

Minutes of the Board Meeting of the
TRUCKEE-CARSON IRRIGATION DISTRICT
Regular Session
January 8, 2007

The Board of Directors of the Truckee-Carson Irrigation District, in the Counties of Churchill and Lyon, State of Nevada, met in regular session at the offices of the District, 2666 Harrigan Road, Fallon, Nevada on Monday, January 8, 2007.

Call to Order, Roll Call, Pledge of Allegiance

President, Ernest C. Schank called the meeting to order at 9:10 a.m. in compliance with NRS Chapter 241. The following Directors were present constituting a quorum:

Present:	Ernest C. Schank	President
	Richard Harriman	Vice-President
	Ray Peterson	Secretary
	Larry Miller	Director
	Don Travis	Director
	Lester deBraga	Director

Director Jerry Blodgett was ill and not in attendance.

Others Present:	Dave Overvold	Project Manager
	Lyman McConnell	Legal Counsel

The meeting opened with the Pledge of Allegiance led by Dave Overvold, Project Manager.

Supervisors Reports

Walt Winder, O&M Foreman

Walt began by reporting that the short reach is currently working at the L-C3. Rock has been put in the hole so that the rest of the ground water can be removed. There is a carpenter crew on the A2 back filling some structures. The end dump is busy hauling from Hazen and one Drott is on the A-C2. The cut-off walls on the L-C3 have been poured and the forming up of the floor will begin tomorrow.

The re-numbering of structures is coming along very well and is approximately half way done. There are a total of less than 10 gates and/or laterals being re-numbered. The March Board meeting would be a good time to post information making the farmers aware that some gate numbers will be different this year when they call in a water order for the first time.

Walter reported that the Truckee Canal is almost ready for diversions. There is no concrete lining yet but it is ready to pour. If diversions begin prior to pouring, some of the prep work will be lost.

John Baker, Water Master reported the following water storage levels data:

Lahontan Elevation	4,147.85	Feet
Lahontan Storage	162,700	Acre Feet

Lahontan Out Flow	3.1	CFS
Carson River Flow At Fort Churchill	213	CFS
Truckee River Flow At Vista	459	CFS
Truckee Canal Flow At Wadsworth	436	CFS
Truckee Canal At Hazen (Bango)	.87	CFS
Truckee River Below Derby Dam	447	CFS
Spilling At Gilpin Approximately	0	CFS

Diverted Last Month AF Year To Date •

Delivered Last Month: AF

Efficiency Last Month: %

- Includes precautionary releases.

John also reported that Walt Winder has been providing the water department with about 3 O&M team members, daily, to do the burning district wide.

Brian Baley, Water Master

Brian informed the 60-90 day precipitation report indicated precipitation coming mainly from the south, which is a complete turn around. Southern storms are better. Dave reported that the January 1 forecast showed 85,000 AF, lower than mid-month. December and January are the largest precipitation months but we did not get much.

Kelly Cecil, Hydro Plant Foreman

Kelly reported that power house maintenance continues. He has received a price on getting the rectifier repaired of \$1,650.00, plus shipping, at the most. Next month the relay test will be done, this is done every three years to make sure all the calibrations are correct. This will cost approximately \$5,800. He has received another quote on the relay test which came in at \$9,000. Nu will be arriving on Thursday to inspect the wicket gates and runners at the 26' drop. The condition of the runners is not good. They need to be repaired every two years. A proposal has been received for upgrading the PLC at the New Power Plant. This means upgrading the computer and taking out the series VI and replacing it with something similar to what is used at the 26' drop. This will cost \$53,000 and will make the plant work more efficiently on-line. Dave is interested in running the plant differently at peak and off peak times. The computer will be able to be set to raise the gates at peak times and lower them at off peak times.

Dave informed the Board about increasing the power generation during on peak times by 50CFS and decreasing it by 50CFS during off peak time. 10:00a.m-10:00p.m. is the on peak time during the summer months. 50CFS would raise the pond level at Carson Diversion Dam by one foot, if there were 50 acres. The surface area currently is approximately 35 acres with plenty of extra space if some material were pushed out to increase the size to about 50 acres or more. This would produce a higher value of power for \$4,000 per month. The control would still be at the Diversion Dam. The water would also be available this way if more water were to be ordered after an initial order. This will also cut down on some overtime hours. Kelly reported that last Thursday the Bureau had some contractors at the dam to decide what style of barricades they want in order to get an idea of cost. On the far end where there is a lot of sand build up, the Bureau would like a barricade that goes underneath the ground. The contractors bidding the job recommended an arm style barricade that drops down on the same

end due to less maintenance and lower cost. The individuals taking care of these already take care of the ones at NASF. The pillars will be made to look like the historical ones that are already in place.

Director Lester deBraga reported on the Program Logic Control bid for \$53,700. He indicated that for this dollar amount that it would go out to bid. The Board agreed that the bid would specify a manufacturer that would meet the specifics requested. The program is strictly a John Cokeley program and that is who the bid is geared towards. There will be a two week installation period beginning in mid-February. Ted Renfroe suggested going with a "sole source" bid, meaning that there is only one manufacturer that could meet the specifics requested.

Kelly updated the Board on the moving screens for the 26' drop. The cost is \$158,000. There are four screens (two 8' on each side). They will take up four feet on each side of the center and two feet on the other side of the far end grate. This includes the two grates and all motors. Four pumps will be dropped down inside the slide gates to blow the debris off the screens. Two conveyors will dump the moss back in to the canal below the power plant from the center outward. In order to dump the moss out of the canal the District would need another conveyor belt. The cost of this would be approximately \$25,000. The present conveyor belt is too large and could not be used for this purpose. If an additional conveyor is added, it would take up all the walk board space, except for the center. Both side grates seem to have an equal amount of moss accumulation with the front grate collecting the most. The grates are regularly cleaned three times daily. With a conveyor and powered removal, cleaning effectiveness of the grates will be enhanced. Power generation will go up with the ability to keep the grates clean. Director Ray Peterson informed the Board that Virgil Getto has a conveyor belt that he would be willing to give the District. Kelly indicated that it would keep the cost down if we were able to get a conveyor belt installed in order to test the concept out and see if would work. Again, all walk board space except 10' in the center will be lost. The power would need to be shut down to safely work off the walk boards. There are safety rails on both ends of the walk boards and center ones could be added. Kelly will further review the concept of an additional conveyor, the safety issues and drawings then report back to the Board.

A conveyor should last approximately 25 years with the only sandblasting of rust and some painting being done in maintenance. The grates are stainless steel with enclosed bearings. The only maintenance required is to lube the drive shaft gear. Every 5 years the wear plates need to be adjusted making the equipment out of commission for a maximum of only two days. The more the equipment is run, the better.

Ted Renfroe, Shop Foreman

Ted reported that general maintenance continues to be done on equipment in the shop. Keith Gray, a welder, was hurt a week ago while welding. He has a broken right hip and will be out for over 30 days then put on light duty, at the request of the insurance company. Due to his injury the shop and the hydro departments are hurting. The time to weld the wicket gates is drawing close. Kelly Herwick and Dave Greely, while not certified, have offered to do welding in the winter time months and would like to stay in their respective positions for awhile, if possible.

Charlie Crew has been doing body work on the ditch rider trucks out of his home shop. He has completed work on three trucks and is working on a fourth. He is also painting the vehicles at home at a cost of \$30 per truck.

The roof repair on the Old River Ditch House has been completed. There is a tree by the transformer down at the St. Clair Ditch House that will be removed at a cost of \$800 by M.D. Tree Surgery.

Ted just purchased a 1997 Ford F250 4x4 for \$2,000. He just sold vehicle #107 for \$700. He sold the compressor truck to Don Travis for \$1,500 and will deliver the vehicle to his home. There is a caterpillar/dozer available for sale still. Ted would like to sell the camper shell currently on the 1997 Ford for \$500 once he has gotten the vehicle ready for use by Bob Baldwin.

A **motion** was made by Director Ray Peterson to dispose of the camper shell and the 1987 Ford seconded by Director Larry Miller and unanimously approved.

President Ernie Schank passed out information about the Banner Churchill Health Fair to the supervisors for distribution to their teams. TCID has offered to pick up the cost for employees only, no family members.

A **motion** was made by Director Richard Harriman to pay the cost for any employee wishing to participate in the health fair seconded by Director Ray Peterson and unanimously approved.

There will be two water masters attending conference in Denver, Colorado February 4th through February 9th.

Review/Approve December 2006 Disbursements

A **motion** was made by Director Richard Harriman to approve the December 2006 disbursements for the New Lahontan Hydro Power Plant paid prior to Board approval and unpaid seconded by Director Ray Peterson and unanimously approved.

A **motion** was made by Director Ray Peterson to approve the December 2006 general disbursements paid prior to Board approval and to pay the unpaid bills seconded by Director Larry Miller and unanimously approved.

Lyman McConnell, Legal Counsel, arrives at 10:23 a.m.

Supervisors released at 10:25 a.m.

United States Fish and Wildlife Service

No representative in attendance.

Natural Resources Conservation Services

Mr. Craig McKnight attended representing NRCS. Craig reported that there are currently several contracts that will be provided to Walt Winder, O&M Foreman, as they come in to NRCS. There are three contracts that require structures being up against TCID structures.

One contract is requesting a new outlet that will be up against a TCID structure. This is on Curry Road coming off the G-Line for a 13 mile delivery system to the property and that is why he is asking for a take-out. The land owner is working to set an appointment with Walt Winder to work things out.

Regarding the Carson Lake Pasture, billing is 90% complete. Most ranchers have received their bills. TCID will not be required to pay any fees and the Bureau will be refunding costs incurred by the District for maintaining the CLP. The CLP land is leased to the State of Nevada, by agreement. The Bureau collects all fees but TCID incurred costs have not been off-set. The Bureau will retain all fees collected minus their administrative costs. These are miscellaneous revenues that should be reimbursed to TCID. The District's current cash balance for 2007 Administrative Costs will be deducted and the remaining balance of \$47,703.76 will be refunded to the District. Nevada Department of Wildlife owns the water rights but TCID fully manages all livestock and has use of that water during the water season.

Review/Approve December 2006 Directors Compensation

Ernest C. Schank	\$320.00
Richard Harriman	\$200.00
Ray Peterson	\$280.00
Larry Miller	\$120.00
Jerry Blodgett	\$0.00 not in attendance
Lester deBraga	\$80.00
Don Travis	\$160.00

A **motion** by was made by Director Lester deBraga to pay the Directors Compensation seconded by Director Larry Miller and unanimously approved.

Project Manager's Report

<p>1. <u>Bureau of Reclamation</u></p> <p>No Board Action Required.</p>	
<p>2. <u>Litigation</u></p>	<ul style="list-style-type: none"> a. Declaration received 1/2/07 from MVZ on Donner Lake Case titled, Declaration Of Neil R. Bardack For Additional Discovery. b. Set One received 1/2/07 from MVZ on Donner Lake Case titled, First Set Of Specially Prepared Interrogatories To Defendant Sierra Pacific Power company By Plaintiff TCID c. Answer filed by Lyman McConnell. Two separate motions were prepared after filing the answer.
<p>3. <u>Correspondence</u></p> <p>There will be an informational lunch meeting today regarding AB380.</p>	<ul style="list-style-type: none"> a. Monthly report mailed 1/2/07 to BLM for December Grimes Point gravel pit usage. b. Letter mailed 1/2/07 to CWSD regarding TCID's conditions concerning postponing payment for

No Board Action Required.	the purchase price of their water rights offered to the AB380 Program. c. Request for Advance or Reimbursement, Form SF-270, mailed 1/4/07, to BOR for payment of Cooperative Agreement on the Gilpin Spill Automation Project. Faxed Registration for four board members, Dave and Kate for the Mid-Pacific Water Users Conference being held in Visalia, January 17 th -19 th .
4. <u>Project Manager</u> Quote information turned over to the insurance committee. No Board Action Required Today.	a. Quote received from John Cokeley Enterprises for the New Lahontan PLC Control Package Upgrade. Requires Board approval. b. Received 1/3/06 from Anthem Blue Cross and Blue Shield premiums for the next year for the current plan.
5. <u>Churchill County</u> No Board Action Required.	Cooperative Extension's calendar of upcoming events for the month of January received 1/4/06.

There is going to be an election of officers for the Family Farm Alliance Board on February 22nd and 23rd, 2007. President Ernie Schank will be attending and invited any other Board members to attend with him. This information was not provided in this month's PMR.

The Bureau is working on getting four Langeman gates for TCID. They will be put on the A15 check, L1-C8, Segura Drop and Hettinger Drop. These four structures will be installed by TCID.

Lyman McConnell, Legal Counsel, made a statement regarding tracking of the contract with Sierra Pacific Power Company. In 2014 a decision to renew the contract with Sierra Pacific Power Company will need to be made. If a decision is not made, and SPPC is not notified, the District will be locked in to a contract with them for 40 years. In order to keep this subject on the Board's calendar, Kelly Cecil has been asked to report monthly in regards to the 2014 decision to renew.

A **motion** to approve the bid on the Program Logic Control (PLC) through sole sourcing in addition to NRS 332.115 paragraphs 1A, C, D, G and H was made by Director Ray Peterson seconded by Director Richard Harriman and unanimously approved.

Review/Approve November 2006 and December 2006 Board Minutes

A **motion** was made by Director Richard Harriman to approve the November 7, 2006 Board Minutes seconded by Director Larry Miller and unanimously approved.

A **motion** was made by Director Richard Harriman to approve the December 7, 2006 Board Minutes seconded by Director Lester deBraga and unanimously approved.

Kelly Cecil, Hydro Foreman continued.....

Kelly Cecil, Hydro Foreman, returned to the meeting with information with conveyor belt bid information. The conveyor belt information was from Rich Gardner International Water Screens and was for \$25,000. If TCID pours the concrete footings, the price will be cut in half, approximately \$13,000. Thus, two bids will be taken for installation of conveyor belts, one for the conveyor installed with footings and one for the conveyor with TCID pouring the footings.

Director Richard Harriman indicated that he would like to get some other bids. Kelly will confirm with the current bidders on time frame necessary to complete the job.

The bids will be opened on January 22, 2007, at a special Board meeting, one day prior to the closing of the bid period.

A **motion** was made by Director Don Travis to receive bids with and without the cost of footings included seconded by Director Lester deBraga and unanimously approved.

Board Approval to Vote FOR or AGAINST Structural Change of Employers Going Public

As an eligible member of IIG and a policy holder of Employers Insurance Company, the Board will vote for against the structural change of Employers and then whether or not to receive common stock or cash as part of the structural change. Lyman McConnell, Legal Counsel, informed the Board that TCID was not allowed to hold stock so the District must take the cash. Employers must be informed of TCID's decision no later than January 12, 2007.

A **motion** was made by Director Richard Harriman to take the cash in the structural change of Employers Insurance Company going public seconded by Director Ray Peterson and unanimously approved.

Recess

A **motion** was made to recess for lunch at 12:00 P.M. by Director Lester deBraga seconded by Director Larry Miller and unanimously approved.

The Meeting Reconvened at 1:34 P.M.

Bureau of Reclamation

Elizabeth Rieke, Area Manager was present representing the Bureau. Betsy started by informing the Board she would like to review OCAP decisions made for year 2006 as follows:

<u>OCAP Decision</u>	<u>Comments</u>
<u>Drawdown and Spill Definition.</u>	The Bureau has determined that the first water spilled is to be considered precautionary drawdown not incentive credit water. The Tribe says "yes" the first water to spill is incentive credit water, which per Betsy, leaves no incentive credit water balance for the District. The Bureau views the incentive credit water as "whole," except for a small amount of spill and the Tribe is viewing it at zero.
<u>2006-2007 Storage Targets.</u>	Amount of water being allowed in storage. The Bureau realized that they had made a major error in the 2005-2006 storage targets. Storage Targets are what controls the amount of water allowed to be diverted from the

Truckee River. The District can bring over enough water that the storage target, or less, at the end of the month. If the storage target is too low, that means less is brought over. If it is too high, more is brought over. Betsy confirmed that the Bureau set the storage targets for the indicated period too low by a substantial amount. The error was discovered and they have now figured out what the storage targets would have been, therefore, what the allowable diversions would have been. A letter was sent out informing of the error including what they believe to be the corrected numbers. The Tribe is saying that everybody had an opportunity to look at the numbers and a decision was made in 2005. That decision should stick. It does not matter that there was almost 7,000AF of potential recoupment error addition.

Bureau of Reclamation Mistake.

Betsy went on to explain that the multiplier is very small but the ups and downs in storage targets are what should have signaled attention. She then went on to further explain that demand is what initially drives storage targets, as demand goes down so do storage targets. The Bureau made the mistake in demand. They determined the demand be acreage times historical water duty calculation. That number was wrong by .1, and that times a large number results in a large mistake. The mistake was discovered when comparisons were being made from 2005 to 2006.

The Tribe Appeals.

Once the 2006-2007 storage targets were made public, the Tribe decided that they were going to appeal the new numbers to the Commissioner. The consequences of that, is that the Tribe will argue that those storage targets do not apply to January 2007 diversions, but rather the Bureau did not have authority to change the storage targets to begin with and the erroneous 2005-2006 storage targets should apply, as they were changed AFTER October 1, 2006. If the Tribe does, in fact, win the appeal, there will be no incentive credit water and the storage targets would be much lower than set by the Bureau.

The Tribal consultant stated to the Bureau that they want to credit store in Stampede. All the water must be put into Stampede and continued to state that if all the water is put into Stampede then there is nothing to forbear and there will be no recoupment. The Bureau immediately declined. There is also no space available in Stampede, which the Tribe did not acknowledge. This suggestion indicated to the Bureau that the Tribe is doing everything possible to make sure the District does not get recoupment credits.

Effect of the 2005 Errors

The Bureau will not know the effect of the 2005 errors in

terms of numbers until a decision is made by Gary Stone, Federal Water Master. The Bureau hopes that the Commissioner affirms the final numbers presented by the Bureau.

President Ernie Schank addressed a few of the District's issues with the Bureau:

- The Board would like to schedule a management meeting with the Bureau.
- The District has begun a re-numbering of structures process. The structure numbering system has not been updated since the 1970's. The team is currently numbering structures throughout the system in numerical sequence; this will result in some of the structures having new numbers assigned to them. Walt Winder indicated that there will be less than 10% of structures assigned new numbers. The District will provide the Bureau with a list of structure numbers so that they can update their files, as well. The only possible conflict Betsy could think of was the O&M Contract with the Bureau. Dave confirmed that no laterals will be re-numbered only takeouts and check/cross structures.

Lyman McConnell asked when the Subsection I monies might be received by the District. Betsy confirmed that she is not sure but is sure that the correct person at the Bureau needs to make a decision.

Dave also asked Betsy about the grazing agreement and she confirmed that it will follow.

Public Comment

Ty Erquiaga and Steve Brown attended to make comment on the Fernley Motocross Track property bidding process. President Ernie Schank confirmed that the bids for lease of the property next year will be opened at the June 2007 Board meeting and awarded at the July 2007 Board meeting.

Ty asked the Board if there are any specific bidding parameters. He was told that if the intended use for the property would be a motocross track, then they must provide a bid with and without a fence. It must also include an insurance policy with an indemnity clause; a clause holding harmless the District for the entire length of the lease. Ty also asked the Board for a spot on the February Board meeting agenda. He believes that his group would have to move on from the Fernley property in approximately five years and would like to look at an alternative piece of property owned by the District

Project Manager Report continued....

Dave continued to review an update on the proposal for the 26' Drop traveling screen vendor. He has indicated that it will take seven weeks to complete the job once he has been given the go ahead. Dave has asked that there be a Special Board meeting scheduled for January 22, 2007 to review/approve funding for the 26' Drop traveling screens. The District will go out for bid and make a decision on January 22, 2007.

A **motion** was made by Director Lester deBraga to allow the Finance Committee to make a final decision on any bids that come in on the 26' Drop traveling screens seconded by Director Ray Peterson with one nay by Director Richard Harriman the motion was carried by a vote of 4-1.

Director Richard Harriman believes that the entire Board should make the decision rather than just the Finance Committee on an item of such expense.

A **motion** was then made by Director Lester deBraga to rescind his previous motion seconded by Director Ray Peterson and unanimously approved.

The Board decided to schedule a Finance Committee meeting at 11:30a.m., Monday, January 22, 2007 and a Special Board meeting at 1:00p.m. to review/approve bids and funding for the 26' Drop traveling screens. The agendas will be posted as required.

Review/Approve Personnel Matters

A **motion** was made by Director Richard Harriman to approve the two merit increases as recommended and the comp time in lieu of overtime pay seconded by Director Ray Peterson and unanimously approved.

Committee Reports:

Carson Lake Pasture/Lahontan Valley Environmental Alliance

Stairs for the museum have been contracted out and will be constructed of metal. There is no specific time frame for completion.

Public Relations Committee

Director Don Travis would like to offer scholarships enabling students to attend local conferences that are geared toward agricultural and water education, in the future.

Director Lester deBraga was excused from the meeting at 2:44p.m.

Public Comment continued....

Jamie Mills asked the Board to be a sponsor for the 2007 Water Exposition in the name of water education. The Board will turn this matter over to the Public Relations Committee for further review of the committee budget and decision.

Meeting Adjourned

The meeting was adjourned at 2:51p.m.

Ernest C. Schank, President

Ray Peterson, Secretary

Date