

Water district releases independent audit of Centennial Dam project



Liz Kellar
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Nevada Irrigation District's Dustin C. Cooper reacts during the public comments regarding the proposed Centennial Dam.

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On Wednesday, the Nevada Irrigation District released an independent audit of its controversial Centennial Dam project that has been in the works since 2014.

The outside audit came after Project Manager Doug Roderick said in December 2017 that the district had spent just over \$11.3 million to date on its proposed Centennial Reservoir project along the Bear River. In response to comments from board member Nancy Weber, who said the district needed to be transparent and accurate, General Manager Rem Scherzinger opted to bring in an independent party to take a closer look at the money spent on the project.

During that December meeting, audience members asked dozens of questions on Centennial-related expenses, including where the money for the project is coming from.

Some of those questions were answered during the audit, with the auditors' findings presented at the board meeting Wednesday morning.

Ingrid Shepline of Richardson & Co. explained that the scope of the contract called for the audit to determine whether all the project costs were properly assigned to the project. To that end, her firm examined invoices for project expenses, reviewed reimbursements of project costs with bond proceeds and compared consultant expenditures to contracts.

The audit noted that costs exceeded the budget by nearly \$675,000, primarily due to property purchases of \$1.3 million in 2015. The district has budgeted \$4 million for 2018, with \$3 million spent to date.

Some accounting issues were discovered, Sheipline said. Some costs relating to property purchases — a little more than \$587,000 — had not been charged to the project when they should have been, mostly. And, conversely, some minimal costs were charged to the project that should not have been.

"I don't believe any of the findings are significant or anything that was alarming," she said.

District board member Nick Wilcox asked if there were any areas in the audit that should raise a red flag.

"We looked at all the costs and determined they were appropriate," Sheipline said. "There was no indication of inappropriate expenditures."

But many of the audience members in attendance continued to express frustration with the costs, and the project itself.

"I have more questions than answers for NID after reading this new audit report," said Melinda Booth, the executive director of South Yuba River Citizens League.

Booth noted that one of the many things her nonprofit has continually requested is transparency and a project cost estimate.

"This the first time in the four years of this project that the public has a report summarizing what has actually been spent on the Centennial dam, and the numbers are significant — \$13 million spent and \$1 million over budget," said Traci Sheehan of Foothills Water Network. "The bottom line is that the audit doesn't in any way explain how much Centennial will cost and how it will actually get paid for."

Booth, Sheehan and others raised questions about a \$500,000 budget amendment that was approved in closed session. According to water district staff, the amendment dealt with a property negotiation, which are always discussed in closed session. If the board opted to authorize negotiations within a price range in closed session, it would come back to the board in the form of a warrant to be approved.

Several audience members also pressed for a project cost estimate.

"It was my understanding that a project cost estimate would accompany this audit," Booth said. "However, that request was not articulated in the contract with the independent auditors, therefore we are still left without an answer as what this dam would cost our community."

According to Booth and Sheehan, independent cost analyses have ranged from \$500 million to \$1.2 billion, far in excess of the \$342 million cost projected by the water district.

District board members said that was not within the scope of the audit, however, and was not a topic for discussion Wednesday.

Contact reporter Liz Kellar at 530-477-4236 or by email at lizk@theunion.com.

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