

NEVADA IRRIGATION DISTRICT

BOARD OF DIRECTORS / JOINT POWERS AUTHORITY

MINUTES

April 23, 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 23rd day of April 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; Tim Crough, Assistant General Manager; Jim Malberg, Finance Manager; Gary King, Engineering Manager; Chip Close, Operations Manager; Peggy Davidson, Recreation Manager; Brian Powell, Maintenance Manager; Keane Sommers, Hydroelectric Manager; Anthony Soares, District Counsel; and Lisa Francis Tassone, Board Secretary.

PUBLIC COMMENT - Rundle

Shaun Rundle introduced himself to the Board and stated that he is the Regional Affairs Representative for Region 3 of the Association of California Water Agencies (ACWA). He looks forward to working with the District.

The Board welcomed Mr. Rundle.

EMPLOYEE RELATIONS – New Employee Introduction, Ettlín

Nathan Wasley, Water Superintendent, introduced Jesse Ettlín, Water Distribution Operator I. Mr. Ettlín will be working on Route 9 in Placer County in the Lake of the Pines area. He is married, and the couple resides in Grass Valley. He was born and raised in Penn Valley, and was heavily involved in Future Farmers of America and football while attending Nevada Union High School. He graduated from California Polytechnic State University - San Luis Obispo with a degree in Agricultural Business.

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

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EMPLOYEE RELATIONS – New Employee Introduction, Frey

Nathan Wasley, Water Superintendent, introduced Dennis Frey, Water Distribution Operator I. Mr. Frey will be working on Route 4 in the Chicago Park area. He resides in Nevada County with his wife and three sons. Mr. Frey is very involved in the community by coaching baseball for his sons and coaching football at the Nevada Union High School Junior Miner Program. He has been a temporary employee with the Operations Department by helping out on the flushing crew. He brings good customer service and leadership skills to the District. He was previously employed with Maier's Manufacturing as a warehouse supervisor.

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

EMPLOYEE RELATIONS – New Employee Introduction, Ward

Aha Howard, Accounting Administrator, introduced Lisa Ward, Finance Assistant. Ms. Ward was born and raised in Penn Valley. She moved away and recently made the decision to return to Nevada County with her husband and one-year old son. Ms. Ward has a Bachelor's Degree in Human Development, and brings more than 10 years of experience in the accounting and finance industry. She was previously employed with a lumber company in Oakland, CA.

The Board and Staff welcomed Ms. Ward to the District.

EMPLOYEE RELATIONS – New Employee Introduction, Conboy

Fred Waymire, Treated Water Superintendent, introduced Ryan Conboy, Water Treatment Operator II. Mr. Conboy is from Arkansas, and has spent six years in the Air Force. Three of those years, he worked at Beale Air Force Base as a treatment operator. He also spent six years as a civilian employee at Beale Air Force Base. He is a grade II licensed operator and a grade I distribution operator. In his spare time, he enjoys riding motorcycles.

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

EMPLOYEE RELATIONS – Ford, Retirement Presentation (Res. 2014-10)

Keane Sommers, Hydroelectric Manager, recognized Jim Ford on his retirement after 35 years of service. Mr. Sommers stated that he has been dreading this day for some time. When he took the position of Hydroelectric Manager, he knew that there would be a number of employees he could count on to make sure the Department is successful. Mr. Ford is one of the cornerstones in the Hydroelectric Department. Mr. Ford started his career with the District 35 years ago on the Maintenance Labor Crew. After about six years, he transferred to the Hydroelectric Department. He has worked his way up to the top of the maintenance portion of the Department and will retire as the Hydroelectric Maintenance Supervisor. Mr. Ford is a level-headed and experienced leader, and he leads by example. He gives everything he has to the job every day. Mr. Sommers apologized to Mr. Ford's family because the job has kept Mr. Ford up at night. Mr. Ford is one of those employees who takes his work home with him. He thinks an issue

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through and has a solution by the time he comes into work the next morning. Mr. Ford is one of the most decent human beings Mr. Sommers has ever worked with. He will go out of his way to make sure his employees are taken care of. He has been a sounding board for Mr. Sommers on a number of occasions. Mr. Ford plans to spend his time playing softball, fishing and riding his bike. Mr. Sommers congratulated Mr. Ford on his retirement and wished him well.

Mr. Ford thanked Mr. Sommers for the nice comments. He thanked the District for putting up with him for 35 years. He recognized the employees of the Hydroelectric Department and stated that they are a skilled and dedicated group of people. It has been an honor to work with all of them.

The Board applauded Mr. Ford for his 35 years of service. President Drew presented Mr. Ford with a Certificate of Appreciation (Res. No. 2014-10).

Phil Nedved, Interim Hydroelectric Maintenance Supervisor, stated that he has worked with Mr. Ford for 18 years. Through the years, Mr. Nedved has learned that Mr. Ford is a great friend and is very honest. He is also patient and is always the first to jump in to lend a hand. Mr. Nedved stated that he will miss Mr. Ford, and wished him well in his retirement.

Bob Carr, Hydroelectric Technician, stated that Mr. Ford has been great to work for, and is always jumping in to do whatever work is needed. He is a problem solver. Mr. Ford has been one of the best supervisors Mr. Carr has worked with. Mr. Carr looks forward to seeing Mr. Ford at the lake doing some fishing. He wished Mr. Ford well in his retirement.

EMPLOYEE RELATIONS – Blair, Retirement Presentation (Res. 2014-11)

Keane Sommers, Hydroelectric Manager, recognized Karen Blair on her retirement after 13 years of service. Ms. Blair started with the District in Central Files in 2000, shortly after moving to the area from Oklahoma. She made her way over to the Hydroelectric Department about seven years ago. She has kept the Department from looking “silly” using her impeccable grammar and writing skills. In the time Mr. Sommers has worked with Ms. Blair, he has never known her to back down from a challenge. No matter what request the Department receives from an individual or government agency, he knows that he can have Ms. Blair dive in, and she will find an answer. Ms. Blair knows more about the agencies that regulate the Hydroelectric Department than any other employee combined. She thrives on new challenges and mastering those challenges. She is also one of the most kind, caring people he has ever met. She has had some challenges that have kept her up late at night, but she still comes into work with a smile on her face and gives the job absolutely everything she has. If anyone in the Department is having a rough day, they know they can count on Ms. Blair for a smile and “pick-me-up.” She has helped Mr. Sommers be a better leader and has helped make the Department a great place to work. Ms. Blair plans to remain in the area with her daughter, granddaughter and aunt, and to do some travelling. She may look for another job at some point. He wished Ms. Blair well in her retirement.

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Ms. Blair stated that she wants the Board to know that the Hydroelectric Department has a “humongous” amount of talent, ability and positive work ethic. The Board needs to be careful to “keep the talent you have.” She thanked the Board for the opportunity to work with the District.

The Board applauded Ms. Blair for her 13 years of service. President Drew presented Ms. Blair with a Certificate of Appreciation (Res. No. 2014-11).

MINUTES – April 9, 2014 Regular Meeting

Director Weber made a motion to approve the Minutes of the Board of Directors’ regular meeting of April 9, 2014 as submitted. 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

WARRANTS

Director Weber made a motion to approve the following warrants: Yuba-Bear Revolving Fund Nos. 26333 through 26373, inclusive; General Fund Revolving Account Nos. 64554 through 64691, No. 64384 being void; Recreation Fund Nos. 4313 through 4327, inclusive; and Payroll Direct Deposit and Warrant Nos. 70771 through 70785 and V70786 through V70942, inclusive. 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

CASCADE SHORES PIPELINE REPLACEMENT PROJECT PHASE 3A – Award of Request for Quotation No. 862

Director Weber made a motion to approve and award Request for Quotation (RFQ) No. 862 to Corix Water Products in the amount of \$91,315.24, Pace Supply Company in the amount of \$43,018.61 and Groeniger & Company in the amount of \$1,491.58 for pipe and associated fittings; and to authorize the General Manager to execute the necessary documents. Director Miller seconded the motion.

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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

SKY PINES MUTUAL WATER ASSOCIATION – Addition of Parcel

Director Weber made a motion to approve addition of Nevada County Assessor's Parcel No. 23-120-63 to the Sky Pines Mutual Water Association. 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

CONTRACT CHANGE ORDER PERCENTAGES – Informational Report

Gary King, Engineering Manager, stated that there have been concerns raised about how District projects are being managed and what the percentage is of change orders on these projects. Staff developed a list of 25 projects worth approximately \$84 million that were either a consultant or construction contract during Mr. King's tenure with the District. He reported that change orders on the 25 projects amounted to 4.4 percent. The industry average is 8 to 10 percent. The District's change orders are well within and below the margins.

Director Wilcox stated that the information in the report is valuable and shows that the District is being proactive about following contract conditions so that project budgets do not get out of control. During water rate hearings, members of the public assume that the water rates have to be raised because the District cannot manage projects. This is not true. He feels that the information contained in this report should be in the public record because it demonstrates that the District is making decisions in the best interest of the public and controlling costs so that water rates are decided upon appropriately. He complimented Mr. King for preparing and presenting the report.

President Drew stated that he would like this information be provided to Lily Marie Mora because she raised some concerns about this matter in a recent Board meeting. A member of the audience stated that she will provide the report to Ms. Mora.

Director Weber asked if the report includes environmental studies.

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Mr. King stated that the report does not include environmental studies because the Environmental Impact Reports (EIRs) were not entirely under his management.

Director Wilcox stated that Director Weber's point is well taken, and he thinks that going forward, Staff should include change orders to environmental studies.

Director Weber asked if easement acquisitions are included in the report.

Mr. King stated that easement acquisitions for the Lower Cascade Canal / Banner Cascade Pipeline Project and the Cement Hill Water Supply Project are included but the cost to purchase the easements is not included.

Director Weber stated that the total costs of District projects, including environmental studies and easement acquisitions, would provide a more accurate picture. She pointed out that the Auburn Ravine Fish Passage project was a project inherited by the District that was designed by Placer County. The District made the Project happen, so it is not fair to add the Project in the report because the change orders amounted to 15.9 percent which is higher than other District projects.

Mr. King explained that the change orders for the Auburn Ravine Fish Passage Project were for additional concrete sidewalk since the sidewalk was unable to handle the equipment as expected.

Director Miller made a motion to receive and file report on contract change orders for twenty five of the District's significant projects over the last seven years. 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

NEWTOWN CANAL REHABILITATION PROJECT – Easement Acquisition (Res. No. 2014-13)

Rem Scherzinger, General Manager, requested that this item be removed from the agenda, and continued to another Board meeting in the future.

President Drew concurred and removed the item from the agenda.

BOWMAN SPAULDING CANAL – Update on Condemnation

Rem Scherzinger, General Manager, reported that the condemnation for the first phase of the Bowman Spaulding Canal from the Bowman facility to Fuller Lake is complete. The documents have been executed and the properties will be transferred to the

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District. Phase two of the project will be from Fuller Lake to Spaulding III. Pacific Gas & Electric Company (PG&E) is aware of the District's advance, and he anticipates that the second phase will go as smoothly as the first phase.

STAKEHOLDERS' MEETING - Update

Rem Scherzinger, General Manager, reported that a Stakeholders' meeting was held on April 2, 2014 to discuss the Proposition 218 process.

PUBLIC POLICY INSTITUTE – Proposition 218 and Proposition 26

Rem Scherzinger, General Manager, reported that he and Jim Malberg, Finance Manager/Treasurer, attended a session sponsored by the Public Policy Institute regarding Proposition 218 and Proposition 26. The session was valuable because he learned what other districts are dealing with regarding these Propositions.

NEVADA COUNTY BOARD OF SUPERVISORS – Drought Update

Rem Scherzinger, General Manager, reported that on April 8, 2014, he and Chip Close, Operations Manager, provided the Nevada County Board of Supervisors an update on the District's efforts regarding the drought. The Board was receiving an Emergency Operations Center (EOC) briefing on the drought, so the information provided by the District was timely.

HARASSMENT PREVENTION TRAINING

Rem Scherzinger, General Manager, reported that Staff has scheduled Harassment Prevention Training on May 14, 2014 following the Board meeting. This is a requirement of AB 1825, and the Board is required to receive two hours of training every two years.

COSUMNES, AMERICAN, BEAR AND YUBA (CABY) WATERSHED GROUP – Update

Rem Scherzinger, General Manager, reported that the Planning Committee will be adopting the update to the Integrated Regional Watershed Management Plan (IRWMP) on May 30, 2014. The update includes the governance section which has components that will continue to be negotiated.

BINGAMAN VS. NEVADA IRRIGATION DISTRICT – Settlement Agreement

Rem Scherzinger, General Manager, reported that the case of Bingaman vs. Nevada Irrigation District has been settled with an agreement which has been executed and is on file.

CALIFORNIA ENERGY COMMISSION – Renewable Power Certificate

Rem Scherzinger, General Manager, reported that the District has been involved in changing State policy with the California Energy Commission. This is a tremendous undertaking and the Hydroelectric Department, District Counsel and retained Counsel should be congratulated for leading the District through a process by which the District's

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Renewable Power Certificate will now be adopted and will save the District approximately \$679,000 in renewable credits.

SOUTH YUBA RIVER CITIZENS LEAGUE (SYRCL) – State of the Yuba

Director Wilcox reported that he and Director Weber attended an event hosted by SYRCL regarding the state of the Yuba River. The District was recognized and thanked by SYRCL for participating in the educational program that SYRCL conducts in the schools.

Director Wilcox stated that SYRCL reported on a number of issues, one of which has potential implications to the District. SYRCL is pushing very hard at returning salmon to the headwaters of the Yuba River. SYRCL views the South Fork of the Yuba as a hostile and lethal environment because of temperature profiles, so they have no plans of introducing salmon in the South Fork. They are looking at utilizing the Middle Fork of the Yuba River, but they are focusing on the North Fork as a potential restoration site. They are looking into the option of ‘trap and truck’ which would be an expensive option for moving salmon, and he feels that this would not impact the District. SYRCL is also focusing on restoration of the Lower Yuba River. He feels that this is the most practical alternative because temperature can be controlled in this area. SYRCL is actively engaged in riparian habitat restoration to make the Lower Yuba River reach much more hospitable.

Rem Scherzinger, General Manager, pointed out that the Yuba Salmon Forum has identified the Lower Yuba and the North Yuba River as the primary areas of focus.

President Drew stated that he has been to the upper end of Bullard’s Bar on a number of occasions when the Reservoir is high and low. This area is, at best, marginal spawning habitat. The same applies to the South Fork of the Yuba River. SYRCL could save millions of dollars a year by getting rid of the striped bass. The striped bass are responsible for 50 percent of the take of young salmon smolts on the Sacramento and San Joaquin Rivers. To deny this is ridiculous. SYRCL and the Department of Fish and Wildlife are aware of this, but they will not acknowledge these facts because it will cut into their funding. As long as there is denial, the salmon population will continue to suffer. The salmon population could be increased by at least 50 percent by getting rid of the striped bass. The striped bass is a non-native invasive predatory species. The Department of Fish and Wildlife is remiss in their responsibilities for not addressing this issue.

Director Weber stated that Caleb Dardick, SYRCL Executive Director, offered to provide a presentation to the District’s Board of Directors on salmon. She defended SYRCL and stated that the organization has been fantastic supporters of the watershed.

President Drew concurred.

Mr. Scherzinger stated that Staff will contact Mr. Dardick to schedule the presentation.

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CLOSED SESSION was declared at 9:55 a.m. pursuant to Government Code Section 54956.8 to confer with Real Property Negotiators Scherzinger, Malberg, Sommers, Sindt and/or Meith regarding price and terms of payment for acquisition and sale of rights in real property; properties subject to negotiations:

- South Yuba Canal, Chalk Bluff Canal, Deer Creek Powerhouse; flowage/wheeling rights in Drum Canal, Bear River Canal, Wise Canal, and South Canal (all owned by PG&E)
- Flowage Rights in Bowman-Spaulding Canal, Fall Creek Flume, Dutch Flat Flume, and Chicago Park Flume; right to storage in Rollins Reservoir (all owned by NID)

Persons with whom negotiations will be conducted: PG&E Management.

CLOSED SESSION was declared at 9:55 a.m. pursuant to Government Code Section 54956.9(a) to confer with Legal Counsel – Existing Litigation – Tom Amesbury, dba Forester’s Co-op v. Nevada Irrigation District; Nevada County Case No. CL13-079588.

CLOSED SESSION was declared at 9:55 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.

MEETING RECONVENED in regular session at 10:45 a.m.

AMESBURY, DBA FORESTER’S CO-OP VS. NEVADA IRRIGATION DISTRICT – Settlement Agreement

Director Drew made a motion to approve the Settlement Agreement in the case of Amebury vs. Nevada Irrigation District, the terms of which are set forth in the Memorandum of Understanding that was filed April 14, 2014. 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

MEETING ADJOURNED at 10:45 a.m. to reconvene in regular session on May 14, 2014, at 9:00 a.m. at the District's main office located at 1036 W. Main Street, Grass Valley, California.


Board Secretary

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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

Neray V. Wilson

Division II

[Signature]

Division III

[Signature]

Division IV

[Signature]

Division V

Nick Wilson