

*“NID will not fold up nor will people refuse to come to this beautiful mountain area because of the cost of water.”*

MANAGER FORREST VARNEY, 1949

## CHAPTER 9

# Tough Financial Times: 1940s and 1950s



**The continued expansion of the District's infrastructure**, including hundreds of miles of ditches and canals and the construction of the Combie and Scotts Flat dams, put NID in a fine position to provide a reliable source of water for decades to come. As the 1940s ended, NID had 2,870 customers and 88 full-time employees. Dozens more employees were being hired each winter for manual cleaning of the canals. However, the work to establish a new irrigation district was costly. Infrastructure was expensive: the construction, "betterments," equipment and property purchases from January 1, 1935, to January 1, 1946, showed a net expenditure from General Fund of \$631,285.50.

A tree crashed into the Cascade Canal in 1952, leading to costly repairs.

What Directors didn't know at the time, which was to compound the challenges, was a turnover in management that would befall the District with four general managers dealing with the financially difficult years of 1947-1956.

Manager Varney had high hopes for the growth of NID, and worked hard to facilitate communication and cooperation between the District and its customers, while trying to improve the District's financial situation. It was a difficult balancing act. For example, the search for sources of revenue for the District aroused public indignation when assessment rates were raised, eliciting Varney to

## Minasian law firm hired to help with water law

In the early 1950s, the District began a relationship with the law firm of Minasian and Minasian, located in Oroville, California. Specializing in water law, the firm was engaged to assist the District in perfecting the water rights and acquiring other state and federal permits necessary to allow the District to develop its Yuba-Bear Project. In addition to work required to acquire a 50-year federal license, the firm also negotiated the requisite power purchase and water supply agreements with PG&E, oversaw the work of financial specialists, negotiated engineering and other consultation agreements for construction, and acquired the necessary lands and rights of way to build and operate the project.

The firm has expanded since the early 1950s but continues to serve as the District's legal counsel. The work of the firm, now Minasian, Meith, Soares, Sexton & Cooper, LLP, has expanded its general counsel services to fulfill the legal needs of the District and the community it serves. Today, the firm provides the full range of legal services necessary for the District, including District governance, contracting, administrative law, labor law, construction law, environmental and natural resource law, occasional litigation and eminent domain law, along with assisting it to comply with the wide range of state, federal and local laws governing the operations of the District and its systems. More recently, the firm was engaged in the legal work necessary for the renewal of the required federal and state authorizations, associated land acquisition and power sales agreement necessary to continue to operate the Yuba Bear Project under a proposed second-generation federal license.

remark in 1949: "NID will not fold up nor will people refuse to come to this beautiful mountain area because of the cost of water."

By October, 1949, NID had \$25,166.44 in the bank, which was not nearly enough to pay one month's expenses. The District continued to have

trouble paying its bills, and publicly appealed to customers to pay their water bills so it would not have to borrow money to cover its operating costs.

As part of this outreach, the District planned and hosted a public tour of mountain water systems so members of the community could see firsthand the geography and some of the difficulties in operating and managing Upper Division water systems. Varney and the Board of Directors sent out the plea for financial assistance along with an invitation to customers to be part of an auto caravan to the mountains on October 22, 1949.

"The tour was planned," the invitation read, "with a view to acquainting you with the problem involved in transporting water from the watershed through the power plants to the irrigated areas and the residential portions of the district."

Varney clearly was frustrated. In a 1950 letter he noted, "The District finds itself in an embarrassing financial condition. Because of an accumulated indebtedness over a series of years and in order to provide increased revenue to eliminate this indebtedness and to meet its ever-increasing costs, it is endeavoring to find and stop the many 'leaks' which exist in the distribution system.

"It is natural that anyone who sees water running past his place would believe that he has a right to divert it to his use. Running water looks as 'free as the air we breathe,' but in this state water is used according to established water rights either on a riparian or appropriate basis. Within the District there are many who enjoy the free use of water under ancient appropriations or other rights.

"It is not the intention of the District to interfere with the use of water under established rights. The District assumes that each individual must establish proof of his right to use water from any streams within the District, or which is fed by District water. Where no actual right exists it is only fair that the District should obtain payment for water which it brings in the District through an elaborate and costly system."



As political pressure mounted, the Manager cautioned ditch tenders against entering into arguments with consumers and advised District employees to refrain from any politics concerning NID business. Even a sign at the customer service counter in the main office read, "We only work here, we do not make the rules."

Distrust between the Directors and from the public increased, adding to the worry about finances. Finally, on August 4, 1950, the Board meeting minutes noted, "At a meeting adjourned to the Memorial Building due to a large crowd which became a stormy session, Mr. Varney is asked to turn in his resignation effective September 1, by a vote of 3 to 2."

There was no official appointment of a new Manager until October 26, 1951, when NID's Chief Engineer Charles T. Law accepted the position at \$750 per month. As the District's hydrographer originally hired in September of 1928, he was well aware of operations and challenges. Law was named "Agent of the Board, to act as a sort of manager on a temporary basis." By April 1952, he was replaced by August E. Kuiper, a civil engineer hired by the District in November

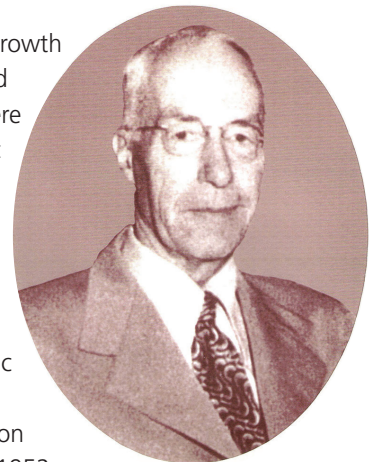
1951. Law was retained as a consulting engineer, but resigned in May 1952 due to poor health.

Even as NID was experiencing growing pains, the service to customers continued. By 1953 the District had 3,361 customers -- 2,314 domestic and business, and 1,047 raw water. Two years later, in 1955, NID was serving 3,852 customers.

### "NID - Not Intended to Drink" - evolves

Into the 1950s, as population growth continued in Nevada, Placer and Yuba counties, more people were using ditch water as a domestic source, and there was a rising demand for chlorination. NID's first water treatment method was the injection of chlorine into some ditches. The District's first discussions with state public health officials on the growing need for disinfection, chlorination and filtration were recorded in 1952 as domestic use of ditch water continued. Kuiper worked with the State Board of Health to get

Charles Law



a water chlorination program established. NID water had always been “NID -- Not Intended to Drink, but the transition into the drinking water business (Now Intended to Drink) was beginning. It wouldn’t be until 1957 when the District installed its first chlorinator, but an important foundation was established early in the decade.

Meanwhile, the District’s internal strife continued. In January 1954 the Board abruptly dismissed Manager Kuiper with a 4 to 1 vote. The official reason was Directors wanted a manager who was also a licensed civil engineer to avoid the expense of two separate salaried positions.

However, it seemed the decision had been the outcome of turmoil and distrust within the District. It was proving difficult to find a manager under these circumstances. After Kuiper was unseated, a few offers were declined before NID Draftsman Edward C. Wells was declared the manager pro tem on May 28, 1954. The turnstile continued, and by November Wells asked to be relieved of his duties. T.D. Sawyer, a District engineer who was originally hired June of 1952 to help with heavy snow damage to District facilities in the mountains, took the helm

pro tem on March 15, 1955, at a salary of \$700 per month.

### 1956 Founders Day draws a crowd

On September 16, 1956, NID hosted a Founders Day Picnic at Scotts Flat Dam to celebrate the District’s formation 35 years earlier. It was a large community event that featured NID pioneers, water industry leaders and political representatives. By this time, NID was valued at more than \$25 million and had \$6.55 million in outstanding bonds. At 268,500 acres, it was judged to be the second-largest irrigation district in California, but ranked 16th in development of its water resources.

NID promoted its Founders Day Picnic far and wide. Doyle Thomas headed the District’s public relations outreach and prepared an assortment of printed materials. Advance notices of the event appeared in the Grass Valley Union, Auburn Journal, Tri-County News, Sacramento Union, Sacramento Bee and other publications.

“Founders Day is in honor of the determined men and women who against great odds succeeded in founding the irrigation district without

Bowman Lake



## The “Mad Russian” of Texas Creek



One of the most colorful characters of the time was the “Mad Russian” of Texas Creek, Walter Proscurin. The solitary but likeable emigrant loved his vodka and garlic, talked to the animals and even kept a pet skunk during 13 years as a ditch tender at the isolated mountain station along Texas Creek, four miles southwest of Bowman Reservoir.

“He ate garlic like we eat bread,” said Frank Plautz, who was NID’s Bowman lake tender for 22 years. “He was serious. He wasn’t much for joking. But he was a good-hearted guy. He always wanted to do something for you.”

The stout, blond-haired Russian, who stood about 5 feet 10 inches and weighed 220 pounds, was responsible for keeping the water flowing through several miles of canals and old wooden flumes from Windy Point to the Clear Creek Tunnel.

Walter gained his nickname of the Mad Russian because of the way he would wave a rifle and chase hunters out of the Texas Creek area.

A loner and naturalized U.S. citizen, Walter lived alone in a stone and wood cabin on the bank of the Bowman-Spaulding Canal near its crossing at Texas Creek. Motorists traveling on Highway 20 in the 1950s and early 1960s could look far to the north and see a distant flicker of light from Walter’s cabin. The light could be seen from the turnout on the highway just before the Washington turnoff. He used a gas-powered generator to light his cabin and power his television set. The cabin was equipped with a telephone that was often inoperable and a short-wave radio.

Walter, whose cabin was located beside a major deer migration route, became a friend to the animals.

“He would feed the coyotes,” said NID retiree Jason Davis. “And I know he had a bear coming up there for a few years. He always kept a salt lick for the deer.” “He fed the birds, too,” added Ramona Plautz. “And he kept a pet skunk under his house.”

which development of Nevada County and a great part of Placer County would have been hamstrung,” noted a news release. “NID extends an invitation to every resident of Placer and Nevada counties, and residents of every county in the state to attend the picnic which may well be the biggest ever held in the foothill area.”

The District planned an all-day, old-fashioned family picnic at the Scotts Flat Dam. A picnic ground was cleared and cleaned, and tables and a speaker stand were brought to the area, which would later become a public campground. There were games, races and historic photo exhibits.

With Board Chair E.B. Power of Lincoln presiding, the program recalled the dedication of Bowman Dam in 1927, which followed the District’s formation by six years. Completion of Bowman allowed NID to begin the delivery of water to its customers.

Members of the community were joined by dignitaries from the water industry and political worlds. NID founding Manager Aubrey Wisker drew a loud ovation from the crowd. He said that much work remained for NID and that Parker Dam had the water and revenue potential to carry the District many years into the future.



## Edwin Koster

Edwin Koster was the man behind NID's successful completion of the Yuba-Bear Hydroelectric Project. Koster

was NID's general manager from 1957-1968. He was an up-and-comer in the California water industry who was recruited by the NID Board of Directors to lead a community effort to develop the water and power project.

Born in 1905 to a farming family in South Dakota, he moved with his family to a Modesto farm in 1919. His early career included positions with the State Relief Administration and the California State Grange. In 1947, he began the first of two terms on the Oakdale Irrigation District Board of Directors and served as board chairman during construction of the Tri Dam Project (three reservoirs and three power plants) on the Stanislaus River. He was appointed to the California Water Commission by Governor Pat Brown.

Koster joined NID July 1, 1957, and actively toured the District, promoting the water development to community leaders and groups and laying ground-work with PG&E, which would become NID's partner in the effort. He also brought in Ebasco Services, Inc., a widely respected engineering and design firm.

Others in attendance were Herman Graser, Nevada County's first farm advisor and key backer of NID's formation; Ira Collins, John Spaulding and L.R. Farrell of PG&E; Harry Lloyd, engineer of the city of San Francisco's Hetch Hetchy water works; and Robert Durbrow, son of former NID Manager William Durbrow, representing the Irrigation Districts Association of California (now the Association of California

Water Agencies). Many of the local and visiting speakers had local family or career ties.

State Assemblyman Francis Lindsay told the audience that California was blessed with plenty of water and that it must be developed and distributed fairly and equitably, without robbing any area of its supply.

After the 1956 celebration, it was back to work at NID. District employees continued to work hard providing the Sierra snowmelt to the foothills. From the Upper Division to the lower elevations, the expertise of the staff kept the old mining infrastructure and new facilities operating in good order.

### Bringing in a new era

Manager Sawyer had served the District well until February 25, 1957, when he offered his resignation. The request seemed to come as a surprise to the Board of Directors. Meeting minutes note that Chairman E.B. Power volunteered that he had attended an Irrigation District Association (I.D.A.) Executive Committee meeting in San Francisco on February 19, and on February 20 called on Ira Collins of PG&E, and Messrs. Stone and Bonte of Stone and Youngberg. All were disturbed to learn of Sawyer's decision and spoke with high esteem to his capabilities as Manager. The majority of NID Directors expressed regret that Sawyer was leaving as they felt he was a man of exceptional ability and experience and had done much for the District under considerable handicap. Director Carl Rolph commented that he regarded the resignation to be a result of incessant bickering, habitual and embarrassing inferences and, in his opinion, a man of Sawyer's high caliber did not have to tolerate it. His resignation was a definite loss to the District.

On April 12, 1957, Edward Wells was again made general manager pro tem until a new General Manager could be appointed. That did not take long, and an excellent candidate was found. Edwin Koster came to NID just in time for the District to make history under his confident leadership. Appointed General Manager on May 24, 1957, his primary vision from the onset was



Cattle were driven down Boulder Street, Nevada City, in 1950.

to begin the Yuba-Bear Project, a huge opportunity to produce power, raise revenue and bring the District out of its chronic financial challenges. The massive project on the Yuba and the Bear rivers would become the largest and most complex configuration of hydroelectric plumbing in all of California, encompassing about 400 square miles in Nevada, Placer and Sierra counties.

For the next 11 years, Koster was the driving force in taking NID to the next level as a reliable, far-sighted water supplier and hydroelectric producer. When he took the helm, the District still was focused on developing the Parker Dam site on the lower Bear River to Rollins and the upstream watershed. Koster toured the District, and after consulting with leaders, he seized the

moment to change the direction of water development.

NID clearly needed to expand capacity to meet growing demand, but it lacked the cash to do so. At the same time, PG&E was interested in generating more power. With the support of the utility, a plan was developed to connect NID's water system to PG&E's Drum-Spaulding system, which started at Spaulding Lake and channeled water into Deer Creek above Nevada City and into the Bear River. By enlisting local community leaders and groups and laying groundwork with PG&E, including issuing bonds backed by the utility, the stage was set for a historic project that would forever change the way NID operated. ■