

MINUTES

REGULAR MEETING BOARD OF DIRECTORS PARADISE IRRIGATION DISTRICT FEBRUARY 21, 2018

The regular meeting of the Board of Directors of the Paradise Irrigation District was called to order at 6:30 p.m. by President Dan Wentland, followed by an Invocation and the Pledge of Allegiance to the Flag of the United States of America.

OPENING

BOARD MEMBERS PRESENT: Directors Marc Sulik, Anne Rice, Bill Kellogg, Vice President Cliff Jacobson, and President Dan Wentland

ROLL CALL

BOARD MEMBERS ABSENT: None

STAFF PRESENT: Interim District Manager Kevin Phillips, T&D Superintendent Keith O'Brien, T&D Assistant Superintendent Jim Ladrini, Assistant Engineer Neil Essila, IT Manager Mickey Rich, and Secretary Georgeanna Borrayo

ALSO PRESENT: PID Legal Counsel Emily LaMoe and members of the public

Board members reviewed consent calendar items as follows:

APPROVAL OF
CONSENT
CALENDAR
(Item 2.a. – 2.c.)

2.a. Approval of Meeting Agenda Order

2.b. Approval of Minutes: Regular Meeting of January 17, 2018 and
Special Meeting of February 8, 2018

2.c. Approval of Public Member Appointments to Community Relations Committee

It was moved by Director Rice and seconded by Director Sulik to approve the Consent Calendar as presented.

AYES: Directors Sulik, Rice, Jacobson, Kellogg, and Wentland

NOES: None

ABSENT: None

Motion passes 5-0

Ward Habriel commented on the emphasis placed on water conservation worldwide and the importance of making conservation a way of life to sustain our economy and environment.

PUBLIC
PARTICIPATION
(Item 3)

CPA Heidi Coppin with Tittle and Company provided an overview of the Independent Auditor's Report accompanying financial statements for Paradise Irrigation District, as of and for the year ending June 30, 2017. Their firm has issued an unmodified opinion, which means the financial statements are materially correct and comply with generally accepted accounting principles.

PRESENTATION:
ANNUAL AUDIT
REPORT FOR THE
YEAR ENDED
JUNE 30, 2017
ACCEPTED
(Item 4.b.)

One adjustment was posted to the financial statements. This is a routine adjustment made every year at the request of Manager Phillips, which is to record the change in the District's unfunded liability for Post-Employment Benefits for retiree health care benefits. For the period ended June 30, 2017, the adjustment was \$52,502. Heidi Coppin further added their firm does not have any audit findings or issues to address with the Board and thanked Kevin Phillips and District staff for their assistance.

CONTINUED:
ANNUAL AUDIT
REPORT FOR THE
YEAR ENDED JUNE
30, 2017 ACCEPTED

It was moved by Director Rice and seconded by Director Jacobson to accept the Auditor's Report as presented for the year ending June 30, 2017.

AYES: Directors Sulik, Rice, Jacobson, Kellogg, and Wentland
NOES: None
ABSENT: None

Motion passes 5-0

PRESENTATION:
PID SUMMARY OF
WATER RIGHTS &
PENDING ACTIONS
(Item 4.a.)

Consultant Paula Whealan with Wagner & Bonsignore provided a presentation summarizing sources of water and claims of right in the State of California, as well as an overview of Paradise Irrigation District's water rights and pending actions and status of petitions filed in 2007 with the State Water Resources Control Board.

PID has three water rights summarized below (Butte Creek Adjudication Pre-1914 water right, and two water right permits with the earliest permit issued in 1916 and the second in 1965):

Pre-1914 Appropriative Right (PID's most senior right):

Amount: 8 cubic feet per second (about 3,600 gallons per minute); Rate not to exceed 4.5 cfs at place of use.
Source: Butte Creek at Magalia Dam (direct diversion only – not storage)
Purpose: Domestic, Stockwatering & Irrigation
Place of Use 11,250 acres within PID boundaries

Water Right Permit 271 (Priority of Right: 1916):

Permit Amounts: 9,500 acre-feet diversion to storage: 6,700 acre-feet allowed in Paradise Reservoir; 2,800 acre-feet allowed in Magalia Reservoir
Purpose: Municipal, Irrigation, Industrial & Recreation
Place of Use: 11,100 acres within PID boundaries

Water Right Permit 16040 (Priority of Right: 1965):

Permit Amount: 8,800 acre-feet for storage in Paradise Reservoir
Diversion Season: October 1 to May 31
Purpose of Use: Municipal, Industrial, & Recreation
Place of Use: 11,100 acres within PID boundaries

Pending Petitions filed with the State Water Board in 2007:

Permit 271: A license has been requested for the maximum annual beneficial use of 7,291 acre-feet. This Petition also requests the addition of Direct Diversion as a Method of Diversion, addition of Point of Diversion for the Raw Water Bypass Facility, addition of hydropower as a Purpose of Use, and change in Place of Use to include 35,000 acres (to include Del Oro Water Co. Limesaddle, Paradise Pines and Magalia Districts).

Permit 16040: A Petition for Extension of Time seeks 25 additional years (from time of issuance) in which to increase storage at Paradise Reservoir and restore storage at Magalia Reservoir. The total ultimate storage capacity of Paradise and Magalia Reservoirs under both Permits not to exceed 18,300 acre-feet. This Petition also requests the addition of Direct Diversion as a Method of Diversion, addition of Point of Diversion for the Raw Water Bypass Facility, addition of hydropower as a Purpose of Use, and change in Place of Use to include 35,000 acres.

Status of Environmental Review: In 2010, PID circulated a Notice of Preparation of an Environmental Impact Report and Draft Initial Study in connection with the 2007 water right petitions, and comments were received. After consultation with the State Water

Board staff, PID made amendments to the original 2007 Petitions to include a Request to License for Permit 271. Changes in place of use and beneficial use amounts were also made to the project. PID is waiting for the State Water Board to provide a draft license for Permit 271. The District's environmental consultant, DeNovo Planning Group, is revising the project description to incorporate changes. PID will recirculate the Notice of Preparation of the Environmental Impact Report (EIR) and is hopeful we can adopt the EIR in 2019 and the State Water Board can issue the permits in 2019.

CONTINUED –
PRESENTATION:
PID SUMMARY OF
WATER RIGHTS &
PENDING ACTIONS

President Wentland called for a Board recess at 8:22 p.m.

BOARD RECESS

President Wentland reconvened the regular meeting at 8:28 p.m.

MEETING
RECONVENED

Board members reviewed Staff and Billing Reports for the month of January, 2018. It was moved by Director Rice and seconded by Director Sulik to accept the Staff and Billing Reports as presented.

JANUARY, 2018
STAFF & BILLING
REPORTS
ACCEPTED
(Item 5.a.&b.)

AYES: Directors Sulik, Rice, Jacobson, Kellogg, and Wentland

NOES: None

ABSENT: None

Motion passes 5-0

The Board reviewed a written report from Interim Manager Phillips. Additional comments included: 1) Process Water Recycle Project – A preliminary mixing zone and dilution credit evaluation for aluminum and dichlorobromomethane (DCBM) has been conducted by the District's consultant; and 2) Spillway Investigation - The District is soliciting proposals from engineering firms involving the preparation of dam-break inundation studies for Paradise Dam and Magalia Dam.

DISTRICT
MANAGER'S
REPORT
(Item 6.)

Board members reviewed a written Treasurer's Report for the period ending January 31, 2018. Discussion included an update under capital projects to update the total project cost for the Reservoir "B" Replacement Project, and adjusting the costs for storage tank rehabilitation based on the January, 2018 condition assessment performed by Harper & Associates Engineering of the three water storage tanks C, D, and E.

TREASURER'S
REPORT ACCEPTED
FOR PERIOD
ENDING
JANUARY 31, 2018
(Item 7)

It was moved by Director Rice and seconded by Director Jacobson to accept the Treasurer's Report for the period ending January 31, 2018.

AYES: Directors Sulik, Rice, Jacobson, Kellogg, and Wentland

NOES: None

ABSENT: None

Motion passes 5-0

Board members reviewed accounts payable reports for the month of January, 2018. It was moved by Director Sulik and seconded by Director Rice to approve General Fund Check Numbers 51470 through 51576 for the month of January, 2018 totaling \$576,037.20, exclusive of voided check number 51557, and authorization of a similar amount allowing or adjusting for extraordinary budget or Board approved items during the month of February.

APPROVAL OF
JANUARY, 2018
CHECKS
(Item 8)

AYES: Directors Sulik, Rice, Jacobson, Kellogg, and Wentland

NOES: None

ABSENT: None

Motion passes 5-0

LEGAL REPORT
(Item 9)

Attorney Emily LaMoe provided an update regarding the California WaterFix (Twin Tunnels Project), and the Public Records Act Request regarding long-term conservation mandates. Additional discussion addressed potential risks associated with expanding services to fix leaks beyond the meter such as liability, potential Prop. 218 challenge and cost benefit analysis to determine whether you would have to increase your crew and any bargaining that is associated with changing the employees' scope of work. If this is something the Board is serious about pursuing, the next step would be to formulate a plan.

UNFINISHED
BUSINESS:

AMENDMENT
ADOPTED TO PID
PUBLIC COMMITTEE
MEMBER POLICY –
CHAPTER 2.27
(Item 10.a.)

Manager Phillips reported Legal Counsel has incorporated the changes to Chapter 2.27 - PID Public Committee Member Policy as recommended at the January 17, 2018 Board of Directors meeting. It was moved by Director Rice and seconded by Director Kellogg to adopt the amendments to Chapter 2.27 of the PID Policy and Procedures Manual as presented.

AYES: Directors Sulik, Rice, Jacobson, Kellogg, and Wentland
NOES: None
ABSENT: None
Motion passes 5-0

NEW BUSINESS:

PURCHASE OF
FORD F-150
VEHICLE
APPROVED
(Item 11.a.)

Board members reviewed quotations received for the purchase of a 1 ton 4 wheel drive truck as funded in the 2017/18 Budget. This vehicle purchase will ultimately replace a 1992 GMC 3500 truck, which will be presented as surplus at a future Board meeting.

It was moved by Director Jacobson and seconded by Director Rice to authorize the Interim District Manager to direct appropriate staff to purchase the 2018 Ford F-150 X1E XL 4WD Super Cab from Elk Grove Ford (State Contract) in the amount of \$30,878.19.

AYES: Directors Sulik, Rice, Jacobson, Kellogg, and Wentland
NOES: None
ABSENT: None
Motion passes 5-0

CRESTVIEW /
CRESTWOOD
PIPELINE PROJECT
MATERIALS
PURCHASE
APPROVED
(Item 11.b.)

Staff reported receiving bids regarding pipe, fittings and related materials for the Crestview / Crestwood Drive water main upgrade project. Bids for this project were submitted by R&B Company, Pace Supply, and Ferguson, Inc. Director Sulik indicated a cost savings may be gained by informing vendors the lowest price for each item will be considered. Staff noted inventory purchases are managed a little differently; however, the District's practice has been to bid and receive materials for large pipeline projects as one package.

It was moved by Director Jacobson and seconded by Director Rice to authorize the Interim District Manager to direct appropriate staff to cause the purchase of materials as bid for Job No. 18-01 from Pace Supply in the amount of \$48,963.45.

AYES: Directors Sulik, Rice, Jacobson, and Wentland
NOES: Director Kellogg
ABSENT: None
Motion passes 4-1

PID DRONE USE
POLICY ADOPTED
(Item 11.c.)

Information Systems Manager Mickey Rich reported the District purchased a drone to enhance operations in August 2017. The proposed policy is intended to establish the rules for the use of unmanned aerial systems (UAS) including retrieval and dissemination of images and data captured by the UAS. This policy applies to the use

of UAS by Paradise Irrigation Departments and Paradise Irrigation District contractors.

CONTINUED – PID
DRONE USE POLICY

It was moved by Director Sulik and seconded by President Wentland to adopt the Paradise Irrigation District Drone Use Policy as presented.

AYES: Directors Sulik, Rice, Jacobson, Kellogg, and Wentland

NOES: None

ABSENT: None

Motion passes 5-0

Manager Phillips reported the proposed Amendment No. 1 to the Funding Agreement with the State Water Resources Control Board (SWRCB) for the Reservoir “B” Replacement Project increases the original funding amount from \$500,000 to \$800,000 and extends the Planning Schedule time in the original agreement by six months. The increase was necessary due to additional scope of work regarding the A Zone pipeline and pump station to correct system-wide hydraulic deficiencies and constraints relative to the operation of the existing Reservoir “B”.

DRINKING WATER
STATE REVOLVING
FUND PROJECT
AMENDMENT NO. 1:
PLANNING LOAN
FUNDING
AGREEMENT FOR
RESERVOIR “B”
REPLACEMENT
(Item 11.d.)

It was moved by Director Jacobson and seconded by Director Rice to approve the State Board's Drinking Water State Revolving Fund Agreement Amendment No. 1 for the Reservoir “B” Replacement Project, and authorize the Interim District Manager to execute the amendment document.

AYES: Directors Sulik, Rice, Jacobson, and Wentland

NOES: Director Kellogg

ABSENT: None

Motion passes 4-1

Manager Phillips reported the CPA Firm of Turner, Warren, Hwang & Conrad (TWHC) issued their independent report regarding the corrective actions made by FTJ concerning vendor fee overcharges to participant accounts. TWHC determined that FTJ's self-correction method adequately compensated participants and no adjustment needs to be made. One finding was noted by TWHC as follows: The plan documents for the 401(a) states that the District will match 3% of the employee's contribution into their 457. The document should state the District will match 100% of the employee's contribution into their 457 up to 3%. The District has been managing contributions correctly and has confirmed this correction for plan documents with ICMA, the District's new Retirement Plan Provider.

INDEPENDENT
RETIREMENT PLAN
AUDIT REPORT
FROM TWHC RE:
VENDOR FEE
OVERCHARGES
ACCEPTED
(Item 11.e.)

It was moved by Director Jacobson and seconded by Director Rice to accept the Independent Accountant's Report prepared by TWHC regarding Paradise Irrigation District's 401(a) and 457 employee benefit plans on vendor fee overcharges during the period from August 2013 to November 2016.

AYES: Directors Sulik, Rice, Jacobson, Kellogg, and Wentland

NOES: None

ABSENT: None

Motion passes 5-0

Director Kellogg commented on the December 20, 2017 Board decision to dissolve and consolidate functions of certain committees, which included changing the title of the Paradise Lake Recreation Committee to Paradise Lake Committee. Director Kellogg added recreation is an integral part of the lake and therefore, he recommends changing the committee name as originally titled to, “Paradise Lake Recreation Committee.”

PARADISE LAKE
COMMITTEE TITLE
(Item 11.f.)

CONTINUED –
PARADISE LAKE
COMMITTEE TITLE
CHANGE

It was noted “recreation” had been removed from the title to encompass the work of the Water Supply and Lakeridge Park Botanical Committees, which were consolidated with this committee.

It was moved by Director Kellogg and seconded by Director Jacobson to change the committee name from Paradise Lake Committee to “Paradise Lake & Recreation Committee.”

AYES: Directors Sulik, Rice, Jacobson, Kellogg, and Wentland

NOES: None

ABSENT: None

Motion passes 5-0

COMMITTEE
REPORTS
(Item 12.a.1. to 4.)

Ad Hoc Demonstration Garden Committee: Board members received a written report in the agenda packet summarizing the meeting on February 8, 2018 to discuss progress and planning for the demonstration garden. The next meeting is scheduled on Friday, February 23, 2018 at 9:00 a.m.

Paradise Lake Committee: Director Sulik distributed a written summary of the February 14 meeting. He indicated that committee member Steve Rodowick reported the Paradise Recreation & Park District has passed a resolution in support of California Proposition 68; Parks, Environment, and Water Bond, which is on the ballot (June 2018). Mr. Rodowick submitted a request to present this information to the PID Board of Directors to consider passing a similar resolution in support of Prop. 68. This topic will be placed on the agenda for the March 21st Board of Directors meeting for discussion.

North State Economic Forecast Conference: Director Kellogg provided a brief overview of the conference held on January 18.

Butte County Special Districts Association (BCSDA): Director Sulik announced the BCSDA Executive Board meeting was postponed as a quorum was not present. The meeting has been rescheduled to Friday, February 23.

DIRECTORS’
COMMENTS

Director Kellogg: Commented about not being as prepared for the meeting this evening due to a family health matter.

ADJOURNMENT

It was moved by President Wentland to adjourn the meeting. The regular meeting was adjourned at 10:21 p.m.

Georgeanna Borrayo, Secretary

Daniel Wentland, President