

# NEVADA IRRIGATION DISTRICT

## BOARD OF DIRECTORS

### MINUTES

September 26, 2012

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 26th day of September 2012 at 9:00 a.m.

Present were Nick Wilcox, President; Jim Bachman, Vice-President; Nancy Weber, John H. Drew and W. Scott Miller, Directors.

Staff members present included Ron Nelson, General Manager; Tim Crough, Assistant General Manager, Jim Malberg, Finance Manager; Gary King, Chief Engineer; Brian Powell, Maintenance Manager; Bill Morrow, Hydroelectric Manager; Yvonne DuBose, Human Resources Manager; Peggy Davidson, Recreation Manager; Emily LaMoe, District Counsel; and Lisa Francis Tassone, Board Secretary.

#### EMPLOYEE RELATIONS – Nelson, Retirement Presentation (Res. 2012-30)

*Glen Fuller* stated that he worked on the Rodeo Flat and Timber Ridge water project in the Lake of the Pines Ranchos area. This effort started in 2000. In those days, the District did not place a great deal of emphasis on treated water projects. Ron Nelson joined the District as General Manager in 2002, and he brought a new vision. He instituted strategic planning processes. After the second year of strategic planning, extending treated water lines was identified as the number one objective for the District. Mr. Fuller proposed to the Board that a working group be formed which included community members that were working on extending waterlines. The working group was led by Tim Crough, Assistant General Manager, and Director Weber attended every meeting as a staunch supporter of this effort. A number of projects resulted, and programs were implemented. Two pilot projects became a reality: Cement Hill and Rodeo Flat. Rodeo Flat received their water in 2010, and he thanked the Board and Staff for their work in accomplishing these projects. In particular, he thanked Mr. Nelson for his leadership and contribution. Mr. Nelson has clearly made a difference.

*Becky Nelson*, Spouse, stated that she would have never thought that getting into Mr. Nelson's white '57 Chevy would result in the journey that they have had during the past 46 years. It has been amazing. Mr. Nelson was such a lucky man to have such wonderful mentors. Mr. Nelson was on fishing boats early on learning what hard work

September 26, 2012

was from his wonderful uncles. In the Bay Area, Mr. Nelson received management and social skills from his mentor Bob Wilson who is here today and is very special to Mr. Nelson. Because of Mr. Nelson's relationship with Mr. Wilson, Mr. Wilson called Mr. Nelson informing him of an opportunity to work in high-end car washes. This opportunity provided Mr. Nelson the ability to learn management skills, and provided him vision for the future. Mr. Nelson managed several car washes throughout the Bay Area. Then the Nelsons relocated to Canada where Mr. Nelson developed the car wash business in this area. The Nelsons had the choice of giving up their US citizenship in order to stay in Montreal or to return to the US. The Nelsons looked for a place to raise their two sons, and ended up in Bend, Oregon. Mr. Nelson was able to find employment in retail, but his heart was not there. He continued to look for work that would fulfill him and he ended up at Central Oregon Irrigation District as General Manager. He was chosen from a pool of 300 applicants. Mr. Nelson was responsible for increasing revenue at the District, and was responsible for building a hydroelectric project that no one wanted in Bend. By the time he negotiated the project, it was a win-win and everyone was pleased. The Deschutes River is better because of that project. Mr. Nelson was responsible for installing fish screens and improving the river for fish habitat. Mr. Nelson ended up signing a water treaty and the Nelsons were invited to attend an Indian ceremony with five chiefs and the Governor. This was such a highlight, and Mr. Nelson was able to sign the water treaty. The Governor also invited Mr. Nelson to participate on the Water Commission. Then Mr. Nelson came to Nevada Irrigation District where he has accomplished wonderful things. Getting in that '57 Chevy was the right thing for her to do, and they are still in a '57 Chevy – a red one that has been restored by Mr. Nelson. She is so proud of Mr. Nelson – he is a father, a grandfather, and a wonderful husband. Mr. Nelson has such character and she loves this about him.

*Nate Beason*, Nevada County Supervisor, thanked Mr. Nelson for keeping Mr. Beason's district dug up on a continual basis. Seriously, he is here on behalf of the Board of Supervisors to express appreciation not only for all of the things that Mr. Nelson has done for the community, but his ability to work with people and the public interest. Recently, the County was working through a difficult process with the California Department of Housing regarding a grant for the Cement Hill Water Supply Project. Mr. Nelson, Staff and the Board were instrumental in providing the County the information needed to submit to the State. He announced that on October 9, 2012, the Board of Supervisors will be presenting Mr. Nelson with a Certificate of Recognition.

*Dave Breninger*, General Manager at Placer County Water Agency (PCWA), stated that several representatives of PCWA are in attendance to honor Mr. Nelson who include Brian Martin, Einar Maisch, Joe Parker, Matt Young, Ed Horton, Marie Davis, Mike Nichol and Lowell Jarvis, member of the PCWA Board of Directors. He has enjoyed the pleasure of a collaborative relationship with Mr. Nelson. He has met regularly with Mr. Nelson to commiserate over what is best for the respective organizations and the customers, hydroelectric relicensing issues, watershed management issues, etc. He applauded Mr. Nelson for consistently achieving common ground in so many areas.

*Lowell Jarvis*, PCWA Board Member, congratulated Mr. Nelson on his retirement and thanked him for his years of service. It has been a pleasure for him to work with Mr.

September 26, 2012

Nelson. There has been a great working relationship between PCWA and the District because of the efforts made by Mr. Nelson.

*Paul Kelley*, District Consultant and past Association of California Water Agencies' President, presented Mr. Nelson with a Proclamation for his service as Chair and Vice-Chair on the Board of Directors for ACWA, Region 3. He stated that Marcia Wulff from ACWA is also in attendance to honor Mr. Nelson. On a personal level, Mr. Kelley stated that Mr. Nelson is a very good friend and a man of integrity.

*Einar Maisch*, PCWA, stated that he has always appreciated Mr. Nelson's efforts in keeping Mr. Maisch humble. He appreciates Mr. Nelson's dedication to collaboration. It has been beneficial to the relationship between the District and PCWA.

*Bruce Lovejoy*, District Retiree, stated that he had the honor and privilege of serving as Electrician for the District under the fine leadership of Mr. Nelson. He can say without reservation or hesitation that Mr. Nelson is the finest General Manager and best boss he has ever worked for. Mr. Nelson will be missed. Mr. Lovejoy welcomed Mr. Nelson to retirement.

*Bob Wilson*, Friend and Mentor, stated that a lot of nice things have been said about Mr. Nelson, but he is here to tell about the "real Ron." Mr. Wilson met Mr. Nelson about 45 years ago at a grocery market he was managing. Mr. Nelson was employed at the market. They met in the warehouse at the bottom of a conveyer belt that someone forgot to turn off. Glass bottles of vegetable oil were falling on the floor. He and Mr. Nelson were cleaning up the mess, and Mr. Wilson was impressed with Mr. Nelson's work ethic. Mr. Nelson jumped right in with no complaints. Mr. Wilson is happy to be here and to see Mr. Nelson retire. Mr. Nelson will have fun times with his grandchildren. Mr. Wilson has realized that the work that Mr. Nelson has done throughout his career has involved gallons – milk, gasoline and then water. Now, it will probably be gallons of wine. Throughout their business endeavors, they were real partners. They cried, laughed and discussed many things. They learned a great deal from each other. Mr. Nelson always had the ability to reason and put himself in someone else's shoes. This helps him work things out and come up with the right solution. Mr. Nelson's cup was not half full or half empty, but always overflowing. Everything that came before Mr. Nelson was not a problem, but an opportunity. They both have a great deal in common. They lost their fathers at a young age, and have become who they are because they were raised by their mothers. He congratulated Mr. Nelson on his retirement and stated that Mr. Nelson is "something special."

*Tim Crough*, Assistant General Manager, thanked Mr. Nelson for his 10 years of service with the District. He has been a mentor, a facilitator, a collaborator, and certainly a great leader. He will be missed. He has enjoyed working with Mr. Nelson and will honor the times they have shared together. He extended wishes for success, and knows Mr. Nelson will enjoy his retirement.

September 26, 2012

*Yvonne DuBose*, Human Resources Manager, stated that today is a bittersweet day. She is very happy for Mr. and Mrs. Nelson to start a new journey, and sad that the District is losing a tremendous leader. It has been a privilege working for Mr. Nelson.

*Brian Powell*, Maintenance Manager, congratulated Mr. Nelson on his retirement. He wished Mr. Nelson the best. He has done a great deal for the District and he appreciates what has been done. Mr. Nelson has always done what is in the best interest of the District and the customers. He hopes that Mr. Nelson will not be a stranger.

*Bill Morrow*, Hydroelectric Manager, stated that he has had the pleasure since 2004 of working for Mr. Nelson. During the last four years, during the relicensing effort, he has seen Mr. Nelson's collaboration skills utilized. It has been great to work for Mr. Nelson. He hopes that Mr. Nelson's future years of retirement are wonderful and that he is able to enjoy his grandchildren.

*Lisa Francis Tassone*, Board Secretary, stated that it has been an honor to work with Mr. Nelson. Not a great deal has been mentioned about Mr. Nelson's wonderful sense of humor. But, more importantly, she has really appreciated Mr. Nelson being available as a Manager, while also allowing her to do her job. She wished Mr. Nelson the best in his retirement.

*Peggy Davidson*, Recreation Manager, stated that Mr. Nelson has been a great mentor to her. On many occasions, she has needed to discuss matters with Mr. Nelson and he has always had an open door. He has allowed her to vent, and she thanked him for being there for her. Mr. Nelson has been a great ambassador for the District. She congratulated Mr. Nelson on his retirement.

President Wilcox thanked Mr. Nelson for his enormous contributions to the District during the past 10 years. Mr. Nelson has been dedicated to the District and has moved the District to a higher level. President Wilcox is honored to call Mr. Nelson his friend. He is so happy that the Nelsons are not moving out of the area. He thanked Mr. Nelson for leaving such a great legacy.

Director Weber shared an Irish Blessing with Mr. Nelson: "May the wind be always at your back." She also thanked him for Cement Hill.

Director Drew presented Mr. Nelson with a beautiful lei made by employees at his farm. Before Director Drew met Mr. Nelson, Director Drew was narrow-minded with no sense of humor. Now, he is just narrow-minded. Director Drew shared the following:

I have no name, I work for no man  
You seek a great retirement, you that have carried the  
chains of responsibility  
You shall find a great retirement, though it will not be the  
one you seek  
But first you must travel a long and difficult road

September 26, 2012

a road fraught with peril  
But you shall see things wonderful to tell  
You shall see your beautiful bride in a whole new light  
Your wonderful children and precious grandchildren  
as they swirl about you in the current of life  
You shall see a car hop at Big A's  
A '57 on the roof at Tognotti's speed shop  
But, caution; you shall also see so many starlings  
I cannot tell you how long this road shall be  
But fear not the obstacles in your path  
For fate has vowed to save your reward  
Though this road may wind and your heart grow weary  
still shall you travel even unto your salvation.

Director Bachman stated that when he first became a Board member and received telephone calls about problems in his division, he asked Mr. Nelson who he should contact about problems. Mr. Nelson told Director Bachman that Mr. Nelson is who he should contact. Director Bachman stated that Mr. Nelson has never shed any part of his responsibility. He took full responsibility for the entire District. Director Bachman stated that during his construction years, he built a number of churches. Before he retired, he worked on a large church project. Father Bob was in charge. Director Bachman stated that his crews stirred up dust and received a number of complaints. Each time someone approached Director Bachman about a problem with the project, Father Bob was there to say "Leave him alone – I'm in charge here." Mr. Nelson reminds Director Bachman of Father Bob.

Director Miller stated that he has struggled with Mr. Nelson's retirement since Mr. Nelson made his announcement. Professionally, he has been a great General Manager. He is a wonderful human being. He changed the culture of this District by being more embracing and creating more of a team atmosphere. The District is going to struggle to find a replacement. Director Miller wishes Mr. Nelson the best. On a personal level, he thanked Mr. Nelson for making Director Miller a better human being in so many ways. Mr. Nelson has mentored, molded, softened and allowed Director Miller to be more receptive to ideas. He thanked Mr. Nelson for this. Mr. Nelson was always available to discuss matters with Director Miller. Director Miller stated that his father died in 1992. He acknowledged that Mr. Nelson has been a bit of a father figure to him whether they were going to a ball game or discussing water related matters. He hopes that Mr. Nelson lives a full, bountiful life during retirement.

Ron Nelson, General Manager, stated that this time is surreal for him. He announced that he is going to start a new career in baseball. He plans on trying out for the San Francisco Giants in the spring, and break into the in-field. On a serious note, he has been blessed in his life in so many ways, and this room is filled with those blessings. He looks at events as one thing, but he looks at the people that he has had an opportunity to interact with as so much more.

September 26, 2012

Mr. Nelson thanked the Board of Directors for the opportunity to work at the District. There are other Board members that are not present today that he would also like to thank – Ernie Bierwagen, Paul Williams, and George Leipzig. He misses them terribly. There are personal friends in the audience that he is grateful to. Some go back to his high school days, and some go back to his early career. Additionally, there are a number of friends from this area in the audience.

Mr. Nelson stated that it has been an absolute pleasure to know, work with and learn from the Management Staff. He is grateful to have had the opportunity to work with them. To all of the others that he has worked with in one form or another, it has been a wonderful ride. It has been fun, and he has learned a great deal.

The Board applauded Mr. Nelson for his 10 years of service as the District's General Manager. President Wilcox presented Mr. Nelson with a Certificate of Appreciation (Res. No. 2012-30).

Meeting recessed at 10:00 a.m. to congratulate Mr. Nelson on his retirement; meeting reconvened at 10:20 a.m.

MINUTES – September 12, 2012 Regular Meeting

**Approved the Minutes of the Board of Directors' regular meeting of September 12, 2012 as submitted. M/S/C Drew/Weber**

SADDLE RIDGE ESTATES WATERLINE EXTENSION (PHASE I) – Conveyance Agreement

**Approved the Conveyance Agreement with HBT of Saddle Ridge, LLC for the Saddle Ridge Estates Waterline Extension for the installation of a portion of approximately 2,791 feet of 8-inch pipe, 43 feet of 4-inch pipe, five fire hydrants and all other appurtenances to serve Nevada County Assessor Parcel Nos. 57-141-66 and 57-141-86. M/S/C Drew/Weber**

SCOTTS FLAT LAKE HOUSE – Termination of Lease

Director Weber stated that she pulled this item off of the consent agenda because she wanted to provide information that was not included in the Staff Report. John Hensley has rented the Scotts Flat Lake House for 35 years. During this time, he has remodeled the house, added on two bedrooms upstairs where there was only an attic, added a well, and has maintained the house. His rent appears to be a great deal, but he has contributed so much to the House. He is not only a good neighbor, but a good caretaker of the House.

Director Miller asked what the House will be used for in the future.

September 26, 2012

Peggy Davidson, Recreation Manager, stated that Staff wants to survey the House and come up with options as to how to utilize the House in the future.

**Authorized Staff to provide notice to tenant to vacate premises upon termination of lease for the Scotts Flat Lake House, effective January 1, 2013. M/S/C Drew/Bachman**

BANNER CASCADE PIPELINE – Relocation of Existing Service

Nathan Wasley, Water Superintendent, stated that there is a box relocation fee charged when a customer wants to move a box from one canal to another. Tom Adams has a box on the Upper Grass Valley Canal and wants to relocate his box to the Banner Cascade Pipeline. The Water and Hydroelectric Operations Committee is recommending that the relocation fee be charged instead of a new connection fee (approximately \$950 vs. \$3,000).

President Wilcox stated that the long-term goal is to try and get all of the services off of the Upper Grass Valley Canal. No new connections will be allowed on the Upper Grass Valley Canal so that the Canal can be eventually taken out of service.

**Approved relocation charge per existing policy when relocating an existing box of an existing facility to a new manifold on the Banner Cascade Pipeline. M/S/C Weber/Drew**

HUMAN RESOURCES – ENCOURAGING VETERANS TO APPLY FOR DISTRICT EMPLOYMENT (Res. No. 2012-34)

Director Weber stated that she pulled this item off of the consent agenda because one of her constituents (Fred Buehler) asked for this matter to come before the Administrative Practices Committee. She read the explanation that the proposed Veterans' Preference Policy might be in conflict with the Equal Employment Opportunity Commission (EEOC) requirements. She asked if there is a Veterans' Preference for hiring at the State or Federal level. If there is, how do they avoid the conflict with the EEOC.

Tim Crough, Assistant General Manager, stated that the EEOC has some opinions as to how to implement a Veterans' preference policy and remain in compliance with the EEOC requirements. If the District is required to offer preferences to Veterans as part of a Federal or State mandate, there is no conflict. However, if the District does this on a voluntary basis, the District may be subject to exposure for violating equal employment opportunities. The EEOC cites that most military personnel are males, so there would be a disadvantage to females.

Emily LaMoe, District Counsel, stated that there is a Government Code Section that specifically authorizes cities and counties to adopt a Veterans' Preference Policy. The Code provides that when a Veteran takes the Civil Service Exam, ten points can be added to the exam score, if the candidate meets the definition of Veteran. There is no Code Section authorizing special districts or other local agencies to implement this type

September 26, 2012

of policy. In absence of the authorization, District Counsel had concerns about the District adopting a Veterans' Preference Policy. She pointed out that the District does not use the Civil Service Exam as part of the application process.

Mr. Crough stated that when this matter was presented to the Administrative Practices Committee, Staff and the Committee understood the intent of the request made by the Friends of Nevada County Military (FONCM), and decided to advance a resolution that was not a policy but responded to FONCM's intent by encouraging Veterans to apply for employment at the District, while at the same time reinforcing that the District is an equal opportunity employer.

Director Weber stated that the FONCM is a very active group. They will be disappointed by the District's action. She does not want to do anything illegal, but she is concerned about the District's image in the community. She asked if the FONCM has been contacted about the proposed resolution.

Ron Nelson, General Manager, responded affirmatively. Mr. Buehler's hopes were that there would be a hiring preference. Mr. Nelson explained to him what the District is up against, but that the District would develop a resolution that would honor the commitment made by Veterans and encourage Veterans to seek employment at the District when there is an opening.

President Wilcox pointed out that the Committee conceded felt that in cases where there are two candidates considered to be equivalent, the Veteran status would act as a tie-breaker, and that this is part of the resolution.

Mr. Crough added that Staff wanted to respond to the request by FONCM by developing the proposed resolution, and Staff will continue to research this matter should more information become available.

Director Drew stated that there are no restrictions in State or Federal law that disallows special districts from offering a policy for Veterans' preference. He agreed with the language included in the proposed resolution regarding a tie-breaker. With regard to a gender consideration, there are many women enlisted in the military. Both of his sons are Veterans and are still serving. He is glad to see that there are preferences for Veterans. Everyone should be aware of the sacrifice Veterans make, because this is the reason we are in a free environment. He would vote to adopt the proposed resolution and feels that this would satisfy the FONCM.

Director Weber stated that she could discuss this matter with her representative in the legislature and ask for a ruling to be made to allow special districts to adopt a Veterans' Preference Policy.

**Director Drew made a motion to adopt Resolution No. 2012-34 (Encouraging Veterans to Apply for District Employment). Director Bachman seconded the motion.**

**Motion passed on the following roll call vote:**

<b>Division I</b>	<b>Abstain</b>
<b>Division II</b>	<b>Aye</b>
<b>Division III</b>	<b>Aye</b>
<b>Division IV</b>	<b>Aye</b>
<b>Division V</b>	<b>Aye</b>

WARRANTS

**Approved the following warrants: Yuba-Bear Revolving Fund Nos. 24897 through 24928, Nos. 24878 and 24883 being void; General Fund Revolving Account Nos. 59040 through 59183, inclusive; Recreation Fund Nos. 3501 through 3517, inclusive; and Payroll Direct Deposit and Warrant Nos. 64671 through 64837, inclusive. M/S/C Drew/Weber**

AGREEMENTS: COMBIE RESERVOIR BOAT RAMP REPAIRS – Los Lomas Improvement Club

Tim Crough, Assistant General Manager, stated that this item follows the California Environmental Quality Act (CEQA) action that the Board took at the last meeting. District Counsel and Jeff Reid of the Los Lomas Improvement Club (LLIC) have weighed in on the Temporary Use Agreement. The Agreement provides the District with a contractual permit to use the boat ramp when the District needs to. In the past, the LLIC has been very generous in allowing the District to use the ramp, but it is behind a locked gate. If the members within the LLIC change, the District would have no way of relying on access to Combie Reservoir utilizing the boat ramp. At the same time, the LLIC would like the boat ramp repaired.

The Agreement has a term of 10 years with the option to extend for one three-year period. The District has conducted the CEQA process, and hired consultants to conduct field work on the peninsula. An elegant solution was made working with the tribes in the area to facilitate the preservation of artifacts while at the same time meeting the goals and objectives of the District and the LLIC. The District has spent approximately \$10,000 to this point and there will be additional costs for repairs to the ramp and the apron area that approaches the ramp.

Mr. Crough stated that the Maintenance and Resource Management Committee recommends that the amount spent by the District to date will be the final contribution. The LLIC will need to pay for the improvements. The District and the Sheriff's Department of Placer and Nevada County will have access to the ramp. In turn, the LLIC will be able to use the ramp for the next 10 to 13 years.

President Wilcox noted that in Section 2, it references the Nevada County Sheriff, but in Subsection F, page 5 of the Agreement, the Sheriff is omitted. The Sheriff should be included in both sections of the Agreement. After further discussion, the Board agreed that the Agreement should include both the Sheriff for Nevada County and Sheriff for Placer County in both sections of the Agreement.

September 26, 2012

Director Weber stated that when this matter was being discussed with the Maintenance and Resource Management Committee, the Committee negotiated the terms of demolition, and she does not see these terms in the Agreement.

Mr. Crough pointed out that the terms are included in Subsection I.

**Approved Agreement for Temporary Use, Maintenance and Repair of Boat Ramp, with the Los Lomas Improvement Club, as amended. M/S/C Weber/Drew**

COMBIE RESERVOIR – Dock Permits

Peggy Davidson, Recreation Manager, presented a recommendation from the Administrative Practices Committee to extend the dock permitting process to parcels that are contiguous to District property on Combie Reservoir. There are 132 lots that are contiguous to District property, and 121 lots have docks. There are 11 lots remaining that do not have a dock. When an application for a dock permit is submitted, Staff will need to ensure that District standards for each dock are met.

The opportunity to apply for a dock permit ended in 2007. Since 2007, eight property owners have requested an application for a dock and have been denied by the Maintenance and Resource Management Committee. During the past year, there has been a great deal of discussion regarding dock permits and the number of boats on the Reservoir. Options to maintain control over the number of boats on the Reservoir will be discussed with the Committee in October. Some suggestions would be to limit the boats per dock. Currently, the permit process allows for two boats per dock.

Director Drew asked if there is an inspection program in place at Combie Reservoir.

Ms. Davidson stated that this would be the goal of the proposed permitting process.

**Extended the dock permitting process to parcels that are contiguous to District property on Combie Reservoir. M/S/C Drew/Miller**

YUBA SALMON FORUM - Update

Paul Kelley, District Consultant, reported that the Yuba Salmon Forum is scheduled to meet on October 4, 2012 to review some of the studies, the matrix for projects, hydroelectric relicensing updates and to hear comments and responses regarding the Biological Opinion on the Englebright Dam and Daguerre Dam.

DELTA STEWARDSHIP COUNCIL – Draft 6 of the Delta Plan

Paul Kelley, District Consultant, reported that the Delta Stewardship Council has released Draft 6 of the Delta Plan.

September 26, 2012

FEDERAL ENERGY REGULATORY COMMISSION (FERC) – Relicensing Update

Ron Nelson, General Manager, reported that the District made filings in a timely manner regarding comments made by the National Marine Fisheries Service and the Yuba County Water Agency on the District's relicensing proceedings. Mr. Nelson also reported that he will be meeting with Jim Lynch, HDR|DTA to map out activities for the remainder of the year.

DS CANAL FLUME REPLACEMENT PROJECT - Update

Gary King, Chief Engineer, reported that work is moving forward on Flume 19 on the DS Canal Flume Replacement Project. There has been e-mail correspondence, two telephone conferences and a two hour field meeting on September 25, 2012 with Trevor and Sue Robbins, property owners near Flume 19. Staff plans on meeting with the Robbins once a week until the Project is completed on December 8, 2012.

Mr. King added that permission from the Bureau of Land Management has been obtained for access on Flume 18. If weather permits, work will begin on this Flume as well.

PRELIMINARY 2013-2015 BUDGET - Update

Jim Malberg, Finance Manager/Treasurer, reported that the preliminary budget has been presented to all of the District Committees and Staff is now in the process of pulling the budgets together and entering revenue projections for next year. He anticipates presenting the Preliminary Budget on November 6 to the Administrative Practices Committee and to the Board of Directors on November 7. A final presentation with a public hearing will be scheduled for the Board of Directors' meeting of November 28, 2012.

Director Miller complimented Mr. Malberg on the way he is handling the budget process, and he appreciates that the proper amount of time is being taken in order to present the budget.

AGREEMENTS: CO-FUNDING AGREEMENT – Change Order to Co-Funding Agreement with HDR|DTA and Pacific Gas & Electric Company

Ron Nelson, General Manager, reported that if there is no objection by the Board, he will sign a no cost Change Order No. 1 to Attachment 8 of the Co-Funding Agreement with HDR|DTA for consulting services for the relicensing process.

There was no objection by the Board.

COORDINATED OPERATING AGREEMENT WITH PACIFIC GAS & ELECTRIC COMPANY - Update

Ron Nelson, General Manager, reported that a great deal of progress is being made regarding the development of a Coordinated Operating Agreement with Pacific Gas & Electric Company.

September 26, 2012

President Wilcox congratulated Mr. Nelson, Bill Morrow, Sue Sindt and Keane Sommers for their efforts on the Agreement.

#### TARR CANAL - Outage

President Wilcox stated that he had an inquiry regarding an outage on the Tarr Canal. He asked why the outage is being scheduled at this time instead of after the end of irrigation season (October 15).

Brian Powell, Maintenance Manager, stated that he would have to look into this matter. He believes it may be a failing culvert and that the work is being done by a contractor. He will report back once he receives more information.

#### NEWTOWN CANAL PROJECT - Update

Director Miller asked if the Newtown Canal Project is going to be resurrected.

Ron Nelson, General Manager, responded affirmatively.

Gary King, Chief Engineer, stated that Staff will be meeting out in the field to reevaluate the Project.

Director Weber stated that the neighbors are ready for the Project, and that they will need to be involved.

#### ROLLINS RESERVOIR - Sedimentation

Director Drew reported that Rollins Reservoir is dropping about one foot per day. The sedimentation "fingers" will be exposed in the near future. He will be taking photographs of this process.

#### MOUNTAIN COUNTIES WATER RESOURCES ASSOCIATION – Conference

Director Weber reported that she attended the Mountain Counties Water Resources Association Conference on September 18, 2012. She stated that the Conference was the most intense Conference and one of the most enjoyable. The title of the Conference was 'Water and Agriculture in Northern California.' The keynote speaker was John Laird, California Secretary of Natural Resources. He reminded the attendees that he co-authored with Tim Leslie the bill that introduced the Sierra Nevada Conservancy. He stated that there was pork in the water bond and feels that it is important that there be geographic equity. In other words, the area where the water comes from needs to be recognized in some way as part of the decision making.

Director Weber stated that Felicia Marcus, new appointee to the State Water Resources Control Board spoke at the Conference. She has a reputation as a problem solver and wants to open up opportunities for dialogue. She has a long history of successes.

September 26, 2012

During the afternoon, there was a panel titled 'Facing the Challenges and Opportunities Meeting Northern California Agricultural Needs While Addressing the Delta and Ongoing Water Demand Elsewhere.' The panelists included Ben Hueso, Assemblyman from San Diego; Fiona Ma, Assemblywoman from San Francisco; and Senator Berryhill from the Valley. They discussed the water bond and the pork in the bond. She stated that John Kingsbury is representing the Mountain Counties the best that he can. The District needs to do everything possible to make legislators aware of water issues in the District's watershed. It is important to continue supporting the Mountain Counties Water Resources Association.

Director Weber noted that all of the food served during the Conference was Placer County grown.

#### CLOSED SESSION – Anticipated Litigation

Tim Crough, Assistant General Manager, announced that a closed session regarding anticipated litigation will not be necessary.

CLOSED SESSION was declared at 11:40 a.m. pursuant to Government Code Section 54957.6 to provide direction to the District's designated bargaining representatives – Nelson, District Counsel, Miller and/or Weber – regarding 2012 salary/benefit/working conditions.

CLOSED SESSION was declared at 11:40 a.m. pursuant to Government Code Section 54956.9(a) to confer with Legal Counsel – Existing Litigation – Bingaman v. Nevada Irrigation District; Nevada County Case No. 78684.

CLOSED SESSION was declared at 11:40 a.m. pursuant to Government Code Section 54956.9(b) to confer with Legal Counsel – Anticipated Litigation – Claim of George Loftus.

CLOSED SESSION was declared at 11:40 a.m. pursuant to Government Code Section 54957: Public Employee Performance Evaluation – Interim General Manager.

MEETING RECONVENED in regular session at 1:45 p.m.

#### CLAIMS & SUITS – Loftus

**Authorized District Counsel to seek a 30-day extension to consider complaint; if extension is not granted, return in part and reject in part the claim of George Loftus. M/S/C Drew/Weber**

September 26, 2012

REORGANIZATION OF DISTRICT MANAGEMENT

**Motion made to accept resignation of Ron Nelson from position of General Manager, effective close of business, September 30, 2012. Director Bachman seconded the motion.**

**Motion passed on the following roll call vote:**

<b>Division I</b>	<b>Aye</b>
<b>Division II</b>	<b>Aye</b>
<b>Division III</b>	<b>Abstain</b>
<b>Division IV</b>	<b>Aye</b>
<b>Division V</b>	<b>Aye</b>

**Appointed Ron Nelson to position of Manager of Special Projects, effective October 1, 2012 and ending December 28, 2012. M/S/C Drew/Bachman**

**Approved Employment Agreement with Timothy Crough as Interim General Manager, Classification D3, Step 2 (\$128,356.80/year) effective October 1, 2012. M/S/C Miller/Drew**

Director Weber requested that a closed session to conduct a performance evaluation on the Interim General Manager be scheduled at the beginning of the Board of Directors' meeting of October 10, 2012.

The Board concurred.

MEETING ADJOURNED at 1:54 p.m. to reconvene in regular session on October 10, 2012, 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

---

September 26, 2012

Division III

---

Division IV

---

Division V

---