

NEVADA IRRIGATION DISTRICT
BOARD OF DIRECTORS / JOINT POWERS AUTHORITY

MINUTES

October 22, 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 22nd day of October 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), Jim Bachman (Division IV) and Nick Wilcox (Division V), Directors.

Staff members present included Remleh Scherzinger, General Manager; Tim Crough, Assistant General Manager; Mary Morris, Interim Finance Manager; Chip Close, Operations Manager; Gary King, Engineering Manager; Peggy Davidson, Recreation Manager; Brian Powell, Maintenance Manager; Keane Sommers, Hydroelectric Manager; Karen Gillespie, Human Resources Manager; Jeff Meith, District Counsel; and Lisa Francis Tassone, Board Secretary.

EMPLOYEE RELATIONS – New Employee Introduction, Farmer

Brian Powell, Maintenance Manager, introduced Jeff Farmer, Equipment Mechanic II. Mr. Farmer was born and raised in Nevada City, and graduated from Nevada Union High School. He is married, and in his spare time, he enjoys four wheeling and fishing. He was recently employed with Foster's Trucking as a truck driver and mechanic.

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

EMPLOYEE RELATIONS – New Employee Introduction, Gardner

Karen Gillespie, Human Resources Manager, introduced Sally Gardner, Human Resources Technician. Ms. Gardner hales from the Washington DC area and has lived in Nevada County for the past nine years. She has a Bachelor of Arts Degree from George Washington University and a Master of Arts Degree from Washington Theological Union. She has 12 years of human resources experience in various

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capacities. Ms. Gardner is married and has two children. In her spare time, she enjoys singing, being involved with spiritual direction programs and playing tennis.

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

EMPLOYEE RELATIONS – New Employee Introduction, Morris

Rem Scherzinger, General Manager, introduced Mary Morris, Interim Finance Manager. Ms. Morris resides in El Dorado Hills with her husband and two sons. She has a Master of Business Administration Degree from Sacramento State University, and has 29 years of experience in finance, both in the public and private sectors. She will serve as the Interim Finance Manager for six months while the District evaluates the position and develops a strategy for recruiting a Finance Manager.

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

MINUTES – October 8, 2014 Regular Meeting

Approved the Minutes of the Board of Directors' regular meeting of October 8, 2014, as submitted. M/S/C Weber/Bachman, unanimously approved

WARRANTS

Approved the following warrants: Yuba-Bear Revolving Fund Nos. 26856 through 26899, inclusive; General Fund Revolving Account Nos. 66438 through 66598, inclusive; Recreation Fund Nos. 4618 through 4631, inclusive; and Payroll Direct Deposit and Warrant Nos. 70947 through 70957 and V2769 through V2941, inclusive. M/S/C Weber/Bachman, unanimously approved

AGREEMENTS: PLACER COUNTY WATER AGENCY INTERTIE AGREEMENT – Amendment No. 4 (Mt. Vernon Road)

Approved Amendment No. 4 to the Intertie Agreement (Mt. Vernon Road) with Placer County Water Agency. M/S/C Weber/Bachman, unanimously approved

CAROLINE LANE / WINTER MOON WAY WATERLINE EXTENSION PROJECT – Funding Agreement (Freeman)

Approved Funding Agreement with property owner for Assessor Parcel No. 39-300-02 (Freeman) for the Caroline Lane/Winter Moon Way District Financed Waterline Extension Project. M/S/C Weber/Bachman, unanimously approved

POLICY: Administrative Policies – Geocaching, Metal Detecting, Prospecting and Collecting of Artifacts (Res. No. 2014-47)

Adopted Resolution No. 2014-47 (Establishing Policies for Administration – Geocaching, Metal Detecting, Prospecting and Collecting of Artifacts). M/S/C Weber/Bachman, unanimously approved

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President Drew noted that this policy is cutting edge, and thanked Peggy Davidson, Recreation Manager, for developing the policy.

FUND SIGNATURE AUTHORIZATION – (Res. No. 2014-48)

Adopted Resolution No. 2014-48 (Fund Signature Authorization – District Bank and Investment Accounts). M/S/C Weber/Bachman, unanimously approved

LOCAL AGENCY INVESTMENT FUND – (Res. No. 2014-49)

Adopted Resolution No. 2014-49 (Authorizing Investment of Monies in the Local Agency Investment Fund). M/S/C Weber/Bachman, unanimously approved

GODWIN SIPHON REHABILITATION PROJECT – Change Order No. 1 for Contract No. M2013-03

Brian Powell, Maintenance Manager, stated that Contract No. M2013-03 was approved by the Board of Directors on September 25, 2013. Upon approval, Staff evaluated the siphon liner material, and the Project was put on hold. The liner material specified in the contract generates a small styrene residual during the curing process, so Staff felt that this product should not be used in the District's canal system. After discussing the concern with Insituform Technologies, a new liner product was proposed. The new liner material contains a non-styrene resin with no residual during the curing process. He pointed out that the cost of the non-styrene resin liner material is more expensive than the styrene resin liner material, because the non-styrene product is more costly to manufacture due to the materials used and the volume produced. Mr. Powell stated that a change order in the amount of \$86,800 is necessary to cover the increase in cost of the liner material and the difference in labor costs between last year and this year. He pointed out that the cost of this Project is comparable to installing an 18-inch pipeline in favorable conditions. Staff anticipates completing the Project this season. He is sole sourcing this Project; however, if this Project is successful, he will obtain quotes from multiple companies for future projects.

Director Wilcox asked if the Godwin Siphon is upstream of any water treatment plants.

Mr. Powell stated that the Godwin Siphon is not located upstream of any water treatment plant.

Director Wilcox stated that styrene is considered a potential carcinogen. There could be some styrene that bleeds into the water supply.

Mr. Powell explained that the original product would have this result. That is why he is proposing to use the non-styrene product.

President Drew asked how long it takes the original resin product to cure before it is not releasing styrene into the system.

Mr. Powell stated that he does not have an answer to that question.

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Director Wilcox stated that he wonders if the potential risk is worth the additional cost. Polystyrene is one of the most common plastics and individuals are exposed to it all the time with no known risk. He asked Mr. Powell how the concern about the styrene came about.

Mr. Powell stated that a member of the public questioned the product when the Project was approved last year. Mr. Powell decided to investigate, and learned more about the product. He does not want to introduce anything potentially harmful to the District's system.

President Drew stated that as the District moves forward, Staff should establish how long it takes the styrene resin to cure before it will not release any residual. Further, by using this product, the District gains environmental benefits, reduced greenhouse emissions, reduced particulates, less manpower, etc.

Director Bachman asked what the lifespan is of the styrene product.

Mr. Powell estimated that there is a 60 year design life for this product.

Director Weber referenced page 2 of the change order with regard to wrinkling not being the responsibility of Insituform Technologies. Insituform will not be liable for repairs or penalties due to the wrinkles.

Mr. Powell explained that in this case, wrinkling will not affect water flow because there is 30 feet of headwater coming into the Siphon. He stated that this product would only be used on District siphons.

Director Weber asked what other companies have used this product.

Rem Scherzinger, General Manager, stated that he has used this product extensively in the sewer community and it is "fantastic technology." He suggested discussing the styrene product with the Engineering Committee in terms of future projects.

Director Wilcox stated that he would support discussing this matter with the Engineering Committee. He reiterated his comment about not being sure the perceived benefits are worth the additional cost in this case because the Godwin Siphon is not upstream from a water treatment plant. He is willing to approve this contract, but he may not vote for the next project if the impacts of the styrene residual are not clarified.

Approved Change Order No. 1 to Contract No. M2013-03 in the amount of \$86,800 with Insituform Technologies, LLC, for the Godwin Siphon Rehabilitation Project, and authorized the General Manager to execute the necessary documents. M/S/C Drew/Wilcox, unanimously approved

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E. GEORGE WATER TREATMENT PLANT – Tour

Rem Scherzinger, General Manager, reported that District Engineers and Water Quality Specialists led a tour of the E. George Water Treatment Plant on October 18 with students in Assistant Professor Steven Gillette's Mechatronics Program at Sierra College. More than 50 people took part in the tour. District Staff that led the tour included Fred Waymire, Adrian Schneider, Brian Berg and Gary King.

STATE WATER RESOURCES CONTROL BOARD (SWRCB) – Update on Water Curtailments

Rem Scherzinger, General Manager, reported that the water curtailment order remains in place. Recently, the District collected approximately 60 acre feet of water at Jackson Meadows Reservoir. He contacted the SWRCB to find out if the water could be stored, and SWRCB said no. The District released the 60 acre feet and recaptured it at Milton Reservoir which has a pre-1914 water right, and diverted the water into storage. Staff is hoping that by November 1, the SWRCB will lift a portion of the curtailment order.

Director Miller asked what the District's potential is for pre-1914 storage capacity.

Mr. Scherzinger stated that he will have to research the answer to this question.

Director Wilcox stated that the District has pre-1914 storage at the Bowman Reservoir, but not the full capacity of the Reservoir. He further stated that it can be tricky to track which water in a reservoir is stored under pre-1914 rights because it is generally subject to the "first in, last out" rule.

Mr. Scherzinger concurred.

Director Miller asked what the status is of fall/winter water sales.

Chip Close, Operations Manager, explained that there will be no fall water sales this year. Winter water sales are available, but only available to those customers who purchased winter water last year. Those customers can purchase the same amount or less water than last year, and their account has to be in good standing.

Director Bachman stated that he receives a number of inquiries about stock water.

Mr. Close stated that the District may be able to make demand water available; however, it will be costly, and will be made available on a case by case basis.

Director Weber asked Mr. Close to define 'costly.'

Mr. Close stated that the demand water would cost approximately double the amount.

Director Weber stated that it is important that this information be provided to the media.

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ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) – Water Storage Task Force

Rem Scherzinger, General Manager, reported that he has been asked by ACWA to serve on the Water Storage Task Force, and he has agreed to do so.

WATER RIGHTS APPLICATION – Proposed Water Storage Project

Rem Scherzinger, General Manager, reported that there is a Draft Acceptance Letter of Filing for Water Rights for the District's proposed Water Storage Project that is being routed for signature at the State Water Resources Control Board. When the District receives the letter, this will kick off a series of events including contracts for survey, geotechnical and environmental work.

EAST HACIENDA / LAKE OF THE PINES INTERCONNECTOR PROJECT – Update

Rem Scherzinger, General Manager, reported that a walkthrough of the East Hacienda / Lake of the Pines Interconnector Project is scheduled for October 27. This completes the first phase of the Project.

LOCAL AGENCY FORMATION COMMISSION (LAFCo) – Annual Meeting

Director Wilcox reported that he attended the LAFCo Annual Meeting in Ontario, CA. During the meeting, there was discussion about ground water legislation that was passed earlier this year. This legislation has zero impact to the District and basically applies to areas that overlie groundwater basins that are identified in the Department of Water Resources Bulletin 118. There are two small areas in Nevada County that qualify as Bulletin 118 basins, and they are located in Martis Valley, near Truckee.

Director Wilcox reported that in April 2015, the Nevada County LAFCo will host a workshop in Grass Valley for LAFCo staff from around the State. Generally about 75 to 100 attend these workshops. He has been asked to coordinate a tour of the District for workshop participants.

Mr. Scherzinger stated that the District will be happy to provide a tour.

MOUNTAIN COUNTIES WATER RESOURCES ASSOCIATION (MCWRA) – Meeting

Director Weber reported that she attended the MCWRA meeting on October 15. The format consisted of 10 presentations for about 20 minutes each that covered topics such as groundwater management, water saving opportunities, small hydro power generation opportunities, water banking, managing soil sediment, seismic dam safety and risk assessment, and watershed approach to fish passage feasibility. She likes to attend these meetings because it expands her thinking. She noted that 27 legislative staff members attended the meeting.

Director Weber asked if the District can sell water to someone who can bank it, since the District cannot currently store the water.

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Rem Scherzinger, General Manager, stated that the District does not own the water at this point; therefore, the water cannot be sold in order to be banked.

Director Weber stated that John Kingsbury of MCWRA has written an article regarding protecting watersheds, the first step in water policy. The article is a well written explanation for lay people.

PROPOSED WATER STORAGE PROJECT – Talking Points

President Drew has generated a list of talking points for the District's proposed Water Storage Project. He would like to set aside some time during a Board meeting in the near future to discuss the items on the list.

CLOSED SESSION was declared at 9:50 a.m. pursuant to Government Code Section 54956.8 to confer with Real Property Negotiators Scherzinger, 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 9:50 a.m. pursuant to Government Code Section 54956.9(c) to confer with District Counsel regarding anticipated litigation – initiation and proceedings in eminent domain – three potential cases.

MEETING RECONVENED in regular session at 10:43 a.m.

MEETING ADJOURNED at 10:43 a.m. to reconvene in regular session on November 12, 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.

October 22, 2014

Nancy V. Welser

Director
Division I

[Signature]
[Signature]

Division II

Division III

[Signature]

Division IV

Nick Wilcox

Division V