

NEVADA IRRIGATION DISTRICT

BOARD OF DIRECTORS

MINUTES

April 26, 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 26nd day of April, 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; Greg Jones, Assistant 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; Susan Holt, Public Affairs Coordinator; Dustin Cooper, District Counsel; and Kris Stepanian, Board Secretary.

PUBLIC COMMENT – Center

Bob Center, resident of Nevada County in Division 5, spoke about the Request for Proposal (RFP) for Financial Feasibility Study for the Centennial Reservoir. He said that on March 8, 2017, the Managing Director announced to the Board that at the end of the last week the District released the RFP for the Financial Feasibility component of Centennial Reservoir the previous week and that the District was starting that process now. Mr. Center said he does not know who among the Board has seen the RFP. He shared that he obtained a copy last week and can provide copies for the Board if they like. An assessment of the Financial Feasibility of Centennial Reservoir seems like a good idea. This evaluation, conducted by a qualified analyst, could be important in the Board's decision on whether or not to build the Centennial Reservoir. In conducting a study of this sort requested in the RFP, an early step is to select the important topics and ask the right questions regarding these topics. Does the RFP do this? His initial impression is that there may be topics missing from the RFP. For example, hydro power revenue was not included in the discussion of potential revenue streams. A project to generate new hydro revenue to help finance Centennial has complexities around how it will be regulated, how it will be operated, and around its long-term profitability. An evaluation of the net-worth of new hydro associated with Centennial with a qualified analyst would be useful. He recommends that the Board read the RFP and judge its adequacy. It appears to be general enough and flexible enough so that if the Board

recommends changes, the RFP may be able to be modified during vendor selection and contractor negotiations. He then provided copies of the RFP to Board members.

President Wilcox said that under Public Comment, the Board is not able to engage in dialogue on this issue.

PUBLIC COMMENT – Goar

Bob Goar, resident of Grass Valley and stand-by customer of NID, thanked Pascale Fusshoeller for being present and doing what he feels is NID's job. He is no longer the chair of FONA (Federation of Neighborhood Associations). Doug Holman has that job, and Mr. Goar speaks only for himself. He apologized for taking more time than was allotted at the last meeting, and said he would now be brief. He believes that all of the Board members have his contact information, and asked them to please contact him and tell him their objections to video tapping and live-streaming of the two monthly Board meetings, so that he knows their feelings. He said that the Board certainly knows his feelings on the matter, and thanked them for letting him speak today.

PUBLIC COMMENT – Fabersunne

Mikos Fabersunne, Nevada City resident for the last three years in a condominium project called Broad Street Commons, also known as Nevada City Co-Housing, shared that his homeowner's association is a customer of NID. Mr. Fabersunne explained that he wished to speak on the subject of video-casting or live-streaming, and share some information that he obtained from talking with media staff members at the cities of Woodland, Davis and Yolo County, where he lived before moving to Nevada County.

He said that he was surprised and disappointed to learn that a motion made at a previous NID Board meeting to take up consideration of the proposal to live-stream meetings died simply for lack of a second. To close discussion on a matter of deep concern to the community in this manner is a display of disregard for the democratic process. While congress may play the game, the public expects its local representatives to adhere to a higher standard of conduct.

Mr. Fabersunne said that he recently spoke with Robert Schultz, from the media services section of the Davis City Manager's office to inquire about their experience with video casting. Like the cities of Grass Valley and Nevada City, they live stream and produce downloadable video archives of all their various public meetings. They have been doing so for the past fifteen years. Although they have a high-end system, which is required for the range of services they provide (they also do graphic design and produce in-house training videos), Mr. Schultz indicated that smaller agencies can easily bring live-streaming and archiving service online for between \$20,000 to \$30,000, and he thinks this is a figure he has heard before. It is less than 5/100's of 1% of NID's 2016 budget. It sounds affordable to him.

Mr. Schultz commented that Davis's investment was a wise choice. He emphasized that repeatedly in their conversation. In addition to providing valuable service by enhancing the public's ability to participate in the democratic process, there is an added benefit for staff that will be presenting in public meetings, such as this one. They will not have to sit in chambers through a long agenda waiting for their item to come up. They can watch from their desks for the cue, while doing other work.

The Board should recognize that audio-only recordings, even if the audio were broadcast in real time, are insufficient today with the use of Excel and Powerpoint presentations now common in public meetings. The visual content cannot be shared using only audio. During this and future meetings, he asked the Board to think about how difficult it would be to follow a budget presentation if they could not view the bar graphs and pie charts being displayed, or to imagine the difficulty in conjuring up an image from audio commentary about a photograph that is absent.

If the District chooses to hold Board meetings during normal working hours, when many of the stakeholders are unable to attend, then he believes the District is obligated to enable public access through video-casting the proceedings.

PUBLIC COMMENT – Hill-Weld

Michael Hill-Weld, resident of Division 1 in the NID District, shared that he was disappointed that there was no agenda item concerning live-streaming, archiving and indexing. He thinks it is long overdue and looks forward to a meeting in which the Board at least has a discussion, if not comes to a decision. Mr. Hill-Weld said he also wanted the Board to be aware of the outcome of a conversation with Remleh Scherzinger, General Manager that took place after the Administrative Practices Committee (APC) meeting on April 4, 2017. At that meeting, Chair Wilcox said that he was unable to access back-up documents online. He had not received his snail mail agenda, so he was relying on the online posting. It made it difficult for him to be prepared for the meeting, not being able to access the backup document.

After the APC meeting, Mr. Hill-Weld said that he asked about Brown Act compliance for posting committee agendas, and was told by Mr. Scherzinger that committee meetings were not covered by the Brown Act because there was not a quorum of the NID Board present, and therefore standing committees of the Board were not covered by the Brown Act. Mr. Hill-Weld said that he expressed some surprise due to his experience at the County and on the Nevada City School Board, where standing committees were covered by the Brown Act.

To the General Manager's tribute, he contacted council following their discussion and found out that committee meetings are covered by the Brown Act. Therefore, the posting needs to be done, documentation needs to be available and in compliance with the Brown Act. He thanked Mr. Scherzinger for that. Mr. Hill-Weld said he would leave it to others whether decisions made at non Brown Act compliance meetings are valid. There have been instances where decisions made by a body that has not complied with the Brown Act have been found to be invalid. It tells him that it is time to have a Brown Act workshop for the Board, the Staff and the public, so that everyone knows what the requirements are under the Brown Act. Whether a Board member, or a committee member, or a member of the public, he thinks everyone would benefit.

PUBLIC COMMENT – Olive

George Olive, resident at the end of Banner Lava Cap Road, Nevada City, said it was nice to be at a Board meeting and be a member of the public. He asked the Board to put the matter of video streaming Board meetings back on the agenda for further discussion. He is picturing a collaborative exploration of alternatives by the

Administration Practices Committee, making use of NID and community resources to find an approach to public interaction that makes the most sense.

He asked the Board and General Manager to consider Lou Sitzer's comments from the prior Board meeting, especially the offer of resource assistants from NCTV. Like Mr. Sitzer, Mr. Olive's background is education and community service. As a school district superintendent here locally and in Vermont, he has lived through the politics, pains and pressures of elected Board decision making. What Mr. Sitzer said about education is his view as well, that we solve all manner of complex problems by putting our heads together and educating each other.

His time supporting school boards and their efforts to deliver community education priorities while satisfying state and federal requirements led him over and over again to the value of two-way communication. When decisions became contentious, say a charter school proposal that infuriated the teacher's union, Board members wanted their thinking and the information they were working with to be fully understood by the community. Convenient special meetings, information nights, meet and greets would be held in effort to try to keep information clear. To be clear, the Board's thinking had to be transparent. School board decision making, while perhaps not always popular, had at least to be understood. He was a superintendent for a while in Vermont, where property owners paid directly for schools, and taxpayers scrutinized the daylights out of every agency's budget. Video tapped meetings would have been a God-send. Progressive school boards there reached purposefully into their communities to engage those with different points of view. They had to establish trust in the program building progress in order to improve schools.

Like those school systems, NID is all about projects and continuous improvement. He asked the Board to let their constituents see into their deliberations and be transparent. Mr. Olive said that whether the Board wants to acknowledge it or not, they sit in their seats during a time of unexpected political engagement. A lot of people want to scrutinize public officials and public works at all levels. This public scrutiny falls particularly heavily on NID, because NID has over recent decades been able to function without much public engagement. Take for instance, NID's acquisition of properties in the reservoir inundation zone, which has required an FOI (Freedom of Information) request to see into NID's actions.

Given the current political climate pursuing an expensive and complex dam project only adds to the increasing need for NID to change how it deliberates. The greater the potential cost to the rate and tax payer, the more critical public trust is required. Video-streaming the Board meetings would signal NID's intention to open the agency to a full exchange of ideas, information and resources with the community that NID serves. Especially now, taking a thorough look at video-streaming and indexing NID Board meetings has become a signal issue that tells the voters and the rate payers either that NID will function as it always has or that this public agency seeks to interact more fully with the communities it serves.

PUBLIC COMMENT – Lee

Miles Lee, resident of Nevada City, spoke on behalf of himself and a few other residents on Scotts Flat Dam Road. He realizes that his road is not the only one that got washed

out this winter, but wanted to make the Board aware that there is a problem on Scotts Flat Dam Road. Mr. Lee explained that there is an elderly woman and a couple with a newborn baby that are unable to access their homes, and are now renting in town. Because of the high volume of traffic on the road, it has created mud and the rain washed the road away. There is an area of the road that has three foot ditches, making it inaccessible to propane trucks and fire trucks.

Mr. Lee shared that he has received some estimates and began a road association with the neighbors. The estimates he received covered every section, but do not all need to be attended to. He was hoping to have the District's help in at least fixing the worst parts of the road, so that his displaced neighbors can move back into their homes.

Mr. Lee has made several repairs by hand to try to help dry up the worst of the area so that a tractor can get in there. A traffic study done last year showed that there are up to one hundred cars per day that come down the road. Mr. Lee said that there are four full time residents (and himself) and four part-time residents. It is mostly other traffic creating the problems. A couple of other sections are starting to collapse due to people cutting turns too early and caving the road in. If nothing else, he hopes that the District can help fix a couple of the worst sections to provide access for fire trucks, NID trucks, the public, and anyone else who likes to use the lake there. Mr. Lee thanked the Board for listening.

PUBLIC COMMENT – Suarez

Dianna Suarez, resident of Colfax, thanked Pascale Fusshoeller for video live-streaming and video tapping this meeting. Ms. Suarez said she lives across the river in Colfax, and that a whole half of the watershed lives across the Bear River and is not represented by NID. This is another reason that the Board meetings should be live-streamed. She drives a long way to come here twice a month to see these Board meetings, because the District's impact impacts her life so heavily that she needs to be here. To have it available to half of the watershed that is on the other side of the Bear River, she thinks is really important, and not to make those people drive all the way over here during work hours when they cannot make it.

Ms. Suarez announced that the Nisenan Tribe is holding a public dialogue on April 29th and 30th, from 11:00 a.m. to 2:00 p.m. at the Bear River Group Campground, 2500 Campground Road in Colfax. There is a one mile hike to the Group Campground from the day-use parking lot. This event will be the Nisenan cultural perspective and the threat to the Bear River from Centennial Dam. It will include a presentation of the Nisenan tribal culture and history, a panel discussion of the impacts of the proposed Centennial dam project on Nisenan heritage sites and the culture today, and demonstrations of cultural practices, languages and songs. These events are open the public and are free events. The Nisenan People will be in retreat at the Bear River Group Camp during the entire weekend, and open to the public from 11:00 a.m. to 2:00 p.m. on both days. If anyone is interested in learning more from the Nisenan tribal perspective, please attend.

PUBLIC COMMENT – Burton

Richard Burton, resident in Peardale and customer of both treated and agriculture water from NID, urged the Board to allow video-streaming of their meetings for a couple of

particular pressing reasons. The Board has approved, at least tentatively, with going ahead with the Centennial Dam project. He thinks this is an issue that needs to be more fully discussed and hopefully it will come out in Board meetings. Those in the public, who cannot attend the Board meetings in person every two weeks, can be more aware of what is going on. Another reason he thinks video-streaming is so important is because he tried to follow the Oroville debacle. He also tried to go by the dam when going to see Mr. LaMalfa. Mr. Burton said that the roads are all blocked off, with armed policemen and he could not even see it. Two things seem clear to him from Oroville Dam. The agency and those governing it were giving a rosy report as to the condition of the dam. He is concerned about how NID is managing current dams. How does the public know how well they are being managed, before taking on a whole new project? This brings to his mind the need for NID to provide to the public some sort of independent review of NID's current dams and dam safety. He does not think that hiring engineers with a financial interest in having further business with the Board will satisfy the public. He thinks the other lesson from reading about Oroville, are the design flaws from the Oroville dam that may well apply to NID's dam system, and are not being publicized. He feels it is imperative that the District video tape and have some sort of independent review.

Director Drew asked for clarification from Remleh Scherzinger, General Manager, that all of the District's reservoirs and dams are reviewed separately by a state agency division of dam safety.

Remleh Scherzinger, General Manager, confirmed that they are reviewed by DSOD (Division of Safety of Dams).

PUBLIC COMMENT – Thomas

Richard Thomas, raw water customer of Nevada City, thanked Staff for having the microphone on as he requested some time ago. Much of what he had planned to say has already been covered by others. He shared that he appreciated Mr. Olive's comments, who is a well-respected and experienced member of the community. He thanked Mr. Hill-Weld and Mr. Fabersunne as well, and thought their comments were right on. He thanked Pascale Fusshoeller for videoing, and said it has been on his to do list to subscribe to YubaNet for a long time. He learned yesterday that it is costing Pascale, Susan and YubaNet approximately \$100- per hour to use her data plan to live-stream these meetings. So yesterday, he became a year-long subscriber.

Mr. Thomas mentioned an item on the agenda regarding internal communications at the afternoon retreat. He said that not too long ago he sent what he thought was a private email to a member of the Board, and learned that the email had been circulated to other members of the Board. Some questions have led him to believe that if you use a link on the NID website to contact a single Board member, it is not a private communication. At the least those are filtered and he believes that in some cases, directed to other Board members as well, perhaps in their packet or as an email. He is not familiar. This to him is a critical, internal communication item that he hopes is on the short term to discuss either today at the retreat or some other time. This to him is simply not right. If this is the process that the District follows with what an individual in the public thinks is a private communication, then there needs to be a large disclaimer on that page of the website

that says "This email you are directing to a particular Board member, may be circulated to other Board members as well". He said he appreciates the Board members who have shared their personal emails with him. He will continue to use those when he feels it necessary to communicate with members of this Board.

Director Miller addressed President Wilcox, and said that this is the second time that somebody has addressed something that is on the Agenda. The Board could dialogue on it if the public made their comment under the agendized item, rather than during public comment for items that are not on the agenda.

President Wilcox said that Director Miller makes a good point.

PUBLIC COMMENT – Brown

Syd Brown, resident of Nevada City and representing herself, said she stands before the Board to urge them to reconsider the proposal to fund, not allow, but to fund live-streaming and indexed video recordings of the NID Board meetings. She realizes that this issue has been discussed in these chambers, in the pages of the newspapers and on line. If public sentiment is an indication, the Board should know by now that NID has in the words of George Olive "obtained what public agencies desire – public engagement". She personally has not been attending these meetings since before January of 2017, and is working hard to educate herself, and realizes that not everyone has the ability to attend 2-4 times per month, depending on committee meeting attendance, during the day.

Ms. Brown said that at the last Board meeting with this video recording was considered, she attended the meeting, but had to leave before the conclusion of the discussion because of employment requirements. She could not be here to see and engage in that very extensive and somewhat frustrating discussion. She was out of town at the last Board meeting, and through the generosity of YubaNet was able to follow along with interest and appreciation. She is interested in pursuing possible grants for funding if this \$20,000 investment is a concern to NID. She appreciates Mr. Fabersunne's previous comment about the cost being less than 5/100's of 1% of NID's annual budget. It seems to be a reasonable investment to gain the trust, and to proceed with the transparency that she believes the public requires and requests. She thanked the Board for their consideration, and requested that this come up at a future Board meeting. NID would benefit from a positive move in this regard.

PUBLIC COMMENT – Osgood

Shirley Osgood, resident of Grass Valley and NID customer and voter, apologized for her behavior over the past couple of Board meetings. She is usually a really nice person, but since January 20, 2017, she has been waking up to disturbing news on almost a daily basis. Please forgive her if she has come across harsh in the past. Ms. Osgood said that she knows YubaNet is not a non-profit organization, and encouraged some donations to YubaNet in lieu of having hired YubaNet. She shared that she has written out a check based on her small retirement to give to Pascale Fusshoeller with YubaNet, and hopes that others will donate also.

PUBLIC COMMENT – Pasner

Mike Pasner, owner of Indian Springs Organic Farm in Penn Valley, customer of NID for 31 years, thanked Pascale Fusshoeller very much for airing these meetings and live-streaming them. He said he has no problem with handing her cash and has done so. He gives a dozen eggs every meeting. Mr. Pasner thanked Director Weber for taking the high road on this issue. It needs to be done and will eventually be done. He told the other Board members that they need to pay attention to what the public wants. They are taxpayers and rate payers. They want to know what is going on and need that transparency. Mr. Pasner said that NID's mission statement says they are good stewards of the watershed, and asked why that cannot be done in transparency. It should be done that way and will be eventually. The District is paying \$133,000 in public relations for the Centennial Reservoir and Power. He asked why the District cannot come up with the \$20,000 (or less) that it will cost, in order to tell all of the constituents what they are up to.

Mr. Pasner shared that following the committee meeting he attended on April 25th, 2017, he was hauling manure all day and it was a lovely day. Pasner shared a part of the conversation he had with a gentleman who owns a stable down the road from Mr. Pasner who Mr. Pasner was hauling manure from. Mr. Pasner shared that they had discussed this issue, and the gentleman could not believe that NID does not just do it, and could not understand why NID would not just do it. Mr. Pasner said that this is the big question. He asked the Directors who currently are objecting live-streaming the Board meetings, to email him as to what their objections are, because he does not understand why. He asked the Board to get this item on the agenda so it can be voted on, in order to empty out the full Boardroom and parking lot, and stop the bad press. He said that when R.L. Crabb does a comic on you, you know you are catching it.

PUBLIC COMMENT – Dooley-Miller

Andy Dooley-Miller, resident of Grass Valley, shared that he is one of the homeowners who will be displaced by the Centennial Dam. The District's transparency is very important. It is important for him to understand what the District is thinking, and reading it or just hearing is not enough. He has attended as many meetings as he has been able to make. He has seen information change and he has heard what the District's opinions are, but not enough for him to understand why he has to lose his home.

Mr. Dooley-Miller said he is a retired teacher. He did not expect to have to lose the place where he thought he would spend the rest of his life. "Any information you can give us, that we can see your faces, makes it easier for us to understand," Mr. Dooley-Miller said. That is why he is asking for as much transparency that the Board can give, because it really is important to the public. It is the difference between people like him who are going to lose their home, and people who are removed from that and have to make decisions. He feels like the NID Board is part of the community. We are so distant from somewhere like Washington D.C., where it is so difficult to understand what they are thinking when representatives make their decisions. He expects more from the NID Board. He expects people who live in his community to do what is right for us, to talk to us, to let us know what they are thinking.

President Wilcox thanked Mr. Dooley Miller for his comments.

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Remleh Scherzinger, General Manager, reported to President Wilcox that the off-site Retreat, posted as Item 11 in the Agenda, was being removed due to internal and external scheduling conflicts.

President Wilcox announced that Item 11 for the off-site workshop would be removed from the Agenda and would not take place following this meeting.

President Wilcox requested that Item #4 be moved from a consent item and moved to the General Items portion of the Agenda.

Director Miller requested that agenda items indicate if they are being recommended by committee.

MINUTES – April 12, 2017 Regular Meeting

**Approved the minutes of the regular meeting on April 12, 2017, as submitted.
M/S/C Drew/Weber, unanimously approved**

WARRANTS

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

NEVADA IRRIGATION DISTRICT INTERNAL COMPLIANCE PROGRAM – 2016
COMPLIANCE RISK ASSESSMENT REPORT SUMMARY

Received and filed the 2016 Risk Assessment Report summary

EMPLOYEE RELATIONS – New Employee Introduction

Brian Powell, Maintenance Manager, introduced Shane Slattery, Utility Worker I. Mr. Slattery was born and raised in Nevada County. After high school, he moved to the Bay Area for a couple of years, and then returned to Nevada County. He worked for several construction workers in the area, including Walsh Construction, and has good construction experience. Most recently, he was working for Hansen Bros. Enterprises, obtained his Class A, and worked as an operator for them. Mr. Slattery is married and has five children ranging from age 4-18. He is an outdoorsman and enjoys fishing, camping and hunting, and motorcycles. Mr. Powell welcomed him to the District.

Shane Slattery, Utility Worker I, said he is very honored and privileged to be here as an NID employee and looks forward to his future here.

BLAIR COURT WATERLINE EXTENSION & CANAL ENCASEMENT - REQUEST FOR
VARIANCE TO REGULATION 8.05.03

Chip Close, Water Operations Manager, provided some history of how Mr. Bill Green from Nevada City Engineering has been working on the development on Blair Court, off of Greenhorn Road. Nevada City Engineering has requested a fire service dedication letter. The letter is provided to developers indicating how much fire flow potential may be available at that location for their use and design purposes.

The existing Water Service Regulation 8.05.03 – Service to More Than One Parcel – clearly states that up to four (4) contiguous parcels may be served by one (1) private fire service. Staff has no objection to allowing the variance as requested since the private fire service sizing/demand is determined by Nevada City Engineering. It is their

responsibility to determine that the private fire service has the ability to meet the demand requirements of the 5 parcels and to design the fire protection system accordingly.

President Wilcox explained that he did not pull this consent agenda item because he had a problem with the proposal, and rather he pulled it because he feels variances should appear in public.

Director Drew said that it looks like there are two parallel treated water lines going up Greenhorn, a 30 and an 8 inch, and confirmed which they would be coming off of.

Mr. Close said that it would be coming off of the 30 inch, which is transmission main, which would be a better service branch to the development and provide a higher flow.

Director Drew asked if these lines were looped at any point.

Mr. Close shared that the distribution system is looped. However, at the development they would dead-end, because it is a cul-de-sac.

Director Drew shared that he thought it would be a very good idea to have a fire hydrant in that area.

President Wilcox agreed and likes to see variances to District policy presented in front of the public.

Director Miller said that they had extensive discussion about potential liability in this and it was assured to them that it is really the responsibility of the Fire Department and the developers. The District just needs to achieve whatever the figure was for the actual flow. He had questioned what we should call a private fire service and what constitutes it. The District would want to make sure of the liability and that the District would not be held responsible.

Mr. Close stated that he did include the fire flow analysis letter in the packet. The bottom paragraph states that the District does not guarantee or represent that specific or certain water pressure or volume of water will be available through a fire service. It basically states that this is the flow that may be available from the District's distribution system, and the District recommends that the facilities are designed appropriately beyond this point.

Director Miller added that it is the authority of the fire department to determine what is adequate.

President Wilcox confirmed with Mr. Close that by adding five parcels instead of the standard 4, the same fire flow is available to all five parcels, and they are all equally protected.

Approved the request to allow a variance of five (5) contiguous parcels to be served by one (1) private fire service, as recommended by the Water & Hydroelectric Operations Committee. M/S/C Drew/Miller, unanimously approved

CENTENNIAL RESERVOIR PROJECT – CULTURAL RESOURCES TASK ORDER #10:

Gary King, Engineering Manager, announced that Linda Fisher from HDR Inc. and Jeremy Adams from ECORP Consulting, Inc. (ECORP) were in attendance to help respond to any technical questions. The District is currently working on a draft Environmental Impact Report (EIR), with exposure to the public of that draft EIR expected sometime in September or October of 2017. As part of the review process and doing good diligence, it requires evaluating sites and areas. Part of the original draft EIR work with HDR included cultural resources. However, it has been found that additional cultural resources need to be evaluated, because some additional areas, such as the road, have been added. HDR has identified 152 sites of varying historical usage and that is still being evaluated.

Budgetary Impact: Overall budget for this project in 2017 is \$3,500,000, and the amount of money approved to date for consulting in 2017 is \$47,968.

This additional review confirms the District's commitment to develop the best and most thorough document possible for this project.

Director Drew asked if the surface areas associated with the sites are quantified in the process of this work.

Jeremy Adams, Architecture Historian and Cultural Resource Task Manager for the project with ECORP (subcontractor to HDR), said that they do assess all of the surface indicators of the site. To evaluate the site, especially archaeological sites, test excavations are done to determine the sub-surface deposits of each site. Every test excavation all the way around determines whether it is positive or negative and that helps them determine the site boundary.

Director Drew asked if it was a three-dimensional study and if the total surface area quantified in the number on the right hand side of the page.

Mr. Adams said that it is for sites that are a polygon.

Director Weber said that the amount spent year to date on Centennial is \$728,266, and asked Mr. King to provide more information on what has been spent overall and not just on consulting.

Mr. King provided an approximate current status of Centennial spending and contracts to date. He reported that as of April 26, 2017, the District has spent \$8,944,093 on the new start-up of the Centennial facility. The District has the following contracts:

- AD Com for \$1.9 million dollars, with approximately 25% of the contract remaining
- HDR Inc. for \$2.5 million, with approximately 76% of the contract remaining
- Quincy Engineering for \$195,000, with approximately 33% of the contract remaining.

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Mr. King explained that because that money is rolled over from 2016, it does not show as encumbered funds this year. There is \$3.5 million available for this \$385,981 task order change.

Director Weber said that it is helpful to know that Jeremy Adams is a subcontractor working for ECORP under HDR Inc.

Mr. King agreed and added that they are the technical experts in this area.

Director Drew clarified with Mr. Adams that the majority of the information generated is held in confidence and Mr. Adams agreed.

Mike Pasner, owner of Indian Springs Organic Farm in Penn Valley, NID customer, taxpayer and voter, said that the District has spent \$8.9 million so far on a dam that will never happen, has not done a financial analysis on it and should be ashamed. He said "You won't have transparency on your actions on this Board. It is getting silly".

Director Miller said "Run for office".

Syd Brown, resident in District 1, taxpayer and voter, asked if there was a consultation with more than the UAIC (United Auburn Indian Community). She is very concerned about the lack of communication and coordination with the local Nevada City Rancheria, the Colfax group and the Meadow Vista group of Native Americans who have expressed concern. She understands that this is a change order to increase the survey work, but she is curious about the actual engagement of the local communities of concern.

Mr. King asked the Board if responses to all public comments could be done later in the meeting, at the end of the comment period.

Director Weber asked for a definition of "later", and expressed that she would like the responses made during this meeting.

Mr. King replied that the intent is to take all public comments and then respond to all of the public comments, because some of them overlap.

Maury Hull, a resident of Placer County and customer of NID, asked about the process that is used to identify these cultural sites. How thorough is it and what insurance do we have that all of the sites are identified? It seems to him it can be a challenge especially if some of the sites involve buried items. Some information about the process would be helpful.

Dianna Suarez, resident of Colfax, said that she was struck with the irony of doing the site surveys, and then the concern about keeping them secret and unimpaired when the District is planning on inundating them under hundreds of feet of water, destroying them forever along with the culture that they represent.

Director Drew said that the concern is to protect them from people coming in and taking things from those sites. That is the initial concern. He agrees there is a concern there. It is to protect the integrity of the site.

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Director Miller added that the District is also heavily regulated under Federal Law.

Richard Thomas, raw water customer of Nevada City, said that Director Drew circulated a paper on the Centennial Dam. He appreciates being included in the email list for that. He has read it and will read it again, as it is his nature to go back and review things he finds important, which as a side note is an argument for video-taping as well. It allows us to go back and review things, which he thinks is an important aspect of the archiving of the video. He is not familiar with the process. He asked for clarification of the tribe that had applied or responded to a particular piece of the process.

Mr. King summarized the public comments, and invited the consultants to respond.

Linda Fisher with HDR Inc., discussed the process regarding the consultation to date with the UAIC (United Auburn Indian Community). She said that the UAIC has contacted NID under Assembly Bill (AB) 52 to be a part of that consultation communication process. So far to date, that is the only tribe that NID is in consultation with in regards to the project. Other tribes are welcome to contact NID as part of that legislative process, but none to date have done so.

Jeremy Adams with ECORP responded to questions about the process to identify cultural resources. The Office of Historic Preservation sets forth guidelines on how to identify resources. There are several steps in order to do so. The first step in that process is to determine the project area and we have done that. This includes the inundation area, proposed for the dam, as well as infrastructure and other components.

Director Drew asked if they have a surface area number associated with the inundation area and if so what is it.

Mr. Adams said that they have the acreage for it. He and Ms. Fisher confirmed that it is approximately 2200 acres.

Director Drew said that for clarification, the surface area of the reservoir is approximately 1254 acres.

Mr. Adams said that after they have identified the study area, they review historical aerials and historical maps for the entire project area to assess what they see that could be older than fifty years. Fifty years in age is the threshold to determine what is considered a cultural resource or not under California and Federal State Law. Then they send field-staff that are qualified archeologists to survey the entire property. They walk in fifteen meter transects where they can, and where there is too much vegetation or no property access or slopes are too bad, they do spot checks and other aerial and map reviews. They also look at historical base line data that has been done in the past by other individuals and agencies. Through that effort, they identify resources, compile a list of what those resources are and that is what they have done so far. The next step in the process is to actually evaluate those resources.

Remleh Scherzinger, General Manager, asked Mr. Adams where UAIC has provided support in that process.

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Mr. Adams said that UAIC is consulting under Assembly Bill 52 (AB-52), and that is a good point. UAIC with ECORP has provided a qualified archeologist member of their Indian community to join the field crew on every step of the process. They were out there for every single field survey with the field crew, and have met with them periodically, including in meetings with NID to provide information of what they have. We are going to continue doing that. UAIC will also provide under this new change a new member in the evaluations.

President Wilcox said that there are two other groups potentially involved – the Nevada City group and the Colfax group. He asked if there was a deadline under Assembly Bill 52 (AB-52) that has come and passed that allows them to participate in this process. He asked if those tribes were made fully aware of the process.

Ms. Fisher said that when the Notice of Preparation was sent out and released for public review and comment last February 2016, individuals and tribes were notified of the project, the scoping process, and of NID initiating the CEQA (California Environment of Quality Act) process for the project based on a distribution list of tribes from the Native American Heritage Commission. These other groups were given the opportunity to contact NID at that point.

President Wilcox confirmed that under AB52 there was a window in which they had to respond to affirmatively participate in the process. The window was thirty days and they failed to contact NID or the consultants.

Dustin Cooper, District Council, agreed and added that this was just for the AB-52 process. They are not precluded from comment of the draft EIR.

President Wilcox said that if they are not involved in the AB-52 process, it is because they were given full notice and failed to respond.

Dianne Suarez, resident of Colfax, said if they are on that list, because they are not all federally recognized, such as the Nevada City Rancheria.

Mr. Adams said that in the process for AB-52, the tribes contact the CEQA agencies that they would like to be notified of projects. UAIC, he believes, contacted NID to be noticed when they had a project. That is how the project process works for CEQA.

Ms. Suarez said that Nevada City Rancheria was on the distribution list for the NOP.

President Wilcox asked if the Colfax group was on that list.

Ms. Suarez said she believed so, but would have to check.

Director Weber said she would like to see the District do some kind of outreach. She realizes that they cannot be at the first step, because that opportunity has already passed. She has had enough contact with the Nevada City group to know that they would be interested in what is going on. She cannot speak for them, but the District needs to do some outreach to both of these groups. She would like to know what form that might take.

Director Miller asked about the unrecognized part.

Mr. Scherzinger said that Nevada City Rancheria and Colfax tribe are not federally recognized. The problem is that AB-52 is a confidential process between those that are in it. There is not a way to include another body. His recommendation to the Nevada City Rancheria is to work through the UAIC. They have a contact with UAIC members and can speak through that tribe to the District, but they are not eligible to be inside the confidential process itself as he understands it because of the recognition. It puts a bubble around all of the negotiations that go on between the entity and the tribe.

Director Miller confirmed that the recognition is Federal.

President Wilcox said that presumably the Nevada City group and the Colfax group have retained all rights to comment in the CEQA process.

Ms. Fisher agreed and said that they are allowed to comment.

Mr. Adams said that this cultural study is going to support the CEQA document, and start the process for the Section 106, which is the National Historic Preservation Act, which is a Federal Act. Federally recognized tribes are going to be able to consult with the lead federal agency on the project during that process. The AB-52 is the CEQA process for tribal consultation.

Ms. Fisher said that there are separate State and Federal documentation processes, and they are working on the CEQA process, the State process, as well as the AB-52 process. Separately they are assisting NID and NID is providing information to the USACE (U.S. Army Corps of Engineers) for the NEPA (National Environmental Policy Act) process that includes the Section 106 process.

Director Weber said she was trying to find a way that we can get this information to Shelly Covert.

Mr. Scherzinger said that he had a meeting with her and discussed it.

Director Weber said that she thinks Ms. Covert needs to know the actions of the Board, and if it is not inappropriate, she requests that this section of the minutes be emailed to her, and can get her contact information if needed.

President Wilcox said that this request is fine.

Mikos Fabersunne, resident of Nevada City, said that his comment has to do with the synchronization of the CEQA process along with NEPA. NEPA is now in the scoping phase of the EIS, which is essentially the federal equivalent of the EIR (Environmental Impacts Report) process, given the expenditures and the magnitude of this. He wants to be clear that he is not opposing the expenditure under this particular item, because he thinks this kind of an investigation is not just required by law, but is morally the right thing to do. He is concerned that these two processes are out of sync, and that we are getting ahead of the process under the EIR as though we will finish everything and now with NEPA and that whole process being out of synchronization with what is going on with CEQA, there is either going to be duplication or some determination that possibly could be made under the NEPA scoping that says perhaps we should slow down or look at some things that have not been considered with CEQA. He is just worried that they

are out of sync, and that the expenditures may be inappropriate under the CEQA process, and that the two processes be aligned so there is not duplication, and that we go forward in a sensible manner.

Director Miller said that different agencies march at different paces. Mr. King noted that a new series of comments were coming in and requested that we repeat the process taken with the first series of comments, and respond to all comments after they are received.

Director Wilcox agreed and said that the last comment was a good one; however it does not really pertain specifically to this item.

Maury Hull, Placer County resident, said that as he understood it 151 cultural sites have been identified so far, and presumably as the investigation continues, that number may increase. He asked what happens beyond that once the site is identified.

Dianna Suarez stated that in the 1950's the Federal Government took on a policy of termination toward the Native American tribes, and many of the tribes that still exist today were terminated, but they are still here. It is her understanding of State law, that unrecognized tribes are considered in the process, whereas federal law you need the federal recognition to receive a seat at the table. She also stated that Rose Ines was on the list to be identified and was dropped without her knowledge, because the list was then limited to tribal groups rather than individuals, so they did not have chance to respond in the 30 day window.

Director Miller asked Ms. Suarez who Rose Ines is.

Ms. Suarez shared that Rose Ines is the granddaughter of Chief Kelly. There is a road named after him in Nevada City. They lived up toward Cement Hill in the reservation that used to be there, and have since relocated down to Clipper Gap. They are the ones putting on the Nisenan public dialogue. They do want to be involved in the process and always did want to be involved in the process. They were taken away from being involved in the process and told it was a big secret. It is humorous to her because they know where the sites are. It is not a secret to them.

Ms. Suarez said that these people have survived the Gold Rush, which was the genocide on these people, then they were terminated, and now are being told that they did not make the thirty days and they are out. This is their cultural area and where they go. She is not really familiar with the UAIC, but knows that they own the Thunder Valley Casino and have their resources to be a big player in this. The people who are the survivors of those who were massacred during the Gold Rush and are hanging on by the skin of their nails in this area, are being left out of the process, and this is an injustice.

Mr. King summarized the questions and brought back the consultants to respond to the questions presented. He re-emphasized that the District has not entered the Draft EIR segment, and there are opportunities to make additional comments on those documents.

Ms. Fisher addressed the CEQA and NEPA synchronization issue, and said that yes, CEQA is running ahead of the NEPA process. This is because NID can initiate the CEQA process. The NEPA process has to be initiated by a federal agency. The nexus there is the Clean Water Act, Section 404 U.S. Army Corps of Engineers Permit, and that is the permitting nexus that is initiating the NEPA process. That process has started. The notice of intent to prepare a draft EIS (Environmental Impact Statement (EIS), which is the NEPA documentation, was released earlier this year and comment just closed, although comments are always accepted by the U.S. Army Corps of Engineers until the draft EIS is released for public review. The EIS is intended to be released for public review in early 2018, hopefully in January or February. The CEQA document, the draft environmental impact report (EIR) is intended to be released later this year, hopefully September/October timeframe. Therefore, it will run generally 3-5 months ahead of the draft NEPA document.

Much of what is being done by their teams for the CEQA process for the EIR will feed into the NEPA document. Many of those analyses are similar, if not the same. There are additional resources that need to be addressed in the EIS NEPA document and those will be addressed at that time. The contract that is arranged between NID, Army Corps of Engineers and the Army Corps of Engineers Contractor allows NID to provide that material to the Army Corps of Engineers and the Army Corps of Engineers then provides that to the EIS contractor. It is an applicant fed process. Much of the information they are doing in analysis and evaluation for the CEQA document, is being fed over to the Army Corps of Engineers to go into the EIS document. So there is a little delay, and the potential for the documents to include different information given the time delay, but the intent is that most of that information from the CEQA document is being used also in the NEPA process.

Mr. Adams addressed the comment about the next steps in the process for identifying resources. Once they have identified all of the resources that are out there, they are going to evaluate them for their historical significance. The point in doing that is to assess which resources are important and which ones are not. The determination of which resources are important is they evaluate them against state and federal evaluation criteria, which are in CEQA, in Section 106 of the National Historic Preservation Act. Once they have evaluated all those resources against the criteria doing a combination of collecting archival research and archeological test programs, and gathering information from the public and public archives and information, then they know which resources are significant. Once they know which resources are significant, they can treat those resources. That is part of the next stage in the process, which is developing mitigation for the impact to those significant resources.

Director Miller asked if there is input from the indigenous people to say what is important.

Mr. Adams said that the UAIC (United Auburn Indian Community) under AB52 contributes to that process.

Mr. Adams addressed the comments regarding unrecognized tribes, and said that those tribes that did not get in under the window of AB52 can still consult as part of the public

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at the release of the public documents, and those federally recognized tribes will be consulted by the federal agency under Section 106 process.

Director Weber said she would like to see the Colfax and Nevada City tribes identified, and have them receive a letter from NID from the consultants saying that they still can have input, if that is what she understood correctly. She wants there to be a direct contact with these people and for the District to make the effort. The ins and outs of who is recognized and who is not in the federal eyes, is a world separate from Nevada County.

Director Miller said that on this subject, we talk a lot about the validity of our studies as we do the EIR. We want to make sure that we adequately took everyone's input. He inquired how that can potentially affect the validity of our document.

Dustin Cooper, District Counsel, said that they are not recognized under AB52, so legally they do not have a role in that process. That is not a gripe with NID. That is a gripe with the legislature. The District is going to conduct the most thorough assessment that it can, and the document is not going to change whether they are a recognized tribe or not. They will have the opportunity to comment, and they will be invited to comment, just like any other interested member of the public or community association would.

Awarded Task Order #10 with HDR Inc. in the amount of \$385,981 and authorized the General Manager to execute the documents. M/S/C Drew/Weber, unanimously approved.

Meeting recessed at 10:25 a.m. and reconvened at 10:30 a.m.

QUARTERLY INVESTMENT REPORT: RECEIVE AND FILE THE QUARTERLY INVESTMENT REPORT FOR THE PERIOD ENDING MARCH 31, 2017

Marvin Davis, Finance Manager reported that the District's portfolio did quite well this quarter. This quarter's earnings came in just under \$300,000, as opposed to \$118,000 at this time last year. Much of that is contributed to good internal controls, market cooperation, and things of this nature. He said the biggest reason for the increase in the portfolio is that the District is holding 65.1% out five years. On the last chart, the percentage of the portfolio and how the District is holding it is shown. He said he is confident that the District is safe at 65%, and shared that those are high-grade investments, and if need be they could be sold very fast. The District's earnings for the year are on pace and doing a good job.

Director Weber thanked Mr. Davis for the graph.

Director Drew said he thinks Mr. Davis is doing a good job too.

Liz Kannegard, member of the public, asked if the holdings are public and if there was some place that she can look to see what the holdings are.

President Wilcox said that they are all in the Staff Report, and explained how to access them on the website.

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Bob Branstrom, resident of Grass Valley, said it would be helpful if the information were presented with a rate of return on the total portfolio, rather than just the dollar amount of gains in the future.

President Wilcox said that that can be done in the future, and asked Mr. Davis if he happened to know what it is.

Mr. Davis said that it is going to vary, because the short-term return is still listed, but a weighted average return is probably somewhere in the nature of 1.2%-1.3%. He said the District cannot play in the equities market.

Director Miller confirmed that the District cannot play in the equities market because the District is regulated. He confirmed that the estimated weighted average return of 1.2%-1.3% is based on an accumulation of all the percentages together.

Received and filed Quarterly Investment Report for quarter ending March 31, 2017, in accordance with the District's Investment Policy.

OFFICE GENERATOR PURCHASE

Gary King, Engineering Manager said that the purpose of this item is to purchase a generator to support the main District campus. He noted a correction to the Staff Report that it is a 300 KW generator (not a 350 KW generator). The goal of this new generator is to power the campus which includes the main office building, maintenance, purchasing, and east annex and relocates this generator to the North end of the parking lot to allow a connection just downstream of the current electrical service for the campus. The existing generator will be removed (and relocated to another site off campus) to allow for a future expansion of the building.

Mr. King said that this is a design build. The contractor will install the concrete slab, install the generator, do all of the permitting, and install an automatic transfer switch, and make it all work. The generator weighs about 4 ½ -5 tons and will supply the campus. This will allow the District to expand from the current generator that only supports a portion of the campus. It will allow the District to operate as an emergency operations center, in any future needs and enable the District to continue working during power outages. This is the first step as the District moves forward to do some expansion to the building.

Director Morebeck noted a typo on the bottom of page one of the Staff Report, and said that it says Placer County Electric, rather than Placer Electric Incorporated.

Director Drew asked what the disposition was of the existing generator.

Mr. King said that it may be moved to one of the District's remote facilities and will be a back-up. There is currently not an intended spot for it, but it is a good generator, and the District plans on using it in another area.

Director Miller asked if it was diesel or gas, which may limit where it can be located.

Mr. King said that the new generator is natural gas and the existing one is also.

Director Drew asked about the switching mechanisms when PG&E power is lost, and if there is an adjustable delay when the power comes back on.

Mr. King said that the answer is yes, but it is just a fast turnover because of the size of the facility. This facility does not have any large motors and there should not be any adverse effect. Typically it will transfer in 1/60th of a second when a generator is up. He explained why there was no need for a delay neutral switch gear, which is essentially because there are no large motors at this facility.

Director Drew said that PG&E has some kind of historical data about outages, including how long they last and how long before the power comes back on. As long as the restart is moderately adjustable, the District can be in the proper window for restart.

Richard Thomas, resident of Nevada City, said that cost for this item is close to a half of a million dollars. He does not see any information online about bids. He asked if this is a one bid contract.

Director Drew pointed out that it is on Agenda (Staff Report) that it was put out to five contractors and only one submitted.

Mr. Thomas said it just seems like a huge amount of money.

Maury Hull, said it does seem like a significant expense. His question is if there is data over the past five years showing the amount of time that the power has actually been out at the facility during work hours in order to justify the expense.

Director Drew said that it cannot be decided that just because the power is out that people are not going to go to work, when we are talking about an organization that is worth a couple billion dollars. It is not going to shut down just because there is no power.

Remleh Scherzinger, General Manager, said that this is a health and safety issue. Right now the campus is only powered on one half of one building. During any emergency outage, regardless if it is a water outage, power outage, or something is happening in a wreck, the main campus needs to be live and active. There have been a number of outages just in his time here that have gone beyond a day, where the District is exercising the facility without power. Not only is that a safety issue for staff on the campus, but it is a safety issue for the public. Having a generator set that is appropriately powered for this facility so that the District can bring all of its emergency operations under one roof, is appropriate, and not having a small 100KW unit at the end of the building where the District cannot affect the business or deal with an emergency should one exist. This is an appropriate precaution.

Director Morebeck added that this also includes the shop area.

Mr. Scherzinger replied that the entire campus can be active. Not only can the District roll out maintenance and operations to deal with any kind of emergency that the District is working on, but all of the facilities will be active at headquarters. When talking about an integrated command system, there needs to be different functions active within the

District during a casualty. This generator allows those components within the District to still function, so it would not have to relocate.

Mr. King added that currently about 170 people work out of this one building, in this one division. When it goes dark, 170 people basically are not able to perform the duties necessary for to meet the needs of the customers of the District.

Approved a contract with Placer Electric Incorporated (PEI) in the amount of \$485,800 for a design-build contract to install a 300 KW generator at the Districts Main Office campus at 1036 W. Main Street in Grass Valley, and authorized the General Manager to execute the necessary documents. M/S/C Miller/Drew, unanimously approved.

WEST PLACER GROUNDWATER SUSTAINABILITY AGENCY WITHIN THE NORTH AMERICAN SUB-BASIN

Chip Close, Water Operations Manager, provided a brief update as to what a GSA is, highlighted what the MOA (Memorandum of Agreement) has in it, covered the budgetary impacts for the year, and discussed the public outreach that was performed.

Mr. Close recalled that Mr. Bret Storey from Placer County recently provided a detailed power point that basically spelled out what the SGMA (Sustainable Groundwater Management Act) is. SGMA was enacted by the State in 2015. It provides a framework for local groundwater basin management. It spells out that local agencies can develop groundwater sustainable agencies, and must do so by June 30, 2017, otherwise the State will come in and do it for you for a fee. As part of that you must also come up with a groundwater sustainability plan, and submit that to DWR by January 31, 2022. As part of the Act, wells in the groundwater basins are to be monitored, and really only the larger wells of more than 2 acre feet.

The District does not partake in groundwater withdrawal, and to this point has not been involved in groundwater issues. However, a portion of the District's service boundary overlaps the North American Subbasin. Therefore, staff is recommending that the District begin involvement in these processes.

What is a groundwater sustainability agency? It is one or more local agencies implementing SGMA. It is any local agency with a water supply, or water or land management authorities. It creates no new impacts on surface water or groundwater rights, and it can contain multiple agencies that coordinate over the one basin. These agencies are required to carry out SGMA, prepare and adopt/implement sustainability plan by 2022, conduct investigations and inspections, monitor compliance with water budgets and report annually to the State and public. In addition, they have the rights to adopt rules, regulations, ordinances and resolutions. They conduct groundwater studies, register and monitor wells, and require reports of groundwater extraction (water budgeting), implement capital projects to meet goals and assess fees to cover future management costs.

The County of Placer, in collaboration with the City of Roseville, has taken the lead on this project to this point. They have worked feverishly on reaching out to all the other agencies that are located within the subbasin to garner participation in the GSA. To

date, the cities of Roseville and Lincoln, and the water agencies of PCWA and NID, as well as the County of Placer, have all stepped up to the plate and expressed an interest in forming this GSA. In addition Cal American Water has indicated their intent in joining. However, they are a private agency and therefore, by regulation, cannot be a GSA on their own. If their intent to participate continues, it will be handled through a separate agreement through the GSA.

The Goals of the GSA are to:

- Carry out the purposes of SGMA.
- Be recognized by the state as the GSA responsible for implementing SGMA in the NASb in western placer county.
- Cooperatively develop and adopt and implement a GSP for all or a portion of the NASb.

Others located within the basin, such as SSWD and Sutter County have elected to form their own GSA to represent their own service areas and will have to provide the data and updates on their own.

The benefits to the District in joining the WPGSA include review and oversight of regulations and mitigation measures for the lands within our service area boundary. In addition it is anticipated that the GSP will lead to ground water banking and water based budgets. The District may be able to provide regional benefits to neighboring agencies through ground water banking in addition the District may have a need to access groundwater in the future. The WPGSA will be working together to form a complete GSP by the regulatory deadline of 2022.

The MOA to join is included in the staff packet details:

- Designation of members and their voting privileges
- Budgeting and costs sharing amongst agencies
- Assignment of an administering agency
- Provisions for withdrawal
- And other minor details

SGMA requires notification to the state within 30 days of the member's decision to form a GSA. The deadline is June 30, 2017. It is expected that all parties will sign the MOA by May 10, 2017

PUBLIC OUTREACH

SGMA requires public outreach including the requirement of holding a public hearing regarding the intent to form a GSA. The potential member agencies management staff and PIO officers have conducted local and regional outreach to inform the public regarding SGMA & WPGSA formation. This included:

- individual stakeholder interviews,
- print,
- social media,
- dedicated web page,
- and attendance at various public meetings

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The District held two public meetings, one at the WHO committee on Feb.-14-17 and one at the Board of Directors meeting on May-8-17. In addition, the District posted public hearing notifications for today's meeting in both the Lincoln Messenger and the Auburn Journal. A complete summary of all the public outreach conducted to date is included in the staff report for reference.

Budgetary Impacts

Participation in the WPGSA will require a \$50,000 fee to cover the shared first year costs of \$275,000. It is anticipated that future costs would be offset by Proposition 1 funding that has been set aside specifically for the formation of GSA groups.

The \$50,000 participation fee was not anticipated in the District's 2017 budget therefore if the resolution is passed, a budget transfer from Management Consulting fees to the Water Operations budget will occur to cover the costs.

Mr. Close requested that the Board President open up the public hearing.

President Wilcox opened the public hearing.

Michael Hill-Weld, member of the public, said it does not appear that this public hearing is noted on the agenda as being a public hearing, and inquired if it means that the Board would need to take some extraordinary efforts to establish that this is a public hearing.

Dustin Cooper, District Council, said that there were two newspaper notices that went out, and in the Agenda material supporting the agenda item, it does reference conducting the public hearing.

Mr. Hill-Weld said that on the Agenda sheet itself, it does not indicate it is a public hearing.

Mr. Cooper said that in the future the District will strive to make that clearer in the actual agenda language itself, but he is comfortable that the District has provided enough opportunity to the public and advanced notice on this.

Mr. Hill-Weld said even though the notice was published in the Auburn Journal and the Lincoln Gazette, and not printed in the local newspaper, The Union, that covers a large portion of the District. He personally thinks the District has a problem conducting a public hearing that was not appropriately noticed. Be that as it may, he would like to know why the California American Water Company is being included for membership in this, when they are a private entity whose interest may not be the same as the public agencies that are to be members of this group. Furthermore, why would their cost be \$25,000, when for all of the public entities it is \$50,000? To his knowledge, they do not provide any water services in the same areas as the other members. They supply water services on the Central Coast, as he understands it, and not in the vicinity of the other agencies that are proposed. Again, he thinks the District has a problem having a public hearing that was not properly noticed.

Director Weber said she thinks that she feels this item needs to be moved to the next agenda, and put it to the agenda appropriately.

Dustin Cooper, District Council, said that this can be done, and that the District would just need to re-notice the newspaper notices. He asked Mr. Close how that will affects the timing of the agencies.

Mr. Close said that May 10th 2017, is the date that was anticipated that all agencies would be on board. The public notification and notification in the newspapers was put in those two papers because that is the area of overlap, that is the area it affects, and that is what is required per the California Water Code 6066 and is what the District followed. Director Weber said that most of the money will come from an area that was not noticed. The District needs to make it a public hearing and get the letter in all of the local media.

Remleh Scherzinger, General Manager, clarified that this item would be suspended until the May 10, 2017 Board Meeting, and brought back at that time with additional notification.

Mr. Close said that the response time should be sufficient.

Discussion ensued as to the status of the public hearing. It was confirmed by President Wilcox that since the public hearing was not adequately noticed, we are actually not in a public hearing.

Director Weber made a motion that the item be moved to the May 10, 2017 Board Meeting, that all local media be contacted, and that it be noted in the Agenda that it is a Public Hearing. 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
Morebeck, Division IV	Aye
Wilcox, Division V	Aye

Peter Burnes, Grass Valley resident, said this is a fantastic thing to be doing. He appreciates Placer County for taking the lead and getting this going, as it is a really great thing that the District will be able to participate in ultimately. However, he read the MOA (Memorandum of Agreement) and was struck by inclusion of a publicly traded corporation being included in the agreement. Investors are really the challenge around publicly traded corporations. Nothing he says here to disparage California Water Corporation or the American Water Works Corporation, board, staff, executives, employees, etc. He is sure they are all fine folks and doing great work, but they have investors. The District is entering into a very long-term arrangement with them, and 10, 30, 50 or 100 years down the road we really do not know who the American Water Works Corporation will be or could become. He offered some of his personal experience as a risk manager and something he has learned about the distribution curve of probabilities, in that very bad things can occur within the data. We mostly live within a nice 99.9% of that curve, and life is pretty good and manageable, but over there in the tails of that curve, very weird, strange and almost unimaginable things can and do occur all the time every day.

Mr. Burnes said that we all know Murphy's Law. We can imagine over a very long period of time, a hostile takeover, change in management, error of judgement or omission, something that would completely change the complexion of this corporation which we would all then be married to". He wants to suggest that no amount of money that the District may be saving or offsetting in this agreement can compensate for that long-term encumbered risk. He encourages the District to seriously consider the notion of including a publically traded, Wall Street invested corporation in the District's partnership. He then provided the Board with a list of the "Top 10 Owners of American Water Works Company, Inc.", and said that it makes the point that it is about money and that is the challenge. He added that he is a capitalist and has nothing against corporations. It is just the reality of the world we live in.

Richard Thomas echoed Mr. Burns' concern and appreciates the research he has done and shared. He said that what will be important is the firewall that exists between the public agencies and this private corporation. He would like to know at the clarification of what the firewall is between their interests and the public interests when this is continued at the next meeting.

President Wilcox clarified Mr. Hill-Weld's question of why Cal-Am is being included in the first place. He has had dealings with Cal-Am over many decades, and believes that in this case Cal-Am probably operates some of these systems as a major groundwater pumper in the subbasin. It makes sense to him personally, to include in the SGMA group those entities that are major groundwater pumpers. That is why they would be at the table, but they are not a public agency. Cal-Am contracts with many cities and operates their systems sometimes legally, sometimes not. In this case, there is some advantage to having them at the table.

Mr. Close pointed out a map from the packet, showing that Cal-Am does have a servicing area within the subbasin. They are an active water provider in the area. They are currently using surface water. However, they do have intent to use groundwater in the future, which is why they have asked to become participants in this group. The reason they are not paying the full share is because they do not have the same rights or authorities as the public agencies in this group, and their actual contract has not been solidified or detailed as of yet. In order to become an actual member of the GSA, the public agencies will have to develop and ratify their agreement with the necessary protections in it. The MOA does not spell that out just yet, because it will be handled in a separate agreement.

President Wilcox clarified that the area is the City of Roseville.

Mr. Close said they are in a very small area below the City of Roseville.

Dustin Cooper, District Council, asked if Cal-Am is in two separate GSA's, and would be participant in the West Placer GSA and also in the Water Forum GSA.

Mr. Close said that this is correct, and they overlap into the Sacramento Ground Authority as well.

Mr. Cooper said that NID does not have a stake in this, or any areas within our jurisdictional boundaries where Cal Water has an interest. This was an arrangement that was basically long agreed to be the other participants. When the Board gave a tentative conceptual approval to discussing the District's participation in the West Placer GSA, Mr. Close, Mr. Scherzinger, and Mr. Cooper went to work on making some adjustments to the agreement to address some of their concerns.

Mr. Cooper said that there was some mention of a firewall. The governance provisions are very unique in that it is extremely light. The GSA is really not going to be making many decisions. The material decisions are reserved to the individual participants – the Districts, the County, etc. So anything of substance, such as whether there will be fees, or extraction limit or something like that is reserved exclusively to NID as to NID's boundaries in the GSA. They also focused their attention to the termination and withdrawal provision. The District has a long history of working collaboratively with these folks. SGMA kind of forces that into more of a legal structure, and that is a tough transition at times. If it does not work out, the District wants to be able to withdraw it at some future date. The District also has that right. Mr. Cooper said that they hear the public's concerns, and thinks they have tried to address them.

Director Weber asked if that could be in the Staff Report when it comes back to public hearing.

PHASE 2 OF THE DUTCH FLAT AFTERBAY FISH FLOW VALVE REPLACEMENT PROJECT

Keane Sommers, Hydroelectric Manager explained that the Dutch Flat Afterbay is a critical component of both the Dutch Flat #2 and the Chicago Park Powerhouse Systems. It is necessary for approximately 79 percent of the District's total generating capacity. The three existing 12-inch valves (in series) controlling the fish flow release in the ear River below the Dutch Flat Afterbay outlet tunnel have been found to be malfunctioning and are in various stages of failure. If the downstream partially-functioning butterfly valve fails, it could lead to an uncontrolled release of the reservoir water or violation of the required minimum instream flow.

On July 27, 2016, the Board of Directors granted a contract to SRC to perform a dive investigation to identify accessibility issues, evaluate the general condition of the concrete tunnel plug at the bottom of the dam, and design/specify the replacement valves. Following this work, the District studied multiple options for repairing or replacing the valves including draining the reservoir, plugging the outlet from the downstream end, and abandoning the existing valves in place and adding new valves to the end of the existing outlet. Staff determined that the most cost effective, long-term, lowest risk and environmentally conscious solution was to plug the upstream end of the fish release valve then replace the valves.

The total cost for the construction portion of this solution is \$406,285, which includes a diving cost of \$270,507. The project, its cost, complications and issues were discussed during the April 4, 2017 Water and Hydroelectric Operations Committee Meeting.

Director Miller said that the recommendation on the Staff Report should show that it was carried by recommendation of the Water and Hydroelectric Operations Committee.

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Awarded a sole source contract in the amount of \$406,285 to Syblon Reid General Engineering Contractors (SRC), and authorized the General Manager to execute the necessary documents, as recommended by the Water and Hydroelectric Operations Committee. M/S/C Miller/Drew, unanimously approved.

LAKE WILDWOOD TANK 3B PAINTING CONTRACT

Brian Powell, Maintenance Manager, noted a correction to the Agenda, and stated that it should reflect Lake Wildwood Tank 3"B". Mr. Powell explained that this project involves the recoating of Tank 3B in the Lake Wildwood area. It is a removal of the existing coating system through sandblasting and then recoating of the internal and external paint system. The tank is 50 ft. in diameter and 20 ft. high, and is one of the District's mid-range sized tanks.

Director Morebeck asked if there were any more local bids received.

Mr. Powell said a bid was put out to Elements in the Colfax area, and they did not respond to the bid, and that the District tries to get locals when they can. These projects are usually a larger scale, and need kind of a specialty kind of painting contractor to do the work.

Director Weber asked how much was in the budget.

Mr. Powell said that the budget amount was \$300,000. Of the four bids that came in, three of them were very close to each other, at 198,200 and two at \$206,000. It was a tight range on the bids, which is nice to see.

Awarded the Lake Wildwood 3B Painting Project, Contract No. M2017-03, to F.D. Thomas, Inc. of Central Point, Oregon, in the amount of \$198,200, and authorized the District's General Manager to execute the necessary documents. M/S/C Drew/Miller, unanimously approved.

Director Miller asked if there was any kind of fiber-optic inspection done on the tanks or what the program is at looking at the internal seams.

Mr. Powell said that the District is inspecting them every year. The District drains the tanks, and has a third party inspector come in to inspect the tanks to see what stage of corrosion there is in the tanks. Then the District can determine if it needs a complete recoating or spot recoating. The District has almost gone through the whole system and is almost to the point where the re-coatings will be just spot fixes at lower levels of cost.

Director Miller said the application process has been enhanced and that we are finding that it is lasting longer.

Mr. Powell agreed and reported that a recent inspection of some tanks up at Timber Ridge that were painted about ten years ago are looking brand new, which is a really good sign.

GENERAL MANGER'S REPORT

Remleh Scherzinger, General Manager, reported that on storage the District currently sits at 243,622 acre feet, which is about 127 percent of average and 92 percent of

capacity. The District has received roughly 128.8 inches of precipitation at Bowman Lake, which is 207 percent of average. He also noted that the eight station Sierra Index is now the wettest year on record. From the driest to the wettest, which is all good, but the District needs to make sure that it can handle the amount of water that is going to come out of the system over the next few months, and apparently it is still falling from the sky.

Mr. Scherzinger announced that the audio archive process will be brought to the Administrative Practices Committee (APC) in May the beta webpage that will have the current audio files indexed, along with minutes and any presentations that were associated with that. So you can listen to the presentation if anything was presented, and you can also reference the agenda that was also there. If that is approved at the APC, then it will be moved to a live website.

Mr. Scherzinger was pleased to announce to the Board that the final Placer County Tax Sharing Agreement, after twelve long years has been signed. It was voted on last Monday and it is a done deal. It is time for the District to address some of those individuals that would like to enter the District that are currently within the exclusionary areas. It has been a long and hard road, and we have finally gotten there.

Mr. Scherzinger said that some disturbing things are happening down in Sacramento. There are a number of conservation bills running around changing names and changing texts. The District is trying to weed out who is and who is not really going to take local authority from the District. One of the particular troubling issues at the Staff level is Trailer Bill 810, which the District has no voice in. It is part of the budget. So as soon as the House and Senate pass the budget, then these bills go into existence. It is kind of a roundabout way for the Governor to get his agenda on the table. This Bill gives the State Water Board incredible authority over the District's agency and others. NID is working with other districts and industry groups to try to back off some of the pressure, but so far the Governor's office has been unwilling to remove 810 from his process.

Mr. Scherzinger provided an update that construction continues as far as PG&E and the South Yuba Canal. They have had some rough weather over the past few weeks, which has caused significant weather delays, but PG&E crews now have stepped up to working seven days a week in their attempt to bringing the South Yuba Canal into service. PG&E has developed significant alternative strategies to keep the project progressively safe while working in the wet. They are providing weekly operational updates, and we will have a management level update here in the next couple of weeks. There is still enough accretion in the system to cover the canal, but those days will someday end. The District is keeping an eye on it as it moves forward.

Mr. Scherzinger said that with regard to the RFP for Financial Advisory Services, the RFP has been released, the District has selected Fieldman, Rolapp & Associates as our consultant, and will begin working on that scope of work. This process will have many iterations. The first iteration is to get our hands around what the borrowing opportunities are. Once that is done, the internal revenue opportunities will be determined. Lastly, once the District has real values in terms of the project's costs, we will be able to see the costs and the places for funding, and this is the revenue that will be utilized. This will

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all bundle into the Financial Feasibility Report, which will be delivered to the Board as promised when we begin working on the draft and final EIRs.

Mr. Scherzinger said that with regard to the Brown Act conversation, it is correct that he did say he did not believe that those were Brown Act meetings. He immediately contacted council and clarified that they are Brown Act meetings because they are standing committee meetings. He contacted the four gentlemen immediately to let them know that, and that the agenda is required. The entire packet is not required as part of the Brown Act, but all of that being said, the entire packet was available online, the items just were not highlighted in as part of the tag. So they were available to the public, even though the links were not identified. The issue here is that if the public wishes to see an item on the agenda, they can contact the District and the item can be provided. That is the totality of the Brown Act issue. Once he realized there was an error, he immediately contacted the four gentlemen and made the correction.

Mr. Scherzinger reported that with regards to Lower Scotts Flat Dam Road, the District has been working with them and has done a little bit of work out there to protect one of the culverts. The District was concerned that the road would be lost. The District is working with the folks on the Lower Scotts Flat Dam Road to develop a road maintenance agreement, and it will be brought to the full Board. He is optimistic that it will come to a resolution.

President Wilcox inquired as to if it was a County Road or an NID road.

Mr. Scherzinger shared that it is a private road with granted public access.

Discussion ensued as to the history of the road.

Mr. Scherzinger reported that the District is going out to bid on Orchard Springs Campground Store, as displayed in the lobby. The old structure is down and the District is looking forward to a new facility there.

Penn Valley pipeline construction is ongoing.

Mr. Scherzinger announced that there will be an informational meeting at 6:00 p.m. this evening, April 26, 2017 for the Rattlesnake Backbone Extension Project here at NID headquarters.

Mr. Scherzinger reported that the District is the process of sample drilling out at the Hemphill Facility. There have been some soil matrix issues, meaning that the soil matrix that we are drilling in is too soft and loose. The District is putting in an encasement system that will enable access down far enough to get needed samples. The fact that it is loose material gives a rough indication of the ability to come up with some sort of infiltration gallery and the ability to move away from the current diversion facility.

BOARD MEMBER COMMENTS

Director Weber reported that she has been working with Mr. Scherzinger on the Lower Scotts Flat Dam Road RMA (road maintenance agreement). She shared that it has been unique over the past 28 years, in large part because of the agreement to get Davis-Grunsky funding for recreational facilities and some development of the dam site.

NID had a public access entry point, and that was one of the requirements of the Davis-Grunsky funding. So for 28 years that road was used as the public access to Lower Scotts Flat. It is a little different than some of the District's other road maintenance agreements, which involved maybe servicing a canal, looking at a spillway, but we actually brought the public into that area. Not much has been done, except for a couple of loads of gravel being brought in when Ben Barretta, past Assistant General Manager for the District, brought in a couple of loads of gravel. The neighborhood has not done a lot and neither has NID. She wants the Board to be prepared that she is going to ask for an agreement that is going to recognize NID's use of that road, publicly advertised, and she has evidence of that. She is going to request that they receive a different sort of treatment than would be requested normally, such as for a property owner where NID is just servicing a canal on the road.

Director Weber said that in terms of the Request for Proposal for Financial Feasibility, she thinks it would be wise to be put on the agenda because anytime there is a question she thinks it needs to be answered. The world is really watching the District, and she thinks it needs to be as open as possible. She asked that it be put on the agenda.

Director Morebeck reported that he recently attended the Lincoln Hills Republican Club and heard a presentation by Einar Maisch, General Manager of PCWA (Placer County Water Agency). He had a similar analysis of what was just mentioned about Trailer Bill 810, and how the State is trying to take away the power of the local agencies. He also had a similar report about the differences between this year and last year, and a comparison of the amount of water. He showed a chart similar to the District's showing the comparison over the past five years. It was also interesting how they sell their electric power on the spot market. Mr. Maisch mentioned some of the pitfalls that they have had, and could have in the future as it relates to what they are selling and solar power, which is highly subsidized. Mr. Maisch's prediction, or what Director Morebeck gathered, was that the market is going to have to change somehow. If the subsidies ever go away, solar power could become very expensive to put in. He believes the District does not sell on the spot market.

Mr. Scherzinger confirmed that the District does not and currently has a PPA (power purchase agreement).

Director Morebeck reported that he attended the Placer County Agriculture Commission Sub-Committee meeting with Placer County Planning. They are now upgrading the Winery Ordinance. He said that of the water that goes down to Placer County from NID, 53% is untreated water, and most of which goes to farms in that area. Because of the growth in wineries, there have been some issues related to the previous Winery Ordinance, so he met with staff to get a historical perspective. The ordinance was created somewhat vague and there is a need now for more specifics, such as the number of events they can have, the type of parking, and wineries on private roads. As a result of a threatened law suit, they have to have an EIR and will analyze the traffic patterns, etc. It is expected to be quite complicated as wineries are spread out there as compared to other areas where wineries are located closer together. The cost will be approximately \$250,000.

Director Drew said that American Rivers recently came out with the designation on the Bear River as the second most threatened river in the United States. He found that very interesting and has a completely different take on that. The Bear River is actually the most secure, flow controlled and natural random, supplying water for hydro-electric plants, major reservoirs, extensive recreation areas, farms, ranches, gardens, water treatment plants, and providing extensive habitat for wildlife, including threatened and endangered species, and fire protection, that would otherwise be an ephemeral stream that would be dry at times without the NID/PG&E system.

President Wilcox announced that at 6:30 p.m. on May 2nd, 2017, at the Peace Lutheran Church, he and Mr. Scherzinger would be presenting to Nevada County Democrats at their monthly event. Otis Wollan and Traci Sheehan will also be presenting.

President Wilcox reported that LAFCo is working on the EIR for NID's SOI (Sphere of Influence). That EIR is probably going to be out in the June/July timeframe. There are some areas that NID is proposing to annex in. Those areas will be analyzed in that document.

PUBLIC COMMENT ON ANY ITEM TO BE CONSIDERED IN CLOSED SESSION

Ricki Heck, resident of Grass Valley, said she has a comment to follow up to Remleh Scherzinger's discussion on the Trailer Bill AB810. She said it sounds very onerous to us that live in the district. She would like to know if the NID can do some kind of public outreach or education through the NID website. Ms. Heck said that there are a number of folks that are dedicated to attend meetings and observe the actions of NID. If the AB810 is going to negatively impact this District, everybody should know about it, and some of the same energy seen here can be used in Sacramento.

Remleh Scherzinger, General Manager, said that the District could do that, and explained how to find more information about it.

President Wilcox agreed and said it could also be an item on the agenda with some backup material.

Dustin Cooper, District Council, said that these are currently very significant substantive policy measures that deserve the normal legislative process where you can have that type of public input, etc. Normally the check and balance between the executive and legislative branch was working good. In his personal opinion, for whatever reason it is not working well right now. The Governor's office that is proposing very significant substantive bills through a budget trailer process, and the legislature is allowing him to do it, at least thus far. The District and others in our statewide associations are working hard to put these types of discussions on the appropriate setting.

Ms. Heck said that she thinks if the District helps to put a local light on this issue, they will get support from the same group of people who are here every two weeks.

President Wilcox said that maybe the District could provide some materials on this, and confirmed with Mr. Scherzinger that it could be agendized.

Discussion ensued as to the legislative process.

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Meeting recessed at 11:42 a.m. and reconvened at 11:55 a.m.

The Board adjourned to CLOSED SESSION at 11:55 a.m., pursuant to Government Code Section 54956.9 to confer with District Counsel regarding pending litigation.

Director Drew left the meeting at 12:34 p.m.

The meeting was reconvened into open session at 12:55 p.m. President Wilcox asked the District Secretary to report on actions taken in closed session, as follows:

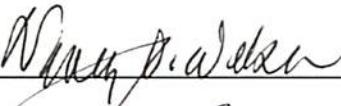
Direction was given to legal counsel concerning Nevada Irrigation District's Petition for Assignment of Water Rights for Centennial Reservoir and the Protest by South Sutter Water District to that Petition pending before the State Water Resources Control Board.

MEETING ADJOURNED at 12:56 p.m., to reconvene in regular session on May 10, 2017, at 9:00 a.m. at the District's main office located at 1036 W. Main Street, Grass Valley, California.



Kristepanian
Board Secretary

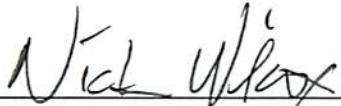
Attest a true record of actions
had and taken at the above and
foregoing meeting our presence
thereat and our consent thereto.


Director
Division I


Division II


Division III


Division IV


Division V