

NEVADA IRRIGATION DISTRICT

BOARD OF DIRECTORS

MINUTES

January 11, 2017

The Board of Directors of the Nevada Irrigation District convened in regular session at the District's main office located at 1036 W. Main Street, Grass Valley, on the 11th day of January, 2017, at 9:00 a.m.

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

Staff members present included Remleh Scherzinger, General Manager; Marvin V. Davis, Finance Manager/Treasurer; Chip Close, Operations Manager; Keane Sommers, Hydroelectric Manager; Gary King, Engineering Manager; Jana Kolakowski, Human Resources Manager; Monica Reyes, Recreation Manager; Shannon Wood, Business Services Technician; Adrian Schneider, Senior Engineer; Doug Roderick, Senior Engineer; Dustin Cooper, District Counsel; and Kris Stepanian, Board Secretary.

PUBLIC COMMENT

Otis Wollan, President of the American River Watershed Institute thanked President Wilcox for the opportunity to address the Board. He shared that he appreciates District staff, who are working tirelessly today in the storm, and understands that some of them will be honored today for their services. Mr. Wollan congratulated President Wilcox for being the new chair and the newly elected Board members, and thanked Director Weber for her service over the last year. In June of 2016, Foothill Water Network requested a financial cost and revenues analysis of the District. Mr. Wollan was told at the time that it was forthcoming from Remleh Scherzinger, General Manager. However, they have not yet seen it. Having spent 20 years on the PCWA Board, most of which on the budget committee, he indicated that he enjoys these kinds of exercises. Mr. Wollan provided his version of this exercise on a spreadsheet. The Centennial Project has reached half of a billion dollars according to his analysis, and does not include inflation escalators or financing. He estimates that the Centennial Project will cost close to a

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billion and a quarter dollars. Mr. Wollan expects to present a more complete cost and revenue analysis to the Board in a couple of weeks. He wanted to bring these calculations to the Board and ask that they look at alternatives. He has looked at the revenue side, and feels the District is exaggerating their possibilities on Proposition 1, and that the District will find that the funds from the State of California are not eligible for dam construction. This leaves the District with basically hydro and water sales, and he plans to touch more on that in a few weeks. Mr. Wollan stated that the Centennial Project at a billion dollars is a bear trap. He called the project a billion dollar boondoggle that would provide financial shackles on the District for the next generation, chaining the District for a billion dollars to bankers. He stated that the District would be unable to complete their mission and dedication to its customers. Mr. Wollan feels inextricably bound to the District in this project. The Centennial Project touches his property, and threatens to strip away all the reasons why he chose to live the rest of his life there. Mr. Wollan ended by wishing everyone a Happy 2017, and he looks forward to working with the Board through the year, so that together something can be evolved in the best interest of the public.

PUBLIC COMMENT

Shelly Covert, spokesperson for the Nevada City Rancheria and Nisenan Tribe, and also sits on the tribal council, stated that as the original people who were here at the onset of the Gold Rush, and who were here when the waterways first started changing back then for the reasons of gold and to control the water, they are happy to see that in California over the past few years, dams have been coming down. Ms. Covert said that they feel it is a huge leap in the wrong direction to even consider putting up another dam, and that the Bear River serves as a loose territory for three Nisenan tribal entities. In addition to her tribe, this includes the United Auburn Indian Community and the Colfax-Todds Valley Consolidated Tribe. There are an exorbitant amount of Nisenan tribal cultural sites that would be inundated. She used to think that it was some kind of weird conspiracy theory that under many of the fake lakes and reservoirs around, there were burial grounds, burning grounds, old sites, sacred sites, and so many have been inundated. She thinks people have become numb to that fact. She has found that there are huge amounts of burial sites that have been removed from before Bullards Bar Dam was put into place, who are still sitting in Sac State. She used to think that it was another tribe whose family remains are sitting on a file cabinet somewhere, and it is a really scary horror story. But it happens and it seems to be maybe happening again. Ms. Covert stated that the sites on the Bear River are still used today and have been used continually, somehow miraculously in a non-broken way since the Gold Rush. Nisenan tribal members still use those places for basketry, gathering basket materials, gathering medicine, gathering food, and doing their ceremonial practices there on the rushing water. She stated that finding the raw, wild pieces of river that people can go to and be a part of ceremony is rare. Ms. Covert asked the Board to please consider this information in their decision, as she and those she speaks for would not like to see another dam come.

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PUBLIC COMMENT

Caleb Dardick, Executive Director of the South Yuba River Citizens League (SYRCL) shared that 2017 would be a busy year for the proposed Centennial Dam project. The community has many questions about this project, as he felt was evident by the large number of the community in attendance. He stated that they were attending the first meeting of the Nevada Irrigation District Board for 2017 in order understand every aspect of this proposal and share that information with others who also share their concerns. He appreciates President Wilcox's assurances that the environmental review process is designed to answer most of these questions. He also appreciates his commitment that the EIR will thoroughly study the various alternatives to meet water needs, possibly without a new dam. SYRCL strongly encourages NID to be looking for alternative ways to manage limited water resources that are environmentally sustainable, such as restoring meadows and forest lands. They think NID should consider a range of alternative actions, such as repairing or modifying their aging facilities, improving canal efficiency, incentivizing water conservation, stopping leaks and metering water. They agree with the EUSCPA, who just released a new report called "Best Practices to Consider When Evaluating Water Conservation and Efficiency as an Alternative to Water Supply Expansion". That report said "a new dam should be the last alternative considered, not the first." Mr. Dardick expressed his congratulations to President Wilcox on becoming the new Board Chair, and to Directors Morebeck and Director Miller on their re-elections. He also expressed his deep thanks to the men and women of NID, who are working hard to provide water to the community's families, businesses and farms, in particular to the staff being recognized for their years of service at this meeting. Mr. Dardick wished everyone a happy new year.

PUBLIC COMMENT

Peter VanZant, former Nevada County Supervisor and former Field Director for Sierra Watch congratulated President Wilcox and the District for their new Assistant General Manager, Greg Jones. They brushed businesses a little bit when Mr. Jones was commuting to Truckee. Mr. VanZant mentioned that it was kind of ironic that the last time he was in the NID board room it was in the role of Field Director with Sierra Watch, accepting the announcement from the South Sutter Water District that they were giving up the Garden Bar Dam. He spoke about a paper put out by The Public Policy Institute entitled "What If the California Drought Continues". There are predictions that there will be drying periods. A couple main parts include a prediction that the reservoirs that exist now will not fill, and the other is a data point from a DWR that shows that in 2011 there were 35 million acre feet in California reservoirs, and that by 2015 this number was down to 15 million. So what we have is a dam proposal costing over a billion dollars that is at risk and may not solve the problems of climate change. Not only is it expensive, but it is a one shot fix for the problem. As was mentioned, there are other alternatives. Today is about the cost. The cost estimates have continued to grow. He thanked Mr. Otis Wollan, President of the American River Watershed Institute for his analysis. Mr. VanZant said that the numbers they have received from NID do not have that type of analysis. Basic transparency requires disclosure and NID is urged to make those calculations. Granted, the public probably will not get excited about a spreadsheet about all of the details that go into costing a dam. He stated that the public, tax payers

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and rate payers do want to know what the cost is going to be and how it will be financed, because quite often those bills are going to end up in their checkbooks on their monthly fees from NID. He stated that he thought meaningful public outreach is available, and there are good project parameters that the District probably adheres to and the public would like to know about so that they can track on what is going on.

PUBLIC COMMENT

Rondal Snodgrass, a local resident who is fairly new to the area, remarked that dams of this stature are irreversible without huge amounts of money to change. He stated he was very happy to be at the meeting, and that this was a local decision. He grew up along the Columbia River and experienced a number of dams constructed on the Columbia. He personally saw the elimination of Celilo Falls and the Indian community there. Mr. Snodgrass shared that his family who ranched for many years along the Columbia River thought that this was necessary for WWII. The choice then was to either agree or resist dealing with the federal government. Mr. Snodgrass stated he was happy to see that this is a local decision. He looks forward to listening and finding the reasons why we need this dam and why we shouldn't have the dam.

PUBLIC COMMENT

Traci Sheehan, Coordinator of the Foothills Water Network wished everyone a happy new year, and thanked everyone for attending. She recognized the NID Board and staff and everyone in the room. She lives in the Coloma, and the thought of going through the Auburn Canyon to attend with all the landslides and all sorts of things going on the past couple of days has been eventful. She shared that she thought the packed room was testament to the concerns of the community that they come out together as a community to talk about this important topic. Ms. Sheehan stated that The Network represents all kinds of different folks and community organizations, including land owners, Native American tribes, recreationists, American Whitewater, a lot of anglers, and many folks across the spectrum who are very concerned about Centennial. When NID first announced the dam in 2014, there was what she felt was a commitment to transparency and to involving the community. They were really encouraged to hear that, and along the way they kept encouraging that, especially by Caleb Dardick, Executive Director of SYRCL, that when the benchmarks came for NID to initiate discussion. Ms. Sheehan said that she can appreciate the role of CEQA and EIR, but does not want a data dump in the end. They know that the hydrology is done and that geotech is going to be done. She thanked Director Weber, and repeated that they do not want to wait for a data dump, adding that it is not about wanting, but about what is needed for community discussion, and for a good process. She stated "let's start that here". Ms. Sheehan reminded the Board about the initial costs that were brought forward, and thanked Otis Wollan, President of the American River Watershed Institute and who has 20 years on the Placer Water Agency Board, for all of his work putting together a great estimate, a way to start discussion, and have an internal common understanding. She wanted to recognize the District's work, and said that it is not an easy thing. Ms. Sheehan expressed that it is early on in the process, the dam is not complete, and they are still here. She encouraged everyone to keep showing up, as there is a long road ahead. Ms. Sheehan congratulated President Wilcox on his new

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Chairmanship and closed by sharing how happy she was when she heard President Wilcox speak at the Wild and Scenic Film Festival about a year ago, and that he said if this dam doesn't pencil out it is not a good idea for NID and that they would look at other alternatives. She closed by saying "This is the beginning of back and forth. Let's talk about what we see here. Let's talk about the hydrology that's done. Let's see the geotech. Let's work together".

PUBLIC COMMENT

Sean Dooley, longtime resident of this area, having lived here over half of his life (since 2001) said that a lot of great things happened on that Bear River. He shared that he took 4-H, raised sheep and goats, and took his dogs down to the river, and added that he still takes daily walks down there and enjoys the great scenery that is his house, which unfortunately is one of the homes that is up for complete destruction for this project. Mr. Dooley said he was speaking on behalf of his parents who bought their house with the intention of seeing their whole life through there, and now it doesn't quite seem that way. He added that with that being said, they are ready to fight this all the way through eminent domain, that they have spoken with their neighbors, and they as well are up for doing that for the long haul.

PUBLIC COMMENT

Harry Wief, member of the public spoke to add a brief comment related to a previous speaker about getting data up front, so that there is not a data dump at the end. He mentioned an item about reservoir clearing, which he said means removing all of the vegetation, all of the trees, bushes and fallen logs from the entire reservoir area. Mr. Wief indicated that he didn't think most people think about this much, and that they rather think about what the reservoir is going to look like and how much the dam is going to cost. He added that there is a figure of \$750,000 for that work, and said it would cost at least ten times as much. The EIR has to carefully consider this. He put in a comment a couple of years ago to whoever is doing the EIR of things that need to be considered. He said that this is something that needs to be considered and when the EIR comes out, he thinks that the public and the District need to consider that very carefully. Mr. Wief stated by saying that this is a just a heads up that something needs to be done, and they will all look forward to information on that particular item.

PUBLIC COMMENT

Joy Waite, member of the public inquired about the area by the Chicago Park Firehouse, where Steep Hollow Ravine comes in. She is wondering where the water is released to come down Steep Hollow Ravine and what the NID management is of the vast quantities of silt and tailings that are entering Rollins Lake because of the water coming down through there that is causing extreme erosion. She added that it seems to her this is an important consideration when there is talk about a possibility of a new dam, when the current reservoir is being filled up with silt. Ms. Waite said that this should be managed so that we don't lose capacity in the affected areas that we have already created with the reservoirs that already exist.

PUBLIC COMMENT

Mike Pasner, owner of Indian Springs Organic Farm in Penn Valley, who farms with NID water, congratulated President Wilcox, who is also his neighbor. He stated that he didn't see many people from agriculture in the room, and that they need to be represented. Mr. Pasner said "This dam is not good for agriculture. I will be stating the reasons over the next 3-4 years, whatever it takes to build this dam. NID repeatedly claims that it is good for agriculture – it is not".

PUBLIC COMMENT

Jerry Thomas, resident of Nevada City, shared that he had a concern that the costs from this dam are going to be pushed on to the rate payers and future development. Mr. Thomas suggested that much of this new development should contribute in the following way "They should install personal storage on their properties. Systems for example that they use in Israel. Make them have those systems to at least supplement the water that we're going to be providing to them".

President Wilcox expressed his thanks to all those in attendance and to those who expressed their concerns and called for a three minute break.

MINUTES – December 14, 2016 Regular Meeting

Approved the minutes of the regular meeting on December 14, 2016, as amended. M/S/C Drew/Weber unanimously approved

WARRANTS

Approved warrants as submitted on check and payroll registers. M/S/C Drew/Weber, unanimously approved

EMPLOYEE RELATIONS – Carter Retirement (Res. No. 2017-01)

Adopted Resolution 2017-01 (Resolution of Appreciation upon Retirement – Dave Carter) after 36 years of service to the District. M/S/C Drew/Weber, unanimously approved

POLICY UPDATE

Adopted Resolution No. 2017-02 (Establish Administrative Policy, Workplace Security and Prohibition Against Weapons). M/S/C Drew/Weber, unanimously approved

HYDROELECTRIC DEPARTMENT TRAINING REQUEST

Approved expenditure of approximately \$125,000 in 2017 for training, lodging, meals, and related expenses for Hydroelectric Department Operators, Technicians, and Machinists, to attend training in 2017 as recommended by the Water & Hydroelectric Operations Committee on December 13, 2016. M/S/C Drew/Weber, unanimously approved

EMPLOYEE RELATIONS – New Employee Introduction

Remleh Scherzinger, General Manager, introduced Susan Holt, Contract Public Affairs Coordinator. She has agreed to come on board under contract as the District develops this position internally. Ms. Holt is a mother of three, an Alta Sierra resident, and a local since birth. She is developing a Master's degree in law with water resources. The District is proud to bring her on board with her skill set in public advocacy and her experience in Sacramento. He thinks she will help the District make great strides as we try to work with the state water board, the state legislature and the governor's office as he continues to support his drought declaration. The District looks forward to her help and her direction in NID's future public space.

EMPLOYEE RELATIONS – New Employee Introduction

Remleh Scherzinger, General Manager, introduced Greg Jones, Assistant General Manager. He is a transplant to North Auburn, is a District customer, and has come down the hill from Truckee. Mr. Jones was the Executive Officer at Sierra Business Council. He has a "can do" attitude and clear executive experience. Mr. Scherzinger stated it will be a real opportunity for the District to further develop the AGM role connected strongly to the GM's office and really move the district in a much more positive way out of the executive suite.

EMPLOYEE RELATIONS – Service Awards

The following Employees were recognized for their length of service with the District and were congratulated by their Department Manager or Supervisor prior to being presented with recognition awards:

<u>Employee</u>	<u>Title</u>	<u>Hire Date</u>
<u>20 Years</u>		
Jessica Erickson	Senior Hydrographer	8/12/1996
Craig W. Harkey	Equipment Operator	9/3/1996
<u>15 Years</u>		
Paul T. Hopper	Water Distribution Operator II	12/17/2001
<u>10 Years</u>		
John Brennan	Utility Worker II	7/31/2006
Gary D. King	Engineer Manager	11/29/2006

DUTCH FLAT 2 POWERHOUSE EXCITATION SYSTEM UPGRADE PROJECT
D'HEURLE SYSTEMS CONTRACT

Adrian Schneider, Senior Engineer, spoke about the Dutch Flat 2 Powerhouse Excitation System Upgrade Project and presented the proposal from d'Heurle Systems Incorporated.

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The intent of this project is to replace portions of its older components that need to be upgraded to match current technologies and therefore; improve reliability, support current maintenance and troubleshooting capabilities, and improve operational ease and monitoring.

The District received a proposal for upgrading the Powerhouse's voltage regulator (excitation system) from d'Heurle Systems on December 29, 2016. The project timeline includes the replacement of equipment during the September 2017 annual outage of the Powerhouse. The District has sole-sourced this project to d'Heurle Systems based on past proven performance and experience on other District hydroelectric projects; the most recent project was the Chicago Park Powerhouse upgrade. Mr. Schneider explained that the District sole sourced to Mr. d'Heurle because he is a great resource and does really well. It is Mr. Schneider's personal opinion that Mr. d'Heurle really digs in and takes ownership of a project.

The proposal/contract amount is for \$220,037 and includes design, procurement, and construction support for the project. In order to meet the September outage deadline, and to ensure the completion of this project, staff recommends that the Board approve this contract.

Director Drew stated that NID must be pleased by Al d'Heurle's work and that he certainly does a lot for the District.

President Wilcox inquired that with the completion with this project, if the District will have updated all of its major powerhouses.

Keane Sommers, Hydroelectric Manager, stated that this is a significant voltage regulator, and the last voltage regulator in the series. However, the District has ongoing work in the capital program, and many years of upgrading ahead of us.

Director Miller added that this is an ongoing process.

Director Weber inquired if there were other requests for proposals for this work.

Mr. Schneider replied that proposal requests were not sent out to anyone else, and this proposal was sole sourced to Al d'Heurle.

Director Miller indicated that he thought a very supportive description was given from the Engineering Committee for d'Heurle Systems, Inc.

Director Weber clarified that it was perhaps on other projects for the District, but not this one through Engineering Committee in December 2016.

Mr. Scherzinger clarified that this item did not go through Engineering Committee.

Director Miller stated that he seemed to recall that there was a discussion that the item was not being sent out for multiple bids, and is specifically what he is referring to.

Gary King, Engineering Manager, commented that Director Miller is correct that the Engineering Committee would have possibly discussed it during the informational point on project status. In essence, it was not done as a formal process, but was done as an informal process telling what the maneuvers of the engineering department are. This

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was not done as an RFP, it was done as a sole source through the intimacy and understanding of Al d'Heurle. If they hire someone through an RFP process, in Mr. King's opinion, the cost would be higher due to the fact that they would have to re-invest and learn how the District's systems operate. In addition, this creates a system that is basically standardization of the current system.

Director Weber added that she was not trying to disagree, just to get clarity, and added that Mr. King was doing a good job.

Director Miller said that he remembers conversation in the Engineering Committee discussing that there were limited number of vendors to go to, and that Mr. d'Heurle had done good work in the past.

Mr. King clarified that this was not done as an individual item to the committee, and that it was done an informational item.

President Wilcox stated that he thought Director Weber makes a good point and that in the future items of this magnitude should go through the committee process as a general rule. He respects the committee process and would like to see items go through at the committee level first before being presented to the Board.

Awarded contract to d'Heurle Systems Incorporated for the Dutch Flat 2 Excitation System Upgrade Project in the amount of \$220,037, and authorize the General Manager to execute the necessary documents. M/S/C Miller/Drew, unanimously approved

ROCK CREEK ROAD DISTRICT FINANCED WATERLINE EXTENSION

Shannon Wood, Business Services Technician presented the item as recommended by the Administrative Practices Committee to advance a recommendation to the Board of Directors to encumber funds for the Rock Creek Road District Financed Waterline Extension project. The representative for this area is John Wilson, who could not make it to this meeting due to an abundance of snow and possible power outage.

This project proposes approximately 6,200 feet of 8-inch pipe, and seven fire hydrants for the area. Staff has reviewed the area and this project will potentially serve 36 parcels, 10 of them being variance connections. This project was reviewed at the Engineering Committee in May of 2015 for technical merits and again earlier this month at the Administrative Practices Committee for the financial criteria of the program.

Total Project Estimate: \$1, 123,834 Community
Investment Program: \$46, 160
GIP, Capital Reserve Fund or Other Source(s): \$1,077,674

Cash Deposit (Good Faith Deposit 22 @ \$2,994): \$65,868
Deferred Revenue (minimum of 22 @ \$26,941): \$592,702
Future Reimbursement (14 parcels @ \$29,935): \$419,090

The District received a petition signed by twenty-three (23) landowners to extend treated water from Lake Vera Purdon Road north on Rock Creek Road continuing east

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on Homburg Road. The signed petition meets the 60 percent threshold and the area has been mapped using the current policy methods. The soft target of a maximum of 20 percent vacancy rate, which in this case is seven parcels, was discussed. Ms. Wood stated that from research through county records, there are potentially 11 vacant parcels, yet this has not been confirmed yet by speaking with property owners. It was discussed at the Administrative Practices Committee that there is not a very high risk of exceeding this target because there is such a great need for treated water in this area.

Director Miller inserted that he is in favor of majority opinion, as there have been exceptions made in his area as well. He requested clarification as to the details of vacancy.

Ms. Wood replied sharing about one particular smaller project, where the more vacant parcels the higher the percentage went up, and there was a concern about vacant parcels. So when the DFWLE program was looked at overall, the soft target was established at 20%, being a very minimum level, in order to avoid an overwhelming vacancy rate.

Director Miller inquired as to the definition of vacancy and type of ownerships.

Ms. Wood clarified that vacancy in this case refers to unimproved land, with no structure on the land. She used the internal program called Parcel Quest in 2015, which tells the user if the property is a commercial property, residential property, or vacant (unimproved) parcel. Recent updated research was done using County tax rolls to look at how the properties are taxed, if just on land or also on improvements. Eleven parcels for this project are showing only land improvements and not structural improvements based on the County tax rolls.

Director Miller said that his concern on the vacancy is that the District does not want to be accused of stimulating growth.

Remleh Scherzinger, General Manager added that the vacant parcels are scattered and not blocked together, with multiple ownership, and we are not supporting or driving development.

Director Drew asked if when the vacant (unimproved) parcels become developed or there is a building on them, if they will be required to join or pay their fair share.

Ms. Wood replied that at the time that service is requested, they would be paying their fair share. They can voluntarily participate at this point. Even on a vacant lot, owners can request to get treated water to it, which may help them be able to improve their lot.

Director Miller asked if vacant property owners will be contacted, in addition to those that the District is trying to help who are there and who need water.

Ms. Wood replied that every parcel owner, even those owning vacant parcels, will be getting a letter from her inviting them to the kick-off meeting. The opportunity will be there for all property owners to get water to their property.

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President Wilcox suggested that the District has a real interest in being flexible on these targets. There are seven fire hydrants in this project and it provides a significant improvement in public safety in a fire prone area. He thinks it is an excellent project.

Director Weber thanked Ms. Wood, and stated that this project is in an area that she serves and is happy that it has made it to the top of the list.

Public Comment: Rondal Snodgrass and Julie Carville stood for public comment. Mr. Snodgrass stated that they are residents on Alderwood Way, and neighbor of Rock Creek, and that they are in line for this same type of development. They have worked closely with the people on Rock Creek. Shannon Wood has very helpful to them, and Director Weber is a strong representative. Speaking for John Wilson and the people of Rock Creek, they deeply appreciate it.

Approved to encumber funds for the Rock Creek Road Financed Waterline Extension project as recommended by the Administrative Practices Committee. M/S/C Miller/Morebeck, unanimously approved

HYDROELECTRIC DEPARTMENT ELECTRICAL ENGINEERING CONSULTING SERVICES

Keane Sommers, Hydroelectric Manager introduced this item, requesting the Board to award a contract to the IEC Corporation for electrical engineering support services in the amount of \$250,000. Traditionally, the hydroelectric department has received electrical engineering support from PG&E. The contract with PG&E has ended. The District still has access to PG&E's engineers, but stating that they are not reliably available is an understatement, and when they are available, they are extremely expensive. To address the issue, a number of alternatives were sought. It has been proven that from a project completion standpoint, a number of engineers have been retained and work is getting done. However, there is still a struggle with the routine sort of work when operators or technicians come in with a question, they don't have the ability to handle that in house, which really slows them down, and calls have to be made. There is not currently a consistent approach to the way they are getting work done. They are struggling to standardize on equipment and lack the ability in house to critique a consultant's work. So when someone is hired to do electrical engineering work for the District, it is difficult to respond to it in a meaningful way. Mr. Sommers said that the solution that has been developed is essentially what he is calling an Owners Engineer, which is a consultant that would function similar to an employee. He has included the line item in the budget for this position. They would be in the office two days a week to deal with questions as they come in and available by phone the rest of the time. In order to bring this person on board, he distributed the requests for proposals fairly widely. It was not a public distribution, as he did not post it on some of the websites that are out there. It was sent to everyone he knew who does good work, with the request to forward to those who may be interested. IEC received the RFP by this method. Mr. Sommers shared that he has a stack of projects for the person the moment they walk in the door. Mr. Sommers highlighted some of these projects:

- Back-up generators at our powerhouses
- Needs at the South Combie Powerhouse

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- Support Engineering for the Loma Rica Hydroelectric Plant
- The switchboard project that is going on at Chicago Park
- Keeping an eye on the voltage regulator work just awarded
- A circuit breaker out at Rollins that needs to be replaced
- A document change control plan to be put in place
- Assistance in developing the capital plan for hydro

The result of the request for proposal process was the identification of IEC and more specifically Aaron Leach, who Mr. Sommers asked to attend this meeting, so that the Board and staff can see the person that will be providing the needed support. Mr. Sommers shared a little about Mr. Leach, stating that electrical engineering is second career, and that he discovered that he started out in a much more hands on field. When he discovered he had a knack for the electrical side, he put himself through school as an electrical engineer.

Director Weber stated that she was very happy for Mr. Sommers.

Director Miller confirmed that this position is for one year.

Public Comment: Richard Thomas, member of the public, stated that in looking at the documents on the agenda he can see the overall contract figure, but could not find it broken out as to expectation of total hours or days, and was wondering how it would fit on the pay-scale, and would like some more specifics.

Mr. Sommers replied stating that what was asked of the consultants was an hourly rate, which can be provided if preferred. IEC's rate is competitive vs. the other engineering firms that we solicited. In terms of expectations, they will work out of our office two days per week, and will be available for phone calls and emails the rest of the time. The total cost is capped, and it is in the neighborhood of \$174- per hour, which is competitive. The high-end of the rates are approximately \$225- per hour based on what they received.

Remleh Scherzinger, General Manager added that this is an on call agreement, so it does not come with specific tasking until the task lever is generated by the department to the consultant.

Director Drew asked what we were doing with PG&E before we got to this point and what was their rate.

Mr. Sommers shared that PG&E averages between \$225- and \$250- per hour for an engineer, when we can get them, and generally they will reject the District's contracts.

President Wilcox asked how many hours PG&E engineers would work.

Mr. Sommers said that it varied from year to year, and that typically the District would only be able to use PG&E for emergency sorts of contracts, and that it was very limited, and he would estimate they were doing about fifty hours per year for the District, at best.

Director Drew commented that for an individual this work will need to be watched pretty tight.

Mr. Sommers agreed and added that there are a number of outs in the contract. Should the individual not perform, he would not be around long. However, Mr. Sommers is confident that he will.

Director Weber stated that she understands the need to have someone in this position, and she appreciates that Mr. Sommers has made it.

Mr. Sommers added that he believes this District is the only one with hydropower that does not have an electrical engineer on staff.

Director Miller clarified that the District is vulnerable under the power of purchase agreement with this reliance on PG&E when they can't provide these services when requested. He added that this position would help to reduce vulnerability, and is capped.

Mr. Scherzinger, General Manager added that instead of just jumping in and hiring an electrical engineer, it is prudent for us to hire from outside, and put them on contract, Then the District can see if the FTE load is there, see if the work develops and builds, and move from there. He much prefers this track as opposed to hiring someone, and then realizing they are not needed, and sending them on their way. This method is much more prudent business practices.

Awarded a contract to IEC Corporation for electrical engineering support services in the amount of \$250,000, and authorize the General Manager to execute the necessary documents. M/S/C Miller/Morehouse, unanimously approved

TABLE MEADOWS DISTRICT FINANCED WATERLINE EXTENSION (DFWLE) & TABLE MEADOWS OPTION 3 PIPELINE

Adrian Schneider, Senior Engineer presented quotes for the Table Meadows District Financed Waterline Extension (DFWLE) and Table Meadows Option 3 Pipeline. A number of contractors were approached and requested to provide quotes, five came back ranging from \$1,716,982 to \$2,497,700.

There are two projects being bid for one complete price. The project will be billed as one, but invoice separately. Given the competitive bids, Teichert Construction was the lowest.

Teichert Construction	\$1,716,982
T & S Construction	\$1,826,771
McGuire & Hester	\$2,159,901
Lorang Brothers	\$2,463,608
Hansen Brothers	\$2,497,700

Director Drew commented that he was surprised that Teichert Construction came in low and Hanson Brothers came in high.

Discussion followed about the different quotes, and how they often oscillate like this.

Director Weber stated that Teichert Construction did the Banner Pipeline Project, and that they may be better on freeway construction than they are on small private roads.

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She is concerned who is going to be the project manager. She would suggest from the experience that some of the residents on Banner went through that there be an understanding from the beginning that there needs to be respect on private roads just as there would be on the freeway. She can speak with Mr. Schneider at another time privately about some of her concerns.

Mr. Schneider stated that he would be the District project manager for oversight, and the Teichert Construction project manager would most likely be Chris Berg or Tony Moscini.

Director Miller added that Chris Berg was the project manager on the McGuire Hester project, and that he has had excellent feedback with regards to the neighborhood and Debbie Porter, and others from that project that Mr. Berg was responsive, and that prior to the rains he got out there and looked at facilities. All the feedback he has had about Mr. Berg has been very positive.

Mr. Schneider added that he has worked with Teichert Construction before on the Loma Rica Airport Pipeline Project.

Approved a contract with Teichert Construction in the amount of \$1,716,982 for construction of the Table Meadows District Financed Waterline Extension (DFWLE) and the Table Meadows Option 3, and authorize the General Manager to sign the appropriate documents. M/S/C Drew/Miller, unanimously approved

GENERAL MANGER'S REPORT:

Remleh Scherzinger, General Manager shared that currently, based on the Northern Sierra 8 Station Index on January 10, 2017, it is on track to be the wettest year on record, and ahead of 1982-1983 events by a month.

Mr. Scherzinger shared that the District is at spill at all major reservoirs, and is absolutely topped off at 245,451 acre feet, with the regular gates open both at Jackson Meadows and Bowman. These events are still culminating in rain, even at the Bowman level, and we are actually seeing water come over the south portal at Bowman, even with the gates at the open position. The amount of water in the system is significant. At the Bowman Lake precipitation gauge, 66.54 inches of rain has been measured, which is shy of what Deer Creek Powerhouse is seeing. The normal is 69.12 inches, and the wettest is 79.92 for the year.

The 2016 conservation rate is 26 percent. Even without real prodding from NID, customers were able to conserve 26 percent over the 2013 numbers, which really shows that the community has taken the conservation message to heart and is putting it into practice. Clearly the District has done the 31 days to make a habit, and it has really shifted the District into a conservation position.

Director Miller inquired if the public realizes that the District is doing conservation, and if the District posts the District's conservation practices and community participation on the website

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Mr. Scherzinger replied that the District broadcasts it regularly, and talks about the multiple prone effort to try to drive folks from the myopic view of the topic. Now that the District has Susan Holt, Contract Public Affairs Coordinator, on board the District can start ramping up this information.

On the January 9, 2017, the Bear River peaked at the base of Rollins at 17,600 cfs, and on January 10, 2017, approximately 16,700 cfs was coming out of Rollins. If multiplied by two, that is acre feet per day, so the District is looking at filling Centennial in days in a year like this. He believes we are looking at the bookends of climate change are going to be for us. One side of the spectrum was 2015, which was one of the driest years on record with clearly no snowpack, and now 2016-2017, which is coming unhitched, with five atmospheric river events and it appears as though two more are lining up in the Pacific, that look like they may be a record breaking event for us. The climatologists believe that we will be getting the warm tropical air from Hawaii, and it is just going to slam into the Sierras and deliver water to us.

Director Morebeck asked for clarification of Rem's statement about filling Centennial, and if that was from the potential carry-over from year to year or from zero to 110.

Mr. Scherzinger confirmed that he is talking about zero to 110, and that in a carry-over situation, where the goal is to put 60,000 in, the water would be put back in in two days.

Mr. Scherzinger recognized NID staff. The severe storm weather planning policy was brought back last year. It really has started to coalesce the organization around a plan to go out and open canals, put in the cross-checks, check facilities that the District hasn't operated in years. Some people are seeing water that they haven't seen given the dryness of the system. There haven't been a lot of claims, and clearly not at the level of when he first came on board in 2013. He feels that is a testament to the fact that the District went out, dumped the system, made sure things were cross checked and that the systems were operating appropriately, and following District policy, putting the natural flow in to the watershed where it originates from. The District is not moving water from one watershed to another.

Mr. Scherzinger recognized Keane Sommers, Hydroelectric Manager, and his group who does a lot with a little. In a cataclysmic rain event, it is not easy getting water out of the upper division. The District's crew was up there yesterday, cutting the log jams off of the Bowman Spalding Canal, which were off the Texas Diversion, which prohibited the amount of water necessary to keep snow out of the canals. This has caused us to have to draft off of Fuller Lake. The District is having difficulty maintaining flow, which is odd given that there is water everywhere.

Director Drew added that the Texas Creek area and all of the drainage up in this area, has not seen this type of activity since at least 1997, and perhaps 1986.

Mr. Scherzinger was pleased to inform the Board that NID was going to be the recipient of a \$177,000 grant from California Department of Fish and Wildlife, for their work at Hemp Hill. This will be met with an additional \$180,000 of NID money, which will bring the contribution of work to \$360,000. This means, that in approximately 2017, NID will put almost a half of a million dollars into developing a project at the Hemp Hill diversion

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structure, and will further the process as moving forward to a resolution for that facility. He shared that he is really pleased that California Department of Fish and Wildlife saw the value of the District's efforts and awarded that with a grant.

President Wilcox inquired if the plan is still to put a pumping can in the creek.

Mr. Scherzinger confirmed that the District is currently under contract with Kleinschmidt to go out and do the exploratory work to look at either river bank filtration or to look at a rain collector on the south side of the Hemp Hill facility. This grant will help do a sediment study, flow study and a fishery study, all which will be required as part of the District's environmental document and the permitting of the facility in the future.

Mr. Scherzinger was pleased to report that the Placer County Tax Sharing Agreement was within the District's possession yesterday. It has received comment and gone back down. The document exists and there is staff to staff agreement. It is anticipated to be brought to the Board on the 25th of January or in February. After eleven years, the deal is close to being sealed.

Directors all replied with positive comments and thanked Mr. Scherzinger for his persistence.

Mr. Scherzinger shared that the District is struggling with the Tahoe Forest Service Staff as it relates to the upper division recreation. NID has requested to operate those facilities in 2017. The Forest supervisor has denied that request, and it is not necessarily believed that it is within his power to do so. A meeting has been scheduled for the 19th with the supervisor's staff to advise him as such. Should he continue to move forward with this position, the District will engage Randy Moore, the supervisor's superior. The District has asked a representative of Congressman La Malfa's staff to come in to that meeting with us, and to support us as we move forward. The District has also issued a Freedom of Information Act (FOIA) request to hold all correspondence within the Forest Service as it relates to our operations, as we believe that they have been collusive in their activities towards the District. Mr. Scherzinger will keep the Board informed as the District pursues the Forest Service. This only relates to those facilities that are on U.S. Forest Service Land. Those facilities that are on NID land, NID has every intention of operating. Should the Forest Service request to operate NID facilities, it will be discussed internally.

Mr. Scherzinger was pleased to announce that in recognition to Mr. Marvin Davis, Finance Manager, and his staff, who have done a fabulous piece of work on the budget and reporting thus far, NID has received the certificate for Achievement in Excellency in Financial Planning. Mr. Scherzinger added that this couples with the District's Transparency Certificate of Excellence, and provides further recognition, as the District continues to try to bring systems into alignment with standard practice. He greatly wanted to salute Mr. Davis in this accomplishment. Mr. Scherzinger read the certificate to the Board, which read

"The Certificate of Achievement for Excellence in Financial Reporting has been awarded to Nevada Irrigation District by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report

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(CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

An Award of Financial Reporting Achievement has been awarded to the individual(s) department or agency designated by the government as primarily responsible for preparing the award-winning CAFR. This has been presented to: Finance Department, Nevada Irrigation District.

The CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive “spirit of full disclosure” to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

The GFOA is a nonprofit professional association serving approximately 17,500 government finance professionals with offices in Chicago, IL, and Washington, D.C.”

Director Drew stated that the District should send a copy of this letter to the Union.

President Wilcox noted the impressive table in Project Ending Balances preceding the warrants today. He has never seen this kind of information before, and feels it is very useful and goes a long way towards District transparency. He was thankful that it was provided.

Mr. Scherzinger, General Manager credited this to Director Weber, as it was her request and Mr. Davis, Finance Manager for putting it in there.

Director Weber added that this helps to answer questions and shared her thanks.

President Wilcox said that there is a wealth of information in this report, which also shows the number of projects that the District is engaged in.

Mr. Scherzinger added that the next award we are heading for is the District of Distinction, and he feels the District will be successful in achieving that award in the next few years.

Public Comment: Richard Thomas, member of the public commented on the glee with which the Board received the news about the pending agreement with Placer County and asked that Mr. Scherzinger elaborate a little bit on how significant that will be to the finances of the District in terms of dollars.

President Wilcox said it is a principal on which to stand.

Discussion ensued about the tax sharing agreement, annexation and water availability.

Mr. Scherzinger clarified that when the District annexes a parcel within the county, both entities negotiate the splitting of the tax share, in this case the taxes that Placer County receives. What the District has been dealing with is a number of parcels that are still within Placer County that would like to be annexed in to the District. The District in 2005 put a moratorium on annexation, saying that until a tax sharing agreement was agreed to, the District would not annex anyone in, because the District doesn't have a

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negotiated share, and was not going to get a part of Placer County's tax. So what is being talked about at this point is a master tax sharing agreement. Placer County and NID have agreed that the base tax (what a piece of property is getting right now, the minute the document is signed) goes 100% to Placer County. NID does not get any of that. The incremental increase as the years go by, the increase on that parcel, whatever the value is, ten percent of that value of Placer County's money comes to NID, barring some other items, such as fire-fighting money, library money that goes other ways. In total, if all 600 plus parcels that are currently exclusionary parcels to the District were moved forward, within the first year assuming a 3% increase on value, it would equate to \$1,900-. As these parcels develop, the value to the district increases.

President Wilcox suggested that if Mr. Thomas would like to speak with Mr. Scherzinger after the meeting if he has any further questions.

BOARD MEMBER COMMENTS

Director Miller shared that he attended the NID Holiday Party, and he and his wife had a great time. He thanked the District and staff for organizing the event, with special thanks to Kristi Kelly, who was one of the organizers on the Social Fund Committee. They had a comfortable and enjoyable time with wonderful District employees.

President Wilcox announced that he will be presenting to the Penn Valley Chamber of Commerce Town Hall. He would like to update them on activities in Penn Valley, where the District putting in extensive construction work. Over the next year the District will be rebuilding the water system so that the fire hydrants actually deliver more water. He will also be giving the community there a little update on the Centennial Project. In addition, the SYRCL Film Festival is underway, and next Saturday there will be a film presented at the Yuba River Charter School entitled "Voice of the Bear River". Information about it is available on the website. There is also a workshop on Sunday from 4-5, at the Nevada City Council Chambers, entitled "So Many Dam Alternatives". NID will not be presenting and was not invited to present. Jonas Minton, currently with the Planning and Conservation League and former Deputy Director of Water Resource, is very knowledgeable and will be a presenter. Free workshops will also be held for alternatives on Centennial.

President Wilcox also mentioned that in Mr. Otis Wollan's presentation he referred to an article published recently on Yuba Net, where the cost of Centennial was pegged at \$500 million. President Wilcox handed out that article to the Board for their information since both he and Mr. Scherzinger were quoted. The article is by Matt Weiser with Water Deeply, entitled "NID says climate change is reason for new dam on the Bear River". President Wilcox added that he felt they were quoted accurately and that the article was well balanced.

Director Weber added that the author, Matt Weiser, used to be a reporter at The Bee and that he was knowledgeable.

President Wilcox announced that Committee Assignments are now final.

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The President's 2017 Board Committee appointments are as follows:

Meeting Day/Time Committee and Members (Staff Attendance)

1st Tuesday
9:00 A.M.

ADMINISTRATIVE PRACTICES

Wilcox, Morebeck (Scherzinger, Jones, Davis, Stepanian, Kolakowski)

- Personnel matters and employee benefits
- Annexation requests
- Office Procedure
- Internal Board policy (per diem, travel, etc.)
- District memberships and subscriptions
- Board and management objectives
- Budgets and financial reporting
- Audit control
- Collection of accounts
- Insurance and Bonds

2nd Tuesday
9:00 A.M.

WATER & HYDROELECTRIC OPERATIONS

Miller, Weber (Scherzinger, Jones, Sommers, Close)

- Water supply and utilization
- Water delivery policy
- Hydroelectric power policy
- Hydroelectric Division activities

3rd Tuesday
9:00 A.M.

ENGINEERING

Wilcox, Drew (Scherzinger, Jones, King, Wood)

- Develop and revise engineering policies
- Priorities and funding for system development
- Capital improvement projects (treated and raw water)
- Hydroelectric power contracts

4th Tuesday
9:00 A.M.

MAINTENANCE & RESOURCE MANAGEMENT

Drew, Morebeck (Scherzinger, Jones, Powell, Reyes)

- Maintenance policy (including funding)
- Resource management policy
- Recreation
- Safety
- Building activities

As Needed
During the Year

WATER RATES

Wilcox, Weber

OTHER COMMITTEES/ASSOCIATIONS/COUNCILS

LABOR

Miller, Drew

(Scherzinger, Jones, District Counsel)

ECONOMIC RESOURCE COUNCIL

Scherzinger or Jones

- Support and enhance the local economic vitality by supporting the retention, creation, and attraction of quality jobs while at the same time preserving the unique environment

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Quarterly

WATER COMMITTEE – PCWA & NID

Wilcox, Morebeck

- Mutual programs and/or projects
Meet together on the need for cooperation on water and power issues facing and affecting both agencies.
- Advisory committee to initiate policy level dialogues between PCWA and NID
- Facilitate communication and outreach between Boards (7/6/2000 1st meeting)

MOUNTAIN COUNTIES WATER RESOURCES ASSN

Weber (Morebeck as alternate)

PLACER COUNTY WATER RESOURCES COUNCIL

Morebeck

CITY OF GRASS VALLEY OVERSIGHT BOARD

Wilcox (Drew as alternate)

CABY JPA & COORDINATING COMMITTEE

Weber (Morebeck as an alternate)

ACWA JOINT POWERS INSURANCE AUTHORITY

Miller (Jones as alternate)

RESERVOIR SEDIMENT ISSUE

Miller, Drew

TRIBUTE TRAIL ASSOCIATION

Wilcox

Director Weber requested that in the future Committee Assignments are released as soon as possible.

Discussion followed about possibly setting the committee assignments by the last meeting in December.

Remleh Scherzinger stated that he will work with Director Morehouse at the end of the year, to perhaps provide the draft to be distributed to Board members in December, rather than in January, as done in the past.

Meeting recessed at 10:55 a.m. and reconvened at 11:02 a.m.

CLOSED SESSION was declared at 11:02 a.m. pursuant to Government Code Section 54956.8 to confer with Real Property Negotiators Scherzinger and/or District Counsel regarding price and terms of payment; the property subject to negotiation is Nevada County Assessor's Parcel Number 27-070-16

MEETING RECONVENED in regular session at 11:41 a.m.

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MEETING ADJOURNED at 11:41 a.m. to reconvene in regular session on January 25, 2017, 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