

NEVADA IRRIGATION DISTRICT
BOARD OF DIRECTORS / JOINT POWERS AUTHORITY

MINUTES

June 10, 2015

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 10th day of June 2015 at 9:00 a.m.

Present were W. Scott Miller, President (Division III); Nancy Weber, Vice-President (Division I); John H. Drew (Division II), and Nick Wilcox (Division V), Directors. The Director's seat for Division IV is currently vacant.

Staff members present included Rem Scherzinger, General Manager; Tim Crough, Assistant General Manager; Chip Close, Operations Manager; Gary King, Engineering Manager; Keane Sommers, Hydroelectric Manager; Brian Powell, Maintenance Manager; Karen Gillespie, Human Resources Manager; Andrew McClure, District Counsel; and Lisa Francis Tassone, Board Secretary.

MINUTES – May 27, 2015 Regular Meeting

Director Weber made a motion to approve the minutes of the regular meeting on May 27, 2015. Director Drew seconded the motion.

Motion passed on the following roll call vote:

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

WARRANTS

Director Weber made a motion to approve the following warrants: Yuba-Bear Revolving Fund Nos. 28714 through 28752, No. 28610 being void; General Fund Revolving Account Nos. 68880 through 69003, No. 66134 being void; Recreation

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Fund Nos. 5227 through 5253, inclusive; and Payroll Direct Deposit and Warrant Nos. 80032 through 80041 and V5573 through V5750, inclusive. Director Drew seconded the motion.

Motion passed on the following roll call vote:

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

POLICY – Cultural Resources (Res. No. 2015-16)

Director Weber made a motion to adopt Resolution No. 2015-16 (Establishing Policy for Administration – Cultural Resources). Director Drew seconded the motion.

Motion passed on the following roll call vote:

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

ASSESSMENTS – DELINQUENT ACCOUNTS (Res. 2015-17 & Res. 2015-18)

Director Weber made a motion to adopt Resolution No. 2015-17 (Placing Delinquent Accounts on District's Assessment Roll for Collection – County of Nevada) and Resolution No. 2015-18 (Placing Delinquent Accounts on District's Assessment Roll for Collection – County of Placer). Director Drew seconded the motion.

Motion passed on the following roll call vote:

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

Monica Reyes, Customer Account Administrator, responded to President Miller's question about whether or not the number of delinquent accounts has increased. She stated that the number of accounts is down by 23, which equates to \$17,700. The total for both Nevada and Placer counties is \$71,800, and these delinquencies will be placed on the tax rolls. Of that amount, \$15,600 is standby charges. Another large portion of the delinquent accounts is the inactive irrigation accounts in the amount of \$35,400.

TABLE MEADOW ROAD – District Financed Waterline Extension Project

Director Weber made a motion to encumber funds for the Table Meadow Road District Financed Waterline Extension Project. Director Drew seconded the motion.

Motion passed on the following roll call vote:

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

PURCHASE OF EQUIPMENT – Backhoe for the Maintenance Department

Director Weber made a motion to approve purchase of a Cat 420F Backhoe for the Maintenance Department from Holt of California in the amount of \$115,977.04. Director Drew seconded the motion.

Motion passed on the following roll call vote:

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

PURCHASE OF VEHICLE – Service Truck for the Maintenance Department

Director Weber made a motion to approve purchase of a 2016 Ford F-550 4x4 Diesel Truck for the Maintenance Department from Geweke Ford in the amount of \$70,405.28. Director Drew seconded the motion.

Motion passed on the following roll call vote:

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

PURCHASE OF VEHICLE – Mechanic Shop Service Truck for the Maintenance Department

Director Weber made a motion to approve purchase of a 2016 Ford F-350 4x4 Diesel Truck for the Maintenance Department from Geweke Ford in the amount of \$64,139.44. Director Drew 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
Division IV	Vacant
Wilcox, Division V	Aye

APPOINTMENT OF TREASURER AND FUND SIGNATURE AUTHORIZATION – (Res. No. 2015-19)

Director Weber made a motion to appoint Remleh Scherzinger as Treasurer and to adopt Resolution No. 2015-19 (Fund Signature Authorization – District Bank and Investment Accounts). Director Drew seconded the motion.

Motion passed on the following roll call vote:

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

AWARD OF CONTRACT – Brewer Road Project

Doug Hobbs, Associate Engineer, stated that the Brewer Road Project is Phase 2 of the Alta Sierra to Lake of the Pines Backbone Extension Program (BEP). Phase 1 was the Project that extended the pipe north from Lake of the Pines up East Hacienda to Pioneer Way. Phase 2 on Brewer Road will extend the pipe down to Lodestar Road. Phase 3 and Phase 4 may be completed at the same time which will connect Lodestar Road to Pioneer Way. Mr. Hobbs noted that he received a telephone call that a property owner on Oxbow, off Conestoga is very eager to connect.

President Miller asked if that property owner would have to wait until Phase 3 of the Project is underway.

Mr. Hobbs stated that the property owner is motivated to meet up with the Project at Pioneer.

Mr. Hobbs stated that the Brewer Road Project consists of two segments. The northern segment is the replacement of the existing 6-inch pipe with 12-inch pipe. The southern segment is an extension into the Lodestar Subdivision and will extend down to Lodestar Drive. There are approximately 35 potential services that front the pipeline. The Project was approved last year as part of the overall environmental document for the Alta Sierra to Lake of the Pines BEP. The roadway restoration has been discussed in Committee meetings, with the Lodestar Homeowners Association and with representatives of

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Nevada County. The plan is to patch and seal the roadway so that the road will be restored in the same condition, if not better.

Staff sent out ten Requests for Quotations to contractors and received five quotes, four of which were fairly competitive. The low bidder was McGuire and Hester in the amount of \$1,714,435. The current budget for the BEP is \$750,000, so a budget amendment is necessary in the amount of \$1,137,887.

Director Wilcox noticed that most of the funds in the budget amendment are coming from the Community Investment Program (CIP). He asked if there are projects in the CIP that will not be completed because of this budget amendment.

Rem Scherzinger, General Manager, explained that there have been a series of positive events that led to the movement of funds. The Iron Horse neighborhood group has decided to utilize the State Loan Fund route rather than the District Financed Waterline Extension Program. The Table Meadow project needs approximately \$800,000 and this amount has been allocated to the project. The remaining funds in the District Financed Waterline Extension Program will be transferred to the Brewer Road Project. Additionally, the Newtown Road Project is not moving forward as quickly as anticipated, so funds from the Raw Water Improvement Fund can be transferred to the Brewer Road Project. The funds for the District Financed Waterline Extension Program will be restored in 2016.

Director Weber requested that in the future, the budget amendment be explained in the 'Budgetary Impact' section of the Staff Report.

Director Weber stated that South County (Nevada) has been underserved for many years, and she is glad to see projects underway in this area.

President Miller stated that as the Director for Division III, he appreciates the Board's efforts to approve projects in this area.

Director Wilcox made a motion to award contract to McGuire and Hester in the amount of \$1,714,435 for the construction of the Brewer Road BEP Project, to approve the associated budget amendment, and to authorize the General Manager to execute the necessary documents. Director Drew seconded the motion.

Motion passed on the following roll call vote:

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

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PRIVATE ROAD MAINTENANCE AGREEMENT, EASEMENT VACATION OF TROY ROAD AND EASEMENT DEDICATION OF BLUE HERON ROAD

Tim Crough, Assistant General Manager, stated that this matter has been under review for about eight years with the property owners on Troy Road and Blue Heron Road, and with a number of District Committee meetings. It is a complicated process, and all of the property owners are now in agreement. Once the Agreement is approved by the Board, it will be sent to the various property owners for execution. Upon execution, the District will have permission on a permanent basis to use Blue Heron Road to access District facilities. The District will participate in the maintenance of Blue Heron Road. At the same time, the District will vacate an easement on a portion of Troy Road.

Director Weber asked how binding the property insurance coverage is of the property owners at \$250,000, and how will the the District know that the insurance coverage has been obtained.

Mr. Crough explained that if someone is hurt on the road, the injured party could sue the property owners. The District could be included as part of the suit, and it could be argued that the District is partially responsible for damages that may be caused by maintenance. Staff can ensure that the District receives the appropriate Certificates of Insurance from each property owner.

Director Weber stated that this Agreement is a great refinement after many years of hard work.

Lily Marie-Mora, District customer, asked how long the road is that the District will be maintaining and how much will the maintenance cost each year.

Mr. Crough explained that the dirt road is about a ¼ mile long, and the annual fee is \$250.

Director Wilcox made a motion to approve Private Road Maintenance Agreement with the Blue Heron Road property owners. Director Drew seconded the motion.

Motion passed on the following roll call vote:

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

LAKE OF THE PINES AREA – Waterline Projects

Rem Scherzinger, General Manager, distributed a map with waterline projects in the Lake of the Pines area. The projects are as follows:

- 1) Proposed District Financed Waterline Extension project at Maranatha Place

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- 2) Proposed State Loan Fund project at Iron Horse Road
- 3) Proposed Developer project at Rincon Del Rio
- 4) Completed Assessment District project at Rodeo Flat
- 5) Proposed Assessment District or Community Facilities District project at Table Meadow Road
- 6) Proposed District Financed Waterline Extension project at Table Meadow Road
- 7) Proposed Assessment District or Community Facilities District project at E. Hacienda / Rancho Way
- 8) Completed Backbone Extension Program project (Phase 1) at Pioneer Way
- 9) Proposed Backbone Extension Program project (Phase 2) at Brewer Road
- 10) Proposed Backbone Extension Program project (Phase 3 and 4) at Lodestar to Conestoga

CITY OF LINCOLN – Update on Meeting

Rem Scherzinger, General Manager, reported that he and Gary King, Engineering Manager, attended a meeting with representatives of the City of Lincoln to discuss status of providing water. Placer County Water Agency (PCWA) was also in attendance. The information was well received.

Director Wilcox stated that a fiscal analysis should be done on serving water to the City of Lincoln. It may be that wheeling the water through PCWA so that PCWA could then treat the water and serve a portion of the City of Lincoln is the most economical option. The Board will need to know what the fiscal impacts are to the District whether water is wheeled through PCWA or a new Water Treatment Plant is constructed.

Mr. Scherzinger concurred.

STATE WATER RESOURCES CONTROL BOARD (SWRCB) – Update on Meeting

Rem Scherzinger, General Manager, reported that he and Director Wilcox attended a meeting with the SWRCB (Director Evoy and Deputy Director O'Hagan) to discuss the reservoir project and the District's filing for water rights. He is very pleased with the outcome of the meeting. The District requested that the SWRCB delay notification of the water rights filing until the draft Environmental Impact Report (EIR) is released or the final EIR is released. The SWRCB Staff stated that they would prefer waiting until the draft EIR is released before notification of the filing of water rights. The District can then work through processes with stakeholders to deal with a number of issues through the environmental document so that when the petition is out, the District is not fighting environmental issues at the same time that water rights are being addressed.

Director Wilcox shared Mr. Scherzinger's enthusiasm about the meeting. The meeting was very positive and productive, and will help the District enormously in the future. The meeting was scheduled in response to a letter received from Foothill Water Network several months ago discussing procedural aspects about whether or not the notice of application should precede the environmental document. This would be Foothill Water Network's desire. The District would prefer to engage in the California

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Environmental Quality Act (CEQA) process first and then address the notice of application for water rights. The meeting with the SWRCB resulted in a nice compromise.

President Miller applauded Mr. Scherzinger and Director Wilcox for their participation in such an important meeting, and the accomplishment that was reached.

BOWMAN LOW LEVEL OUTLET REPAIR PROJECT – Phase 2 Update

Rem Scherzinger, General Manager, reported that Syblon Reid is the contractor for the Project. A change order is in process for approximately \$130,000. About half of the cost is for unanticipated digging in the area beneath the old valve house in order to reach competent geo structure. Additionally, the Department of Safety of Dams went into the penstock behind the location of the repair and found some rust. They are asking the District to clean the rust and apply an epoxy blanket at the bottom to affect a repair.

Mr. Scherzinger reported that the 66-inch butterfly valve and the Howell Bunger valve have arrived at the District's warehouse. He invited the Board to view the valves after the Board of Directors' meeting.

YUBA SALMON PARTNERSHIP – Update

Rem Scherzinger, General Manager, reported that a telephone conference occurred on June 5, 2015 and the term sheet and tentative plan were day lighted. A number of the Yuba Salmon Forum partners voiced their displeasure with the Yuba County Water Agency and signatory partners to the term sheet. The South Yuba River Citizens League (SYRCL) has been a leader in improving the Lower Yuba River for salmonids and is requesting that the Partnership reevaluate the trap and haul option. The District is in support of SYRCLs efforts.

President Miller sent an email to Caleb Dardick, Executive Director of SYRCL applauding him for the contributions he has made to the Yuba Salmon Partnership matter.

NEVADA COUNTY FARM BUREAU – Agriculture Tour

Rem Scherzinger, General Manager, stated that the Tour will be held on June 11 and there is one seat available. Directors Drew and Weber have signed up.

WATER USAGE COMPARISON – 2013 versus 2015

Rem Scherzinger, General Manager, stated that he is pleased to report that during the month of May, District customers conserved water by 33.4 percent over 2013. In April, 15 percent was conserved. District agriculture customers are participating in conservation as well. More than 300 Miner Inches have been surrendered. Also, due to operational changes and other efficiencies in the system, there has been a savings of 5,518 acre feet of water. This is more than half of the 2014 deliveries to treated water

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customers. In other words, the District's agriculture customers have nearly purchased half a year of treated water for the District's system.

Mr. Scherzinger reported that the District currently has 207,414 acre feet in storage.

Director Wilcox stated that the savings the District has achieved merit a front page article in The Union because in order to continue conservation, customers need positive feedback, so that they know their efforts are achieving real results. It is entirely appropriate to give the District's agriculture customers kudos for their efforts as well.

Mr. Scherzinger concurred.

Director Weber suggested putting in a full page ad in the newspaper. The front page article would be great as well, but there is no guarantee that the article will make the front page.

President Miller stated that positive feedback is fabulous; however, the District does not want customers to think that they are finished with conserving water. Conserving water is a work in progress.

DIVISION IV DIRECTOR VACANCY – List of Questions

Rem Scherzinger, General Manager, stated that he has prepared a series of questions for the Board to review for the interviews that will be scheduled during the Board meeting of July 8, 2015.

COSUMNES, AMERICAN, BEAR AND YUBA (CABY) RIVERS INTEGRATED REGIONAL WATERSHED MANAGEMENT PLAN – Meeting

Director Weber reported that she attended a CABY meeting last week to discuss the new grant cycle. There is more competition for fewer grant funds. Yuba County now has its own Integrated Regional Watershed Management Plan. Neysa King, the District's Grant Consultant, provided a list of projects that she developed with the assistance of Gary King, Chip Close and Brian Powell. The District was the most prepared for the meeting.

ORCHARD SPRINGS – Children's Triathlon

Director Drew attended the Triathlon at Orchard Springs. This was a wonderful event. There were 20 participants and several members of Staff in attendance. He stated that excavated materials from the Bear River Pines Pipeline Project were placed at Orchard Springs to improve the parking area. There is also new sand on the volleyball courts.

SPEAKING ENGAGEMENTS – Director Wilcox

Director Wilcox reported that last week he provided a presentation to the Nevada County Welcome Club Men's Group in Nevada City. He discussed the history of the District and the water supply situation as well as the hydrology realities the District is faced with.

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Next week, on June 18, he will provide a presentation to the Yuba Bear Watershed Council.

DIVISION IV DIRECTOR VACANCY – Names of Interested Individuals

The Directors received names of interested individuals for the Director vacancy in Division IV:

- 1) Bill Smull
- 2) Glenn Vineyard
- 3) Patricia Beard
- 4) William Morebeck

Lily Marie-Mora, District customer, asked if there will be a stakeholder (customer) from that Division on the interview panel.

Mr. Scherzinger stated that the Water Code authorizes the Board of Directors to appoint a Director to fill a vacancy during the middle of an elected term of office. The interviews will occur in open session during the Board of Directors meeting on July 8, 2015. If the Board of Directors does not appoint an individual, then the Placer County Board of Supervisors would be required to appoint. If the Board of Supervisors does not appoint, a special election would be held.

CLOSED SESSION was declared at 10:03 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.

MEETING RECONVENED in regular session at 10:24 a.m.

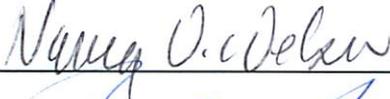
MEETING ADJOURNED at 10:24 a.m. to reconvene in regular session on June 24, 2015, at 9:00 a.m. at the District's main office located at 1036 W. Main Street, Grass Valley, California.



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



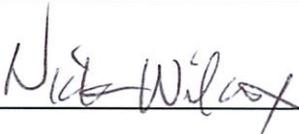
Division II



Division III

Vacant

Division IV



Division V