

NEVADA IRRIGATION DISTRICT
BOARD OF DIRECTORS / JOINT POWERS AUTHORITY

MINUTES

July 8, 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 8th day of July 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; Peggy Davidson, Recreation Manager; Karen Fassler Gillespie, Human Resources Manager; Jeff Meith, District Counsel; and Lisa Francis Tassone, Board Secretary.

MINUTES – June 24, 2015 Regular Meeting

Director Weber made a motion to approve the minutes of the regular meeting on June 24, 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. 28789 through 28827, inclusive; General Fund Revolving

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Account Nos. 39121 through 69302, inclusive; Recreation Fund Nos. 5282 through 5309, inclusive; and Payroll Direct Deposit and Warrant Nos. 80053 through 80062, V5933 through V6110 and V4591-1, No. V5391 being void. 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

EMPLOYEE RELATIONS – Newman Retirement (Res. No. 2015-24)

Director Weber made a motion to adopt Resolution 2015-24 (Resolution of Appreciation upon Retirement – Todd Newman) after 21 years of service to the District. 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 – Flatbed Truck for the Maintenance Department

Director Weber made a motion to approve purchase of a 2016 Kenworth T270 Flatbed Truck from NorCal Kenworth in the amount of \$86,744.36, 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

EMPLOYEE RELATIONS – New Employee Introduction, Dreher

Brian Powell, Maintenance Manager, introduced Douglas Dreher, Utility Worker I in the Placer Yard. Mr. Dreher was born and raised in Nevada City, and is a graduate of Nevada Union High School. He is married and has a son. He worked for several years

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for the Utility Tree Service, and for the past 14 years, as a boiler maker with a company in Pittsburg, CA.

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

NEWTOWN CANAL REHABILITATION PROJECT – Draft Environmental Impact Report (Public Hearing)

Adrian Schneider, Senior Associate Engineer, provided the following information:

EIR Process – Current Status:

- Posted Notice of Preparation: December 18, 2014 to January 23, 2015
- Conducted Scoping Meeting: January 6, 2015 and January 29, 2015
- Prepared Draft Environmental Impact Report (DEIR) for public
- Review Period for DEIR: May 19, 2015 to July 6, 2015
- Conducted Scoping Meeting: June 25, 2015
- End of Written Comments: July 6, 2015
- Conduct Public Hearing at Board of Directors' Meeting: July 8, 2015
- Address comments to DEIR
- Conduct Public Hearing of FEIR
- FEIR to Board of Directors

California Environmental Quality Act (CEQA):

- Public participation is an essential part of the CEQA process and encourages lead agencies to foster participation
- Does not require formal hearings at any stage of the review process; public comments may be restricted to written communication; this hearing is an additional effort to receive comments
- When responding to comments, lead agencies need only to respond to significant environmental issues and do not need to provide all information requested by reviewers, as long as a good faith effort at full disclosure is made in the EIR

President Miller opened the public hearing.

President Miller asked if the District has received any comments.

Lisa Francis Tassone, Board Secretary, stated that eight comment letters have been received and Staff will be reviewing the comments.

Director Weber stated that the frequency of meetings is not that important. It is the content in the meetings that is important and dealing with the matter honestly. She read her comments into the record:

Canal influence on groundwater supplies

1. Sections of the draft EIR inadequately define the limited options for potable water to area residences should their wells become non-functional.

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While environmental document preparers deserve praise for involving a hydrologist to perform studies related to groundwater seepage relationships to wells, comments such as the following (page 3-126--*some property owners in the vicinity of the canals may rely on private wells for domestic water supplies...* A more accurate statement would be that all surrounding residences depend upon well water as their potable source; that there are several successful wells closer to the canal, but success diminishes in higher elevations surrounding the canal with some stories of unsuccessful wells after three attempts. The closest treated waterline is about five miles away.

Another comment: *Groundwater in the project area (page 3-114) Three groundwater studies have been conducted for NID's Banner Cascade Project... Hydrofocus concluded that decreasing flows in the canal "will have little effect on shallow groundwater wells adjacent to the canal and that irrigation water leaked from the canal would be vertically downward and would only spread laterally if fractures in the bedrock were encountered."* That report, performed by Hydrofocus, page 25, Appendix S for the Banner Pipeline project environmental impact studies concluding statement actually says: *Our evaluation generally indicates that decreasing flows in the LCC (canal) will have little effect on shallow groundwater levels adjacent to the canal. Our analyses indicate that seepage from the canal moves primarily downward under saturated conditions to bedrock in a narrow column where it generally moves downslope in the fractured-rock groundwater system. NID canal flow measurements indicate that increasing flow increases leakage. Also we estimated that leakage from the canal is a significant contribution to groundwater recharge near the canal, especially during summer and fall. Surface and groundwater isotope data confirm there is an influence from the LCC in adjacent hydrologic features. Based on the NID seepage data and our hydraulic analysis, there will be reduced seepage from the canal due to reduced stage.*

Another statement: (*Impact HYD-2, page 3-123) The project would not substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level, eg, the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses for which permits have been granted).* And the concluding statement, page 3-127, . . . *proposed Project implementation is not expected to substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in groundwater volume or a lowering of the local groundwater levels in individual wells. As such, the proposed project impacts would be less than significant.*

Comments for the DEIR and NID Policy Related to Canal Abandonment

There is enough evidence that surrounding wells would be influenced by canal closure and there is need for reasonable mitigations to be offered for NID abandonment of the canal. This could be done over a two year period by

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gradually lowering the volume of water in the canal, quantifying the volume and monitoring surrounding wells for yield. Residents could then determine the amount of irrigation water they would need to purchase for an adequate recharge to surrounding groundwater.

It is important to realize that the mitigation measures offered to this group of property owners is far different than those of the past. A previous project, the Banner Pipeline, Lower Cascade Canal project where water level in canal was lowered (not an abandoned canal) offered extensive groundwater studies and mitigations - 3 years of well monitoring, the offer to install check plates in canal if well yield diminished, habitat survival inventories.

There is a new thinking at NID and that is that adjacent property owners whose wells benefit from canal seepage are actually taking NID water unlawfully and in such a case NID needs to be protected from the taking. Such a viewpoint may indeed be the case. However, residents have had no warning of this situation and wells very close to the canal have been drilled in this area since 1921 without comment from NID.

In checking with Nevada County Planning, site development standards are that wells can be placed within 25 to 100 feet of a canal, depending upon terrain. NID has made no effort to change that practice.

In addition a review and revision of NID Rules, Regulations also needs to be revised.

2. The area for canal abandonment described in this project is vulnerable to flooding; it is the lowest point in the surrounding terrain. The canal when unfilled by NID water has probably been offering some relief from flooding. Needed is competent grading of the canal abandonment area with consideration for its relationship to the area surrounding the canal. When asked in a recent meeting, NID Managing Engineer and Project Engineer were unable to define the extent of grading that would occur if the canal were back filled when abandoned—they thought 25 feet laterally along the canal, but were not sure. I could not find it mentioned in the draft EIR. We need a competent grading plan outlined and supervised by an outside professional source such as Holdredge and Kull—as a mitigation measure.

It is disappointing in an era of NID efforts to be considerate and transparent in dealing with its constituency to have valued consultants take information out of context, to slide on the truth of possible impacts. May we avoid such behaviors.

Director Weber stated that she is extremely frustrated to have to go to this depth and to be this oppositional, but she has been offered no recourse. She has been on the Board for 16 years, and has seen projects presented to the Board. Dishonest representation in environmental work occurs again and again, and Staff is willing to accept this. This

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Board has been a much more temperate Board. Concern for people has been paramount. This Draft EIR does not show any concern for the property owners.

She stated that the property owners in the Project area submitted a letter in February 2015. There are a number of questions in the letter, and they would like answers to these questions. The questions need to be answered specifically to them, not in the back of an EIR.

President Miller asked how many property owners are impacted by this Project.

Mr. Schneider stated that approximately 15 property owners would be impacted.

President Miller asked how many property owners were impacted by the Lower Cascade / Banner Cascade Canal Pipeline Project.

Gary King, Engineer Manager, stated that between 1,500 and 2,000 property owners were impacted.

Hearing no further comments, President Miller closed the public hearing.

Jeff Meith, District Counsel, stated that at this point the comments will be taken into consideration by Staff, and responses will be provided in the context of the Final EIR. At this time, no action is required by the Board.

Director Wilcox asked if the questions in the letter provided by the property owners in February 2015, in response to the Notice of Preparation, were included in the Draft EIR.

Bernadette Bezy, Stantec, stated that the questions were provided to the author of each section of the Draft EIR, and were incorporated into the Draft EIR. If there are questions that are missing, Stantec will ensure that they will be included in the Final EIR.

Mr. Schneider stated that all of the questions in the February 2015 letter from the property owners will be addressed specifically in the Final EIR.

Rem Scherzinger, General Manager, stated that Staff remains unaware of whether or not the property owners will maintain the ditch in its current configuration or abandon the ditch.

Director Weber stated that there are a number of issues that need to be worked out, opportunities to communicate and possibilities for reasonable mitigations. She would hope that this Board will not take the path of supporting documents that do not state the truth.

Director Drew stated that the Final EIR must reflect responses to all questions.

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Director Wilcox noted that none of the parties who are signatory to a comment letter dated July 6, 2015 are in attendance for the public hearing at this Board meeting. The letter raises both environmental issues and legal issues. The legal issue raised in the letter is whether or not rights can be prescribed against the District for seepage. The property owners say they do not want to go to court, but frankly, he would not mind going to court on this issue so that the matter can be settled.

Mr. Meith cited *Stevens v. Oakdale Irrigation District*. The District has a right to recapture and reuse the water until the water leaves the District's boundaries. Mr. Meith added that usually rights cannot be prescribed against a public agency.

Director Weber stated that there is law and the Board has ethical responsibilities. There are consultants who are paid to conduct the environmental studies. The money that pays the Directors to sit on this Board comes from the tax payers. She stated that the District has a responsibility to keep people from drilling wells next to the canals.

President Miller stated that this Project is for the greater good, because there is a constraint in the system that needs to be improved. He is comfortable with his ethics.

Director Weber stated that it is not "either/or" – either the Project is constructed or it is not. This is not the issue. The issue is whether or not the District can help these property owners with their wells once the canal is abandoned (for example, drawing the canal down over a period of two years).

Director Drew stated that measuring the level in the wells over a period of time is subject to a number of different factors, not just whether or not the canal is in service (for example, environmental factors, climate factors, etc.) all of which do not necessarily manifest over a short timeframe. It could be years before the influences of the existing drought are reflected in a meaningful way.

Mr. Scherzinger stated that one of the compromises that can be made is making water available to these property owners as an offset. He agreed with Director Weber that the District must actively reflect that there is no potable water available for these property owners. He is not sure how the abandonment would occur, and that this would be a completely separate process. There are still opportunities for the effected parties to solidify a group around which the District could work with (such as forming a Homeowners Association or a Mutual Water Company). Then the District would quitclaim its rights to the canal. The property owners could purchase water from the District to put into the canal.

Director Wilcox stated that the residents have been enjoying the seepage for many, many years, and they have been receiving a benefit from that seepage. The District can mitigate the reduction in the wells if a reduction occurs by selling water to the property owners for their ditch. The District is not obligated to provide free seepage for the property owners.

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Director Weber stated that property owners lack the ability to manage the canal. They want the canal filled, and are interested in purchasing water. They want to know how much water they need to replenish their ponds nearby.

Director Drew stated that his concern is that at this point in time, he believes this is the fourth iteration of this Project, and the District has spent thousands of the public's money.

2016 BUDGET – Update

Rem Scherzinger, General Manager, reported that Staff is beginning work on the 2016 Budget, and sections of the Budget will be presented to the respective Committees during the month of August. Water rates will also be reviewed during this process.

CITY OF GRASS VALLEY – Meeting to Discuss Greg Webber's Farm

Rem Scherzinger, General Manager, reported that he met with representatives at the City of Grass Valley to discuss Greg Webber's farm on West Main Street. Mr. Webber's farm is located in the City of Grass Valley and he is currently taking water from a District customer. A letter was sent informing him that he has eight weeks to cease and desist. Both agencies are working on a solution.

FEDERAL ENERGY REGULATORY COMMISSION – Relicensing Services (Change Orders 5 and 6)

Rem Scherzinger, General Manager, reported that the Administrative Practices Committee authorized change orders in the amount of \$97,208.77 for Federal Energy Regulatory Commission (FERC) Relicensing services performed by HDR, Inc.

CENTENNIAL RESERVOIR AND POWER SUPPLY PROJECT

Rem Scherzinger, General Manager, announced that the District's Water Storage Project was officially named Centennial Reservoir and Power Supply Project at a Special Engineering Committee meeting on July 7. Later that evening, the District hosted a neighborhood meeting at Forest Lake Christian School to discuss the Project and answer questions. The meeting was very well attended.

President Miller stated that the meeting went very well. The most important issue to him is the road crossing between Grass Valley and Colfax. Many questions were asked by the neighbors on this matter.

President Miller complimented Mr. Scherzinger on his representation of the District and was impressed with Mr. Scherzinger's fortitude and clarity.

BOWMAN LOW LEVEL OUTLET REPAIR PROJECT – Video

Keane Sommers, Hydroelectric Manager, showed a short video clip of water being discharged through the Howell Bunker valve at 30 percent (250 cfs). He stated that the valve is well designed and has minimal vibration.

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WATER CONSERVATION – Update

Rem Scherzinger, General Manager, reported that for the month of June, District customers conserved water by 36 percent. He is very proud of the efforts made by the customers.

CENTENNIAL RESERVOIR AND POWER SUPPLY PROJECT – Environmental Consulting Services

President Miller noted that during the Administrative Practices Committee meeting on July 7, 2015, there was discussion regarding concern about a sub-consultant (ICF – formerly Jones & Stokes).

Rem Scherzinger, General Manager, stated that the project team for the Centennial Project is comprised of HDR, Inc., the lead consultant, with ICF and ECORP as the sub-consultants to the environmental consulting services contract. There is some concern about the performance of ICF from past experience. Staff will communicate these concerns with HDR, Inc.

ROLLINS LAKE – July 4th Holiday

Director Drew reported that there was record attendance at Rollins Lake on the 4th of July. He stated that there is a new generation of personal watercrafts (jet skis) that are capable of speeds approaching 70 mph. The Sheriff's Department was present and did a great job.

BEAR WATERSHED PLANNING GROUP – Meeting

Director Weber reported that she attended the Bear Watershed Planning Group meeting. Sierra Streams Institute received a grant from the Bureau of Reclamation to conduct a watershed study with the possibility of doing a management plan for the Bear River. A great deal of information was shared. The Group is looking at all environmental aspects along the Bear River.

SPEAKING ENGAGEMENTS – Director Wilcox

Director Wilcox did not attend the Centennial Project neighborhood meeting because he was providing a presentation to the Nevada County Democrats. The meeting was very well attended. He spoke about the Centennial Project and other water issues.

Director Wilcox stated that he will be providing a presentation to the Kiwanis Club next week.

Meeting recessed at 10:00 a.m. and reconvened at 10:10 a.m.

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DIVISION IV DIRECTOR VACANCY – Interviews

The Board of Directors interviewed the following four candidates for the vacant seat in Division IV:

Glenn Vineyard
William Morebeck
Patricia Beard
Bill Smull

The following questions were provided to the candidates at the beginning of the meeting in advance of the interviews:

1. What is it about a special district (NID) that attracts you?
2. Describe the various constituencies you would serve and how you would work to meet their needs.
3. Please describe your understanding of the Board of Directors role in the governance of the District and how you anticipate fulfilling that role.
If necessary, follow up Question to No. 3:
Please discuss your views of the fiscal responsibilities of the board and how you plan to work to that end, focusing specifically on rates, budget and reserves.
4. What NID Board actions in the last five years have you disagreed with? Agreed with?
5. What are areas of concern that you would like to emphasize during your NID Board experience?

Each of the candidates then appeared individually before the Board. They were asked to make an opening statement, to respond to the foregoing questions, and to respond to follow-up questions from the Directors. The Directors were then polled as to their preferred candidate.

Candidates Patricia Beard and William Morebeck were tied, so the Directors asked some follow up questions of these two candidates.

On behalf of the Board, President Miller thanked all of the candidates for their interest in the position, noting that all appeared well qualified for the position, and encouraged them to consider running for the final two years of the position at the 2016 General Election.

Director Drew made a motion to appoint William Morebeck as Director of Division IV to be seated until the next General Election in 2016. Director Wilcox seconded the motion. The Board unanimously approved the appointment of Mr. Morebeck.

MEETING ADJOURNED at 1:14 p.m. to reconvene in regular session on July 22, 2015, at 9:00 a.m. at the District's main office located at 1036 W. Main Street, Grass Valley, California.

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James Francis Tassone
Board Secretary

Attest a true record of actions
had and taken at the above and
foregoing meeting our presence
thereat and our consent thereto.

<u>Nancy J. Weber</u>	Director Division I
<u>[Signature]</u>	Division II
<u>[Signature]</u>	Division III
<u>[Signature]</u>	Division IV
<u>Nick Wilcox</u>	Division V