

REGULAR MEETING
BOARD OF DIRECTORS

February 12, 2013

The Board of Directors of Lake Chelan Reclamation District met for their regular Board meeting at the office of the District on February 12, 2013. The meeting was called to order at 8:00 a.m. by Board President Robert Christopher. Those in attendance were:

BOARD

Bob Christopher
Scott Sandum
Brad Barnes
Dave Clark
Paul Mogan

STAFF

Rodney L. Anderson
Mary Lou Brooks

GUESTS

Mary Stutzman
Larry Jungk
Arnold Baker

MINUTES – FINANCIAL REVIEW – STATUS OF FUNDS

Director Barnes made a motion and it was seconded to approve the January 8, 2013 minutes, budgets, trial balances and investments, as mailed. Motion carried unanimously.

ACCOUNTS PAYABLE

Secretary-Manager Anderson presented the accounts payable for review and approval. Accounts payable checks 11629 through 11686. (including EFT payment to Dept. of Revenue for Excise Taxes) totaled \$274,393.35 and were broken down as follows:

Irrigation O & M Investment	\$ 62,318.65
Irrigation Equipment Investment	\$ 3,500.69
Irrigation Construction	\$ 9,463.29
Domestic O & M Investment	\$102,175.02
Domestic Construction	\$ 47,965.62
Sewer O & M Investment	\$ 47,696.13
Sewer Construction	\$ -0-

A motion was made by Director Sandum and was seconded to approve the accounts payable as listed. Motion passed unanimously.

MANAGER'S REPORT

Irrigation: Startup is scheduled to begin on March 15th with water to all irrigation turnouts by April 1st, barring any problems.

Domestic: Water Treatment Plant computer and controls update project is in progress.

We are in the process of putting together a cross connect program. We have a system survey that has been mailed to determine where we are in DOH compliance for backflow prevention protection on our domestic services. We are working on the policies we want in place, as well as what the District will offer, what will be required from our customers, and if the work will be in-house or contracted out to individuals.

Sewer: Manager Anderson met with Dwane Van Epps of the City of Chelan to review the percentage we will be required to repay on the loan for the wastewater plant upgrade. The District in the past has been responsible for 31.77% of sewer upgrades based on the District's flows compared to total flows received in Chelan. Our District's flows have been reduced significantly due to changes in how we operate our water treatment plant and how much filter water is sent to sewer. After reviewing our new flow data and making some adjustments to the portions the District is responsible for, we will save approximately \$8,000 per year.

Administration: Robert is currently testing a Kubota mini-excavator, which the District is interested in purchasing. The District has already purchased a trailer for a mini-excavator.

OLD BUSINESS

Director Barnes addressed the concerns of the Fire District, as stated in their survey. The current Lease Agreement indicated that the Fire District is responsible for any and all upkeep and improvements made in their particular areas of the building. The District is responsible to maintain the outside of the building (i.e. paint), as well as keeping the building structurally sound. Fire Chief Arnold Baker expressed his concerns regarding their survey, stating that they are looking at staffing a building 24/7 that meets their requirements, which they are unable to do with either of their present facilities. The District indicated it is unable to address any of the Fire District's concerns at this time.

Manager Anderson explained to the Board that the Willow Point LID has been losing money on a regular basis and will run out of money to pay the loan payments by 2014. After considerable review, it was determined that there were several problems. First, at the beginning of the payments being collected, the customers were offered a discount to pay their fair share in full up front. After the discount period, the amount was never reverted back to the original fair share amount. District management also assumed the interest rate of approximately 5% would continue throughout the payment of the loan. Monies being collected from the beginning were not enough to pay the loan in its entirety through 2020.

Manager Anderson indicated that he has met with the Washington State Auditors to explain the situation, the possible solution, and received feedback from them. Manager Anderson recommends transferring sewer pump fees, collected in the past and future from the Willow Point LID customers, into the Willow Point LID Investment Fund. He further recommends increasing the monthly amounts collected from each LID customer to reflect each customer's fair share of the loan through loan payoff in 2020.

After considerable discussion, a motion was made to adjust the monthly payments for each customer, beginning January 2013, to reflect their fair share, in order to pay the Department of Ecology loan in its entirety through May, 2020. Motion passed unanimously.

A second motion was made by Director Barnes and was seconded to infuse money from the Sewer O&M Investment Fund into the Willow Point LID Investment Fund in the amount of \$12,000. Motion passed unanimously.

A third motion was made by Director Clark to authorize all future sewer pump fees collected from the Willow Point LID customers be put into the Willow Point LID Investment Fund, in order to pay the Department of Ecology loan in its entirety through May, 2020. Motion passed unanimously.

NEW BUSINESS

The Calendar of Events was presented by Manager Anderson for review and discussion.

PUBLIC COMMENT

Larry Jungk thanked the District and Board for their good work on the Willow Point LID. He also asked the Board to think about extending the sewer line out further to the developments on the lake to help protect it from potential private sewer infiltration.

ADJOURNMENT

Being no further business to come before the Board, Board President Robert Christopher adjourned the meeting at 9:26 a.m.

Signed: _____
President

Attest: _____
Secretary-Manager

February, 2013