

NEVADA IRRIGATION DISTRICT
BOARD OF DIRECTORS / JOINT POWERS AUTHORITY

MINUTES

March 12, 2014

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 12th day of March 2014 at 9:00 a.m.

Present were John H. Drew, President (Division II); W. Scott Miller, Vice-President (Division III); Nancy Weber (Division I) and Nick Wilcox (Division V), Directors.

Director Jim Bachman (Division IV) was absent.

Staff members present included Remleh Scherzinger, General Manager; Jim Malberg, Finance Manager; Gary King, Engineering Manager; Chip Close, Operations Manager; Peggy Davidson, Recreation Manager; Brian Powell, Maintenance Manager; Jeff Meith, District Counsel; and Lisa Francis Tassone, Board Secretary.

PUBLIC COMMENT - Johansen

Rich Johansen, Farmer, stated for the record that he would like to see the carryover of 78,000 acre feet increased. He would like to see more storage which would allow an increase of the carryover. He distributed to the Board an article from the Bakersfield Californian newspaper regarding the 40 water sales prior to February 5, 2014. The largest sale was to Paramount Farming at \$1,100 per acre foot for about 10,000 acre feet. The price of water is going up. The record for the price of water was set on Monday, March 10, 2014 at the price of \$1,700 per acre foot by Paramount Farming. Nevada Irrigation District needs to look into water sales as one way of funding operations, funding a new dam, or a new storage facility. The House of Representatives recently passed bill number HR-3964 which tried to overturn all of California's water laws. Mr. Johansen stated that he was not a fan of water sales six months ago, but now it is being forced.

EMPLOYEE RELATIONS – New Employee Introduction, Eelkema

Philip Goguen, Electrical Systems Supervisor, introduced Michael Eelkema, Hydraulic Technician. Mr. Eelkema brings great leadership skills to the District. He was a leader

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on his high school football team. After high school, he enlisted with the Marine Corps where he became a sergeant. He then managed several Safeway stores rising up through the ranks very quickly. He also has underground experience from an engineering firm that he worked with. Mr. Goguen is very happy to have Mr. Eelkema on board in the Electric Shop in the Operations Department. Mr. Eelkema was born and raised in Nevada County. He has four children.

Mr. Eelkema expressed his gratitude to Administration and the Board of Directors for this opportunity. While living in this area, he has always recognized the District as a great organization. He is glad to be a part of the District.

The Board and staff welcomed Mr. Eelkema to the District.

WATER STORAGE AND SUPPLY – Update

Chip Close, Operations Manager, stated that the hot topic continues to be the drought situation.

Sue Sindt, Operations Administrator, stated that the recent storms provided between six and eight inches of precipitation. She provided the following presentation:

Bowman Precipitation as of March 10, 2014:

- 35.15 inches which is 67 percent of average

Ms. Sindt stated that the current weather forecast predicts a dry period with a half inch of precipitation forecasted some time during the next ten days.

Reservoir Storage as of March 10, 2014:

- 186,518 Acre Feet which is 106 percent of average and 75 percent of capacity

Department of Water Resources - Runoff Forecast as of March 1, 2014 (in thousands of acre feet):

North Coast	April – July	Percent of Average	80% Probability Range
Yuba River at Smartsville	360	36%	170 - 780

Status:

- Availability of PG&E water improving
- April 1 availability approaching 210,000 acre feet
- Nearing Stage II in the Drought Contingency Plan (10 to 15 percent reduction)

President Drew asked if the 10 to 15 percent reduction is voluntary.

Ms. Sindt responded affirmatively.

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President Drew stated to those in the audience that he realizes that it is difficult for agriculture customers to cut back 10 to 15 percent, but he encouraged agriculture customers to reduce water usage through efficiency.

Mr. Close provided the following presentation:

Future Actions:

- Declare a drought stage following April 1 available water supply forecasts
- March 12 – Agriculture customer billings for 2014 season mailed
 - Due dates will be adjusted accordingly
 - Request voluntary reduction
 - New or increased water sales will not be allowed at this time
 - Customers will be encouraged to decrease their allotments; these customers will have allotments restored next year
- Purchase PG&E water to help meet carryover storage target
- Finish Proposition 218 Notice process for drought related pricing tier to cover additional costs
- Continue to utilize media outlets to inform both agriculture and treated water customers on status

Director Wilcox asked if the Board were to adopt the conservation tier pricing tier, would this tier apply in future years.

Rem Scherzinger, General Manager, stated that Staff is preparing the pricing structure for purchase water rates, rather than conservation pricing, and this pricing will be applicable in future years.

Bill Hamilton, Lake Wildwood Association, stated that he is in charge of the golf course and the parks department. He also works with a number of superintendents in the Sacramento area. They are trying to develop a golf water task force. He asked if customers will only receive 50 percent of the water if there is a 50 percent reduction.

President Drew stated that at this time, the District is not reducing water deliveries by 50 percent. He encouraged Mr. Hamilton to work with District Staff because they are excellent water consultants. He stated that Mr. Hamilton should look at ways to operate efficiently and to use the water properly.

MINUTES – February 26, 2014 Regular Meeting

Director Weber made a motion to approve the Minutes of the Board of Directors' regular meeting of February 26, 2014 as amended. Director Wilcox seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye

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Bachman, Division IV	Absent
Wilcox, Division V	Aye

WARRANTS

Director Weber made a motion to approve the following warrants: Yuba-Bear Revolving Fund Nos. 26182 through 26216, inclusive; General Fund Revolving Account Nos. 64007 through 64132, inclusive; Recreation Fund Nos. 4264 through 4271, inclusive; and Payroll Direct Deposit and Warrant Nos. 70725 through 70728, Nos. 70729 through 70739 and V157 through V316 being void. Director Wilcox seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Absent
Wilcox, Division V	Aye

BULK MAIL OUTSOURCING – DATAprose

Director Weber made a motion to approve outsourcing of District's Bulk Mail with DATAprose. Director Wilcox seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Absent
Wilcox, Division V	Aye

AWARD OF CONTRACT M2014-01 – Upper Banner Tank Painting Project

Director Weber made a motion to award Contract No. M2014-01 to Farr Construction Corp. in the amount of \$314,387 for the Upper Banner Tank Painting Project. Director Wilcox seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Absent
Wilcox, Division V	Aye

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WAIVER OF RECREATION FEE FOR VETERANS ON VETERANS DAY

Director Weber made a motion to approve waiver of Day Use Fees and Day Use Fees with Boat Launch for Veterans, Military Personnel and their Families in 2014 as an experiment, with the possibility of making this an annual offering. Director Wilcox seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Absent
Wilcox, Division V	Aye

AGREEMENTS: CELL TOWER AT SHALE RIDGE TANK SITE (GROUND LEASE)

Director Weber made a motion to approve proposed ground lease with Verizon Wireless for a cell tower at the Shale Ridge Tank Site, and authorize the General Manager to execute the necessary documents. Director Wilcox seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Absent
Wilcox, Division V	Aye

RECREATION RATES – 2014

Director Wilcox stated that he did not receive the Staff Report for this item in his agenda packet. He took a moment to review the Report.

Director Weber made a motion to approve increase to the Day Use Fee and Day Use Fee with Boat Launch for all District recreation areas. Director Wilcox seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Absent
Wilcox, Division V	Aye

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CAROLINE / WINTER MOON WAY WATERLINE EXTENSION PROJECT – Funding Agreements and Budget Amendment

Shannon Matteoni, Business Coordinator, provided some background for the Caroline / Winter Moon Way project. Bob Shaw initially contacted the District in 2006 about obtaining treated water to his property on Winter Moon Way. After little success over many years, Mr. Shaw inquired about the DFWLE program in June 2012, hoping that this program would be helpful to his neighborhood. A petition was submitted and recognized by the District's Engineering Committee in December 2012. A cost estimate and proposed alignment was presented as well as the policy to the neighbors in June. Applications, including the processing fee and requests for credit checks were received from seven property owners and processed in September. Good faith deposits were submitted by the applicants in November 2013. After the Board approved policy changes on November 13, 2013, the Caroline / Winter Moon Way group was transitioned from the previous policy criteria where participants committed to paying back 100 percent of project costs, to the current policy. Staff informed the Administrative Practices Committee that the Caroline / Winter Moon Way project was in mid-process and would be affected by these changes. It was supported to communicate the changes being proposed to the group. A new cost estimate was prepared along with mapping of the area which determined 14 parcels to be served by the proposed pipeline. With the original seven applicants meeting the minimum 50 percent participation level, Staff prepared Funding Agreements which were executed by the property owners and prepared for consideration by the Board. At this time, the Caroline / Winter Moon Way DFWLE group has met all of the qualifications of the existing DFWLE policy. Staff is asking the Board to consider approving the Funding Agreements and the associated budget amendment.

Director Weber noted that Caroline is misspelled on the budget amendment (Carolyn should be Caroline).

Ms. Matteoni explained that this error has been corrected.

Director Wilcox stated that it is entirely appropriate for the Board to approve the Funding Agreements and budget amendment in view of the fact that the Board is reviewing the existing policy.

Director Weber made a motion to approve Funding Agreements with property owners for Assessor Parcels Nos. 39-300-07 (Conway), 39-300-05 (Denio), 39-020-07 (Malloy), 39-300-06 (Page), 39-020-63 (Shaw), 39-020-44 (Steward) and 39-020-68 (Steward); and to approve associated Budget Amendment in the amount of \$378,758 for the Caroline/Winter Moon Way District Financed Waterline Extension Project. Director Wilcox seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye

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Bachman, Division IV Absent
Wilcox, Division V Aye

DISTRICT FINANCED WATERLINE EXTENSION PROGRAM – Changes to Policy

President Drew thanked Directors Miller and Wilcox for noting their concerns about the existing District Financed Waterline Extension (DFWLE) policy. As a result, Staff has spent considerable time tightening up the policy.

Shannon Matteoni, Business Coordinator, stated that as result of concerns expressed by the Board, she is presenting a recommendation from the Administrative Practices Committee to approve proposed modifications to the DFWLE policy. There are five highlighted changes:

- 1) Minimum participation is six parcels and a target maximum participation is 40 parcels (the target maximum can be evaluated on a case by case basis)
- 2) Number of vacant/unimproved parcels within the project has been limited to 20 percent of the total parcels
- 3) Participation level has been increased to 60 percent and then rounding to the nearest whole number
- 4) The Committee review and Board of Directors involvement has been incorporated into the policy – the Engineering Committee will be evaluating the details of the project with regard to pipe alignment, length and size of pipe, and the parcels being served; the Administrative Practices Committee will be evaluating funding for the project; the project will be presented to the Board so that the funds can be encumbered for up to 120 days
- 5) A flow chart of the process has been prepared for use by Staff and neighborhood groups interested in the DFWLE program

Director Weber asked if the 60 percent participation level includes variance parcels.

Ms. Matteoni responded affirmatively.

Director Weber referenced Section 10.20.03 of the DFWLE policy (third paragraph, last sentence). She stated that the Reimbursement Policy should be explained.

Rem Scherzinger, General Manager, stated that the policy section number for the Reimbursement Policy can be referenced.

Director Weber referenced Section 10.20.04 of the DFWLE policy with regard to a Water Service Study.

Mr. Scherzinger stated that Section 10.20.06 (Water Service Study) can be referenced in Section 10.20.04.

Director Weber asked if the Temporary Service Location (TSL) policy is still a pilot program.

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Ms. Matteoni stated that the TSL is now a policy, and she will correct the mention of the TSL pilot program in the DFWLE policy.

Director Miller asked about the budgetary constraints being referred to in the policy, as being at the discretion of the Board.

Jim Malberg, Finance Manager/Treasurer, explained that in 2015, Staff will begin identifying caps for the DFWLE program through the budgetary process.

Director Wilcox made a motion to approve the District Financed Waterline Extension Policy, as amended. Director Miller seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Absent
Wilcox, Division V	Aye

Lily Marie Mora, audience member, asked about the meaning of the 60 percent participation level.

President Drew explained that if there are 20 parcels in an area, 12 parcels should participate in order to qualify for the DFWLE program.

Director Wilcox stated that there is an important distinction between the variance parcels and the participating parcels. Property owners who are participating in the program from the beginning can finance the cost for the project over 20 years. Property owners who do not participate in the beginning and choose to connect in the future, will be required to pay the costs in full up front.

Director Weber pointed out that approximately 50 percent of properties within the District's boundary do not receive water, but pay taxes. There has been a huge effort by the District to expand services as cost effective as possible.

ADMINISTRATION BUILDING REPAIR – Change Orders and Budget Amendment

Brian Powell, Maintenance Manager, presented a recommendation from the Administrative Practices Committee to approve two change orders in the amount of \$64,481.51 for the Administration Building Repair Contract, and \$104,012.26 for changes requested by District Staff, and to approve the associated budget amendment. Mr. Powell stated that building repairs were completed by Bruce Ivy Construction. After the work began and the outside stucco was removed from the building, it was apparent that there was significant dry rot damage and the beginning of some structural damage to the building. Bruce Ivy Construction did a great job making the repairs. Once the project was completed, Staff felt that the total costs for the repairs came out much higher than what was originally expected. Staff investigated the costs that were

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invoiced and tried to make sure the money that was spent on the repairs was the best and most efficient way, and the best use of District funds.

Mr. Powell would like to discuss the cost of the two change orders: one for the contract and one for the extra work, and to review the associated budget amendment. Understanding that the District had a disagreement with the cost for this work, Mr. Ivy opened access to the financial information for this project to Mr. Powell and Mr. Malberg. Payroll information, daily work reports, receipts and invoices were reviewed to determine if there were any inconsistencies with the invoice information. Mr. Powell referenced Figure 1 in the Staff Report which is the Project Cost Summary. Under the column for the Total Final Billing, the sub-total amount is \$336,419.91 for the contract work. He referenced Figure 2 which shows the Labor Adjustments. Staff disagreed with the total amount of labor hours and the total contract cost was reduced by these labor cost differences. The total of the Labor Adjustments is \$30,796.50. This amount was subtracted from the total contract amount of \$336,419.91. This reduction results in a recommended contract amount of \$305,623.41. He believes that this is a fair and reasonable number and it falls between the best and worst case scenario proposals. The first change order is the difference between the original contract amount of \$241,141.90 and the recommended amount of \$305,623.41 which leaves a change order amount of \$64,481.51.

Mr. Powell stated that Staff also reviewed costs associated with the extra work. He referenced Figure 3 in the Staff Report which shows a comparison between the Extra Work and the Final Billing in the amount of \$166,954.61. The recommended cost for the extra work is \$104,012.26. Figure 4 shows the Extra Work Summary Detail and explains why there are reductions to the cost for Extra Work. Staff agreed with many of the items, but there are three items Staff did not agree with regarding the stucco system (the amount of time to complete the work for these items). After assessing the installation time, Staff significantly reduced the cost for Extra Work.

Mr. Powell referenced Figure 1 again. It shows the cost for the Contract Amount in the amount of \$305,623.41 and the extra work of \$104,012.26 for a total final payment of \$417,919.77. The project began with a total budget of \$330,000. With the total recommended Final Payment of \$417,919.77, a budget amendment is necessary in the amount of \$87,919.77. At a recent bid opening for the Upper Banner Tank Painting Project, the District realized a cost savings from the budgeted amount. This cost savings (in the amount of \$85,613) in addition to the Maintenance Emergency Fund (in the amount of \$2,306.77) will be utilized to cover the budget amendment.

Director Miller asked if the District is still working with the contractor.

Mr. Powell stated that Mr. Ivy is not in agreement with the numbers the District has come up with, and is therefore in the process of filing a claim.

Rem Scherzinger, General Manager, explained that the contract has a series of mechanisms in it. A claim will be presented to the Board and the Board will decide which avenue to pursue. What is being presented to the Board at this time is what Staff

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believes the District owes the contractor. Staff is willing to use the contract mechanisms to discuss the other items.

President Drew stated that he feels that this matter will be brought back to the Board. As indicated, there are two items for the Board to consider at this time – the two change orders and the associated budget amendment. There is acknowledgement that there are outstanding issues that will be resolved one way or another, either through a claim or mediation. Through the efforts of Staff evaluating the project documents, Staff feels that a lot of the extra work that was done was done at the request of the District.

Director Wilcox stated that the original agreement was a time and materials agreement. He asked how much latitude the District has to negotiate a time and materials agreement. When a contract is based on time and materials, the District is basically relying on the good will of the contractor to keep track of the project and to bill the District fairly. He asked if the District has much of a leg to stand on.

Mr. Powell stated that Staff has reviewed the project documents, and the discrepancies will be brought up during the claim process.

Mr. Scherzinger stated that the contract was based on a time and materials agreement with a not to exceed number. This adds a little nuance to the conversation. There are questions, and Mr. Ivy was kind enough to allow Staff to review the project documents. Staff is very comfortable with making a good faith payment based on the information that was reviewed. There are still questions that need answers and this will be done through the claim process.

Director Weber stated that she thinks that this is unfortunate. The contractor is in the community and is recognized as an ethical person who does high quality work. She stated that some interim contacts should have occurred so that the District is aware of what is going on. This could have made a difference. The District is trying to save money, and Staff needs to “sit on overruns if we’re going to save money.”

Mr. Powell concurred. There should have been more control throughout the process on the costs that were coming through. Some of the costs were not apparent through the construction.

President Drew stated that he is confident that there will be some resolution to this matter. The Board needs to approve the items that Staff has presented.

Director Wilcox stated that by approving the change orders and budget amendment, the Board is not saying anything about the amount in dispute.

Lily Marie Mora, audience member, asked if the District has an oversight policy for contracts.

Mr. Scherzinger explained that there are controls within the contract to control how the contractor behaves with the District. This set of events moved beyond the timeline.

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There was a final billing that the District received. This caused the District to begin an audit with the contractor and has essentially yielded this decision for the request.

Director Wilcox made a motion to approve two change orders in the amount of \$64,481.51 for repairs to the Administration Building repair contract, and \$104,012.26 for changes requested by District Staff, and to approve the associated budget amendment. Director Weber seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Absent
Wilcox, Division V	Aye

NEVADA COUNTY SHERIFF'S SEARCH AND RESCUE – Training Expense

Keane Sommers, Hydroelectric Manager, presented a recommendation from the Administrative Practices Committee to approve a donation to the Nevada County Sheriff's Search and Rescue for providing cold weather training in the amount of \$2,000 (\$1,000 for classroom training and \$1,000 for field training). He stated that this is an innovative approach to obtaining a regulated requirement for safety training. The Hydroelectric Division employees are placed in cold weather environments on a regular basis. As part of that, the District is required to provide cold weather training pursuant to the Occupational Safety and Health Administration (OSHA). Mr. Sommers researched avenues for the training and determined that it would cost the District \$1,000 per day per person. Don Bird, Safety Analyst, discovered an alternative – the Nevada County Sheriff's Search and Rescue group is willing to provide the District this training. Staff worked with them to develop a program to be covered in the training in a classroom setting and a field setting. The Search and Rescue group is a non-profit group and cannot invoice the District for these services. A donation can be made, and Staff recommends that the District make a donation (in lieu of service) in the amount of \$2,000. This will result in a savings to the District in the amount of \$17,900.

President Drew stated that there was a good discussion on this matter during the Administrative Practices Committee meeting. He suggested that the training be filmed so that other employees can utilize the training in the future. There was concern about the word donation. Because the District cannot be invoiced by the Search and Rescue (because they are a non-profit organization), the District will need to make a donation, and the funds will come out the Hydroelectric Division's training budget.

Director Wilcox asked if the training that will be provided meets all of the requirements of OSHA.

Mr. Sommers responded affirmatively.

Director Weber made a motion to approve donation in the amount of \$2,000 to the Nevada County Sheriff's Search and Rescue for providing cold weather training. Director Wilcox seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Absent
Wilcox, Division V	Aye

OTHER POST EMPLOYMENT BENEFITS (OPEB) – Update

Jim Malberg, Finance Manager/Treasurer, provided the Board with an update on OPEB.

What is OPEB?

- OPEB: Other than pension Post Employment Benefits
- Historically accounted for as Pay-As-You-Go
 - Includes: Medical premiums, pharmacy costs and life insurance
- Governmental Accounting Standard Board (GASB) Statement No. 45
 - Requires agencies to recognize OPEB costs over active service of employees rather than pay-as-you-go
 - “Annual Required Contribution(ARC)” - how much should be set aside
 - Accrue difference between ARC and actual payments
 - Mandatory Implementation in Fiscal Year 2008

Definition of Terms:

- Actuarial Accrued Liability (AAL):
 - Liability for benefits “earned” for past service using actuarial assumptions
- Normal Cost (NC):
 - Value of benefits “earned” during the current year
- Annual Required Contribution (ARC):
 - Normal cost, plus
 - Amortization of unfunded AAL
- Net OPEB Obligation (NOO):
 - Historical difference between ARC and actual contribution
- PayGo
 - Cash payments for retiree benefits, no pre-funding

Benefit Summary:

- Eligibility
 - Retire directly from District under CalPERS (age 50 and 5 years service or disability)
- Medical
 - District pays PEMHCA minimum
 - 2012 = \$112; 2013 = \$115; 2014 = \$119
 - District pays premium up to single PERS Choice Bay Area PPO:

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- Pre-Medicare: 2012 = \$574.15; 2013 = \$667.03; 2014 = \$690.71
- Post-Medicare: 2012 = \$383.44; 2013 = \$325.74; 2014 = \$307.23
- Vesting Schedule:
 - Hired before May 10, 2012 = Full benefit at retirement
 - Hired after May 11, 2012
 - 10 years of service = 25%
 - 11 – 19 years of service = 25% plus 2.5% per year
 - 20+ years of service = 50%
- Dental and Vision
 - None, other than retiree HRA accounts
- Life Insurance
 - \$15,000 if retirement before 1/1/1995
 - \$32,500 if retirement between 1/1/1995 and 9/30/2005
 - \$50,000 if retirement after 9/30/2005
- Coverage by age:

○ Age<65	\$15,000	\$32,500	\$50,000
○ 65<Age<70	9,750	32,500	32,500
○ 70<Age<75	6,000	20,000	20,000
○ 75<Age	3,750	12,500	12,500
- Surviving Spouse
 - Retiree medical benefit continues to surviving spouse if retiree elects survivor annuity under CalPERS retirement plan
 - HRA contributions cease upon death, vested balance may be used by eligible dependents
- Other
 - District established HRA account for eligible retirees effective 1/1/2009
 - Retirees prior to 12/31/2008 fall under previous plan
 - One-time contribution of \$1,000 and \$300 monthly for non-Medicare and \$200 for Medicare eligible up to cap of \$4,000

Mr. Malberg provided a summary of the data associated with OPEB. It is important to note that the number of active employees is nearly the same as retired employees and it is likely that the number of retirees will increase this year which will result in a higher liability to the District.

Mr. Malberg stated that as the District contributes to the Trust and builds up a balance to pay the OPEB liability, the unfunded liability will trend downward, and he expects this to continue for some time.

Mr. Malberg stated that the projected contribution as a percentage of payroll ranges from 21.8 percent in 2015 to 20.5 percent in 2024 as the liability is paid down.

The California Employee Retirement Benefit Trust (CERBT) is managed by CalPERS. On December 31, 2009, the District made an initial payment to CERBT in the amount of \$2,311,000. Over the years, the District has contributed approximately \$4,372,772. Interest earnings amounted to \$2,263.674, and the average annualized internal rate of return is 10.8 percent.

Mr. Malberg provided the CERBT Update and indicated that the District used CERBT Strategy 1 which is performing well. He is recommending that the District continue to use this Strategy for the time being.

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years
CERBT 1	2,656,307,128	1.20%	4.71%	10.83%	14.71%	9.34%
Benchmark		1.00%	4.41%	10.48%	13.61%	9.26%
CERBT 2	468,018,236	0.77%	3.34%	8.11%	9.16%	N/A
Benchmark		0.51%	3.00%	7.70%	8.48%	N/A
CERBT 3	68,545,442	0.43%	2.10%	5.33%	4.09%	N/A
Benchmark		0.03%	1.56%	4.72%	3.30%	N/A

Director Miller asked how the District recognizes alternative lifestyle households with a surviving spouse.

Rem Scherzinger, General Manager, stated that per State statute, CalPERS is gender neutral with regard to surviving spouses.

Director Weber stated that it is important to note that the Board of Directors does not receive retirement benefits.

Mr. Malberg stated that he will provide updates on the CERBT fund in the Treasurer's Quarterly Report.

President Drew made a motion to authorize Staff to continue current amortization and investment strategies for Other Post Employment Benefits. Director Miller seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Absent
Wilcox, Division V	Aye

SALARY REALIGNMENT – Assistant General Manager, Operations Manager, Recreation Manager and Board Secretary

Rem Scherzinger, General Manager, presented a recommendation from the Administrative Practices Committee to realign the salaries of the Assistant General Manager, the Operations Manager, the Recreation Manager and the Board Secretary by changing the appropriate job description's salary scale. He stated that over the last

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several years the District has made a number of adjustments in terms of classifications and the roles and responsibilities.

Mr. Scherzinger stated that the Assistant General Manager position has truly grown from a Risk Manager into an Assistant General Manager. The policies of the Board and the District require this position to operate as the General Manager in the General Manager's absence. He is proposing that the Assistant General Manager position be aligned with the Finance Manager position.

Mr. Scherzinger is proposing that the Operations Manager position be aligned with the Maintenance Department Manager. This realignment is appropriate given that both positions are managing similar units.

Mr. Scherzinger is proposing that the Recreation Manager be realigned with the Operations Manager, Hydroelectric Manager and the Maintenance Manager, but start out at 20 percent below the salary range with the opportunity to graduate into a fully operational position as responsibilities increase. The Recreation Manager position has been transformed in major ways, specifically with the management of four recreation facilities. The role of the Recreation Manager will expand more as the Federal Energy Regulatory Commission license impacts the District in the Upper Division. He noted that the Recreation Manager manages a group of seven regular employees throughout the year and 50 to 60 temporary employees during recreation season.

Mr. Scherzinger stated that with regard to the Board Secretary position, normally the position is a single position with an assistant clerk. The District's Board Secretary functions as a manager and runs the Central Files unit and oversees Administration functions. He is proposing to realign this position with other comparable agencies at the level of managers in charge of internal office functions.

Mr. Scherzinger stated that these four positions would enter into the new salary range at the current salary level or the next highest level, so as not to give the perception of pension spiking.

Director Weber asked when the realignments would be effective.

Mr. Scherzinger stated that the realignments would occur upon approval by the Board.

Director Weber asked if there are other positions out of alignment.

Mr. Scherzinger stated that he is sure that there are a number of positions out of alignment. He has asked a number of the managers to review staffing impacts and issues that the District is currently facing, and to provide him with their reports. For example, a number of employees have left the District for employment elsewhere for salary increases. In addition, the District has not been able to hire several positions because the salary is too low.

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President Drew stated that these small increases to the four positions are richly deserved.

President Drew made a motion to approve realignment of salaries for the Assistant General Manager, Operations Manager, Recreation Manager and Board Secretary by changing the appropriate job description's salary scale. Director Weber seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Absent
Wilcox, Division V	Aye

OUTREACH – Drought Situation

Rem Scherzinger, General Manager reported that he and the Operations Manager have attended several Municipal Advisory Committee (MAC) meetings in Placer County. In addition, he has attended Farm Bureau meetings and Agriculture Commission meetings.

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) – Legislative Symposium

Rem Scherzinger, General Manager, reported that he attended ACWA's Legislative Symposium last week. There are currently 11 water bonds in process. There is a 12th bond being held at the State Senate level. He is trying to determine how the District can benefit from these bonds. He had a long conversation with the Executive Director of ACWA. One of the bonds drawing attention now is with regard to storage. There is discussion about increasing the amount of money currently being offered for storage by about \$2 billion. Other areas where the District could benefit include bonds for water quality, mercury and sediment removal, storm water, etc.

NEVADA COUNTY ECONOMIC RESOURCE COUNCIL – Meeting

Rem Scherzinger, General Manager, reported that the Economic Resource Council has a new plan. He has appointed Gary King, Engineering Manager, as the alternate to this Council replacing Tim Crough, Assistant General Manager. It is important to note that the District is identified as one of the top 20 organizations in the County as a revenue generator. A majority of those on the list of 20 do not have headquarters in this area, and the revenue does not necessarily stay in the area. While the District is not a revenue generating entity, all of the District's revenue from power and recreation does come into this community.

March 12, 2014

DUNNE PROPERTY - Tour

Rem Scherzinger, General Manager, reported that he had the opportunity to tour the Dunne property within the proposed Newtown Canal project. Director Drew and Tim Crough, Assistant General Manager, were also in attendance. They reviewed the damage to her rock/block storehouse. There are a number of issues on the parcel, and they had a very nice discussion with Ms. Dunne's engineer. Drainage is an issue, but separate from the claim filed by Ms. Dunne. There are a number of ongoing issues on the property in terms of leakage from the Canal.

MEETING WITH MICHAEL PASNER

Rem Scherzinger, General Manager, reported that he met with Michael Pasner with regard to the fee that is now being assessed to raw water customers who do not shut off their irrigation boxes in response to notification about vegetation control. The meeting was productive and Mr. Pasner understands the District's position.

MEETING WITH CITIZEN GROUP

Rem Scherzinger, General Manager reported that Staff met with a citizen group interested in learning more about the District. The group was coordinated by Lily Marie Mora, and Mr. Scherzinger labeled the meeting "NID 101." There will be more meetings in the future.

MEETING WITH ANDREW WILKINSON

Rem Scherzinger, General Manager, reported that he met with Andrew Wilkenson to discuss getting water to his property from the Old Cascade Canal. The meeting was productive, and Mr. Wilkenson understands the District's position. He is an out of District Customer. If he would like to pursue the Railroad Commission Order, he will need to address the California Public Utilities Commission. If he would like water from the Canal, the District will need to resolve the issues with Foothill Water Network with regard to Water Rights permits.

CORRESPONDENCE FROM THE CALIFORNIA POOL AND SPA ASSOCIATION

Rem Scherzinger, General Manager, reported that a letter was sent to the Board members from John Norwood of the California Pool and Spa Association regarding water restrictions as a result of the drought. At this time, the District would not head in this direction because it is not part of the District's Drought Contingency Plan.

Director Wilcox stated that he contacted Mr. Norwood and informed him that he did not understand the genesis of the letter from Mr. Norwood. The District has taken no actions to negatively impact pools and spas specifically. It appeared to Director Wilcox that the letter was a boiler plate so wide of the mark that it was meaningless. It is Director Wilcox's opinion that pools and spas are not major consumers of water. If the goal is save water, then districts should go after those using the water.

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LEASE AGREEMENT WITH COSTCO – Placer County

Rem Scherzinger, General Manager, reported that the Placer County Board of Supervisors approved the lease agreement with Costco. Costco will be built on property that is in one the District's exclusion areas. The District has reached out to Placer County and Placer County Water Agency to discuss how Costco can receive the water they need. He pointed out that discussions continue with Placer County with regard to a Master Tax Sharing Agreement.

SOUTH YUBA RIVER CITIZENS LEAGUE (SYRCL) – Conservation Education

Rem Scherzinger, General Manager, reported that outreach to schools for conservation education continues to be a positive program. In March there are several sessions: on March 17 at Grass Valley Charter, on March 31 at Bowman Charter School and on March 31 at Auburn Elementary.

MOUNTAIN COUNTIES WATER RESOURCES ASSOCIATION (MCWRA) - Meeting

Rem Scherzinger, General Manager, reported that he attended the MCWRA meeting along with Director Weber. Frances Spivy-Weber, Vice-Chair of the State Water Resources Control Board, provided a presentation. She was very clear that the State Board will begin to look at water rights and to look at hierarchy (pre-1914 and post-1914 rights). She stated that health and safety would be protected and considered sacrosanct. She added that dust control and saline water intrusion reduction would also be protected. This raised some hackles in the room. There is strong concern that the State Board will look at water rights with a gray periphery and focusing on certain districts to address salinity issues in the Delta and dust issues in the Central Valley.

Director Weber stated that with the help of Sierra Fund, there has been lobbying done for financial services to remove sediment from the reservoirs. Ms. Spivy-Weber's comment about removing sediment was that she did not know where the sediment would be moved to. She did not mention mercury content as an inhibitor. The State Water Resources Control Board at her level is not aware of the District's efforts. There are legislators (Lois Wolk as one example) who are aware of the District's efforts.

Director Weber stated that most of the meeting had to do with the drought. The Association of California Water Agencies (ACWA) conducted a poll; 92 percent of California voters feel that drought is the number one issue for the State. There are many water districts in deep trouble, particularly if they are leasing water from Pacific Gas and Electric Company. Placer County Water Agency's Region 5 is going to need to pump out of the American River and this will cost four times the amount of what the water sells for now.

CLOSED SESSION was declared at 10:52 a.m. pursuant to Government Code Section 54957.6 to provide direction to the District's designated bargaining representatives – Scherzinger and/or District Counsel – regarding 2014 salary/benefit/working conditions.




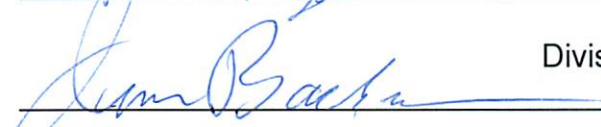
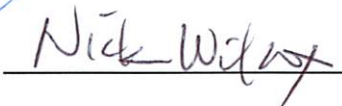
March 12, 2014

MEETING RECONVENED in regular session at 11:22 a.m.

MEETING ADJOURNED at 11:22 a.m. to reconvene in regular session on March 26, 2014, 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