoN) Findings:

- 1) Public interest and necessity require construction of the project.
- 2) The project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.
- 3) The property interests sought to be acquired are necessary for the project.
- 4) The required written offer was made to owner for easement.

Adrian Schneider, Senior Engineer, provided information and photographs of the proposed Project:

Scope and Purpose:

- Raw water pipeline from NID's Combie – Ophir II Canal to PG&E's Rock Creek Reservoir
- 3,532 lineal feet of 36-inch diameter pipe
- New easements were needed across eight parcels, involving five owners
- Alternate raw water supply to Rock Creek Reservoir
- Maintains water source to NID's North Auburn Treatment Plant = 2,800+ treated water services
- Alternate supplemental raw water to PCWA customers

Project Activity Timeline:

- April 2011 – Bear River Canal failure
- July 2012 – NID route analysis and PCWA review
- February 2014 – Water Grant awarded in the amount of \$2,208,671
- May 2014 – District approves California Environmental Quality Act (CEQA) document
- October 2014 – NID and PG&E met to introduce Project
- March 2015 – Notice of Award to contractor

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- November 2015 – Notice to Proceed with construction

Director Miller asked how many times the Bear River Canal has failed.

Mr. Schneider stated that he believes the Canal has failed twice.

Rem Scherzinger, General Manager, asked how much of the Project is completed at this time.

Mr. Schneider stated that 30 percent of the Project is completed.

Director Wilcox asked if this statement would be true: With this Project, PG&E has also a higher degree of redundancy and certainty to protect them from Bear River Canal outages.

Mr. Scherzinger responded affirmatively.

Mr. Crowe provided the following information:

Easement Area:

- Parcel 052-030-046 = approximately 190 acres
- Easement area is 7,708 square feet; 30 feet wide and 242 feet long

Acquisition Activities:

- December 16, 2014 – Appraisal site inspection
- March 17, 2015 – First written offer sent to PG&E
- April 2015 to May 2016 – NID and PG&E discussions on easement terms and process
- April 21, 2016 – Notice of Intent sent to PG&E
- May 24, 2016 – Supplemental Notice of Resolution of Necessity hearing schedule sent to PG&E

Acquisition – Current Status:

- PG&E has not opposed Project
- PG&E needs approval of California Public Utility Commission (CPUC) and the Federal Energy Regulation Commission (FERC) to grant easements
- PG&E proposed using a pre-approved standard “easement”
- PG&E standard “easement” wording not acceptable for NID purposes
- CPUC review has not started; will take up to 18 months
- NID has modified plans to accommodate PG&E requests for design changes
- NID will address PG&E’s operations concerns

Discussion ensued about the grant funding. Director Miller asked if the District might lose the grant funding if the easement acquisition is stalled.

Mr. Crowe is of the understanding that the expiration of the grant award is several years out.

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Gary King, Engineering Manager, stated that the District received a grant in 2015 for this Project. After the Bear River Canal failure, the District, Placer County Water Agency and PG&E met to discuss alternatives to protect each agency in the event of a failure. He believes that if the District is working in good faith, the grant funds will be available.

Mr. Scherzinger pointed out that the District is traveling on two tracks. The District is still in negotiations with PG&E and should PG&E be willing to come to the table and negotiate the easement, the process will continue. If PG&E is not willing to negotiate, then the District will enter the second track.

Director Morebeck asked about the time period for the eminent domain process.

Anthony Soares, District Counsel, explained that adopting the Resolution of Necessity is a prerequisite to filing condemnation with the court within 30 days. The process at this point can take up to a year. There is a procedure for discovery, a procedure for expert analysis, appraisals, depositions of appraisers, etc. There is also the possibility that the matter could be resolved while in litigation. The timeline would be a matter of when the parties can be comfortable with a resolution.

Mr. Scherzinger asked when the District would take possession of the property.

Mr. Soares stated that there is a procedure whereby the District could obtain possession prior to judgment. There are findings that the court would have to make that would have to do with the necessity and urgency. This could happen as quickly as 70 days after the filing of the action. The purchase price would be deposited and then a motion could be filed. If PG&E chose to oppose the motion, the court would ultimately find if the conditions are met. Early possession would be granted and then the matter would move forward focusing strictly on the monetary issues.

President Weber opened the public hearing.

Christopher Gonzalez, outside Counsel for PG&E, stated that PG&E has a long history of working with the District, and intends to continue doing so. PG&E's concerns are from the operational side. He understands that there has only been one failure of the Bear River Canal.

Mr. Schneider stated that there have been two.

Mr. Gonzalez is here to lodge PG&E's objections to the Resolution of Necessity because it is premature for the Board to adopt the Resolution at this time. In discussing the easement documents that are going back and forth, it is his understanding that PG&E's latest proposed draft of that easement to the District removed what PG&E thought was the District's remaining concerns.

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Director Drew asked Mr. Gonzalez if PG&E is ready to move forward.

Mr. Gonzalez stated that if the language can be worked out about the easement, then PG&E could be ready to move forward. However, the easement language does not cover operational concerns.

Mr. Gonzalez stated that Placer County Water Agency will be a beneficiary of this Project. PG&E is under contract with Placer County Water Agency to supply them water from Rock Creek Reservoir. PG&E feels that Placer County Water Agency should be included and involved in discussions about the easement.

In 1995, PG&E conveyed a large section of the Fiddler Green Canal to Placer County Water Agency. The District objected to Placer County Water Agency's acquisition of about a mile long stretch that goes around the Reservoir. Mr. Gonzalez has been informed that PG&E believes that whatever the District's concerns are with Placer County Water Agency taking ownership of that section of the Fiddler Green Canal may no longer be relevant. PG&E would like to convey this section to the Placer County Water Agency because it would be logical to do so.

Mr. Gonzalez stated that the Rock Creek Reservoir is part of PG&E's Project 2310 regulated by FERC. PG&E is obligated under the Federal Power Act to zealously guard and protect any property rights it has for its Project. To PG&E's knowledge, the District has not made any inquiry with FERC to confirm that its acquisition of the easement is something FERC would approve. Until PG&E has that assurance, it is obligated to oppose the condemnation.

In summary, the Resolution of Necessity is deficient.

Mr. Gonzalez stated that there has been a long history of cooperation between PG&E and the District. He fully believes that this matter can be taken care of by negotiation and he would like time to do so.

President Weber stated that one of the problems in dealing with PG&E is that there is no continuity because Staff cannot work with the same person. Sometimes information has not been conveyed. It is important that there is continuity. She asked that this information be conveyed to PG&E.

Mr. Gonzalez responded affirmatively. He believes that Dave Ward and Willie Whittlesley have been the contacts on this Project for the past year or two.

Mr. Gonzalez asked if there is a reason why the District could not route the pipe around Rock Creek Reservoir and connect the pipe to the Fiddler Green Canal. He is not looking for an answer at this time, but would like the District to consider this alternative.

Director Drew asked if this alternative would cross into the FERC boundary.

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Mr. Gonzalez stated that the pipe could be routed around PG&E's property entirely. However, there would be other private parcels that the District would need to obtain easements from.

President Weber asked Mr. Gonzalez to address the involvement of this parcel and the Land Stewardship Council (PG&E's bankruptcy requirement).

Mr. Gonzalez stated that he believes this parcel is part of the Land Stewardship Council.

Mr. Scherzinger confirmed that this parcel is part of the Land Stewardship Council.

President Weber asked if that would be an issue for PG&E.

Mr. Gonzalez stated that the parcel would be subject to conservation easement requirements and this process is ongoing with a number of parcels in this area.

Director Drew stated that there are three major agencies involved in this matter (the District, Placer County Water Agency and PG&E). This is super critical infrastructure serving thousands of people, and what is being discussed is a piece of property that is less than 1/6 of one acre.

Director Wilcox asked if Mr. Gonzalez' primary concern is that the Resolution of Necessity is premature.

Mr. Gonzalez stated that this is correct.

President Weber closed the public hearing.

Director Wilcox stated that this matter is not premature. He feels that the District needs to move forward on all potential tracks. The Board should adopt the Resolution of Necessity because by doing so, the District will leverage the other track.

Mr. Crowe clarified that the Resolution of Necessity will allow the District to file a complaint with the courts and negotiate in that venue. This would eliminate some of the procedural timing issues related to the CPUC and FERC approvals. He feels the District is interested in accommodating concerns related to CPUC and FERC conditions.

Mr. Soares noted that the District has been relatively successful in achieving resolution through negotiations on these types of issues.

Adopted Resolution No. 2016-24 (Declaring Necessity and Authorizing Eminent Domain Proceedings for the Acquisition of Real Property for a Public Project Known as the Rock Creek Siphon Project on Placer County Assessor's Parcel No.

052-030-046, owned by Pacific Gas & Electric Company, a California Corporation). M/S/C Wilcox/Miller, unanimously approved

WATER SERVICE RULES AND REGULATIONS – Term Payments (Section 6.12)

Shannon Matteoni, Business Services Technician, stated that she is presenting proposed changes to the Term Payment policy and related agreement. Currently, the District allows new customers to finance up to \$7,000 of the connection, installation, and capacity fees for a term of five years. With the development of the District's Reimbursement Policy and Backbone Extension Program, there are more new customers that are realizing increased costs. The Term Payment policy has not been reviewed since 2009, so Staff felt it would be appropriate to modify the amount from \$7,000 to \$20,000 and the term from five years to ten years. She pointed out that the District Financed Waterline Extension Program allows customers to finance more than \$20,000. Ms. Matteoni stated that other modifications to the policy included updating language for clarity, and any reference to property has been changed to the word parcel.

Ms. Matteoni pointed out that since this matter was discussed with the Engineering Committee, Staff has learned that capacity fees can be financed under the Term Payment policy.

Over the last six years, the number of term payment agreements has been low. This may increase if customers will have a District reimbursement component of their connection and/or they are connecting to a Backbone Extension Program project. Also, there are more than 1,600 active standby accounts. These customers may want to change the method in which they receive water.

Director Miller applauded and thanked Staff for their efforts on this policy and agreement. The Board has endeavored to extend water services to individuals in the District.

President Weber stated that is the Board's responsibility to taxpayers to provide water service. This is a big step. She thanked Staff for their efforts on this matter.

Approved changes to Section 6.12 of the Water Service Rules and Regulations regarding Term Payments. M/S/C Wilcox/Miller, unanimously approved

WATER STORAGE AND CONSERVATION – Update

Rem Scherzinger, General Manager, reported that the District has 260,300 acre feet in storage, which is 117 percent of average and 98 percent of capacity. Precipitation at Bowman Lake is 79.40 inches which is 117 percent of average.

RED DOG ROAD – Update

Rem Scherzinger, General Manager, reported that pipe is being installed in Red Dog Road and the Project is progressing nicely.

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NEWTOWN CANAL REALIGNMENT PROJECT – Update

Rem Scherzinger, General Manager, reported that construction should commence in July 2016 for the Newtown Realignment Project.

CASCADE SHORES PROJECT (PHASE 5) – Update

Rem Scherzinger, General Manager, reported that work is now being done on Phase 5 of the Cascade Shores Project.

NEVADA CITY HIGHWAY PROJECT – Update

Rem Scherzinger, General Manager, reported that because the bids were so high, Staff decided to do the work in-house. Work is being done during night time hours so as not to affect traffic during the day.

RAW WATER MASTER PLAN – Notice of Preparation

Rem Scherzinger, General Manager, reported that comments are due by 5:00 p.m. this evening for the Notice of Preparation of the Raw Water Master Plan.

SIERRA NEVADA CONSERVANCY – Award of Grant

Rem Scherzinger, General Manager, reported that he and Neysa King, Watershed Planner, attended Sierra Nevada Conservancy's Board meeting in Susanville. The District was awarded a grant in the amount of \$250,000 for the Scotts Flat Fire Fuels Reduction project which will occur on the south side of the Reservoir and move up to Cascade Shores.

CENTENNIAL RESERVOIR PROJECT – Presentations

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

- Auburn Chamber of Commerce
- Placer County Farm Bureau
- South Yuba River Citizens League

SAVE AUBURN RAVINE SALMON AND STEELHEAD (SARSAS) – Meeting

Director Miller reported that he met with representatives of SARSAS to discuss his concern about the expense of installing pumps at the Hemphill Diversion facility.

PLACER COUNTY FARM BUREAU – Meeting

Director Morebeck reported that he attended the Placer County Farm Bureau meeting and felt that Rem Scherzinger's presentation on the Centennial Reservoir Project was well received.

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SOUTH YUBA RIVER CITIZENS LEAGUE (SYRCL) – Meeting

Director Wilcox reported that he attended the SYRCL meeting with Rem Scherzinger, and they provided SYRCL with a presentation on the Centennial Reservoir Project.

FRIENDS OF BANNER MOUNTAIN – Meeting

President Weber reported that she spoke at the Friends of Banner Mountain annual meeting on May 28. This group was formerly known as the Banner Mountain Homeowners Association. The property owners are interested in the pipeline that is being installed on Red Dog Road to Cascade Shores. They had questions about costs, and they would like to have an emergency access plan in place since construction is occurring during the fire season.

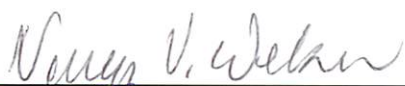

MADRONE FOREST DISTRICT FINANCED WATERLINE EXTENSION – Meeting

President Weber reported that she attended a meeting for the Madrone Forest District Financed Waterline Extension project. There is a great deal of interest in the Project, and Staff did a nice job answering questions.

MEETING ADJOURNED at 11:09 a.m. to reconvene in regular session on June 22, 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
Absent _____	Division III

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A stylized handwritten signature in black ink, consisting of a large, sweeping loop at the top and a horizontal line extending to the right.

Division IV

A handwritten signature in black ink that reads "Nick Wilcox" in a cursive style.

Division V