

REGULAR MEETING  
BOARD OF DIRECTORS

February 9, 2016

The Board of Directors of Lake Chelan Reclamation District met for their regular Board meeting at the office of the District on February 9, 2016. 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  
Paul Mogan

STAFF

Rodney L. Anderson  
Mary Lou Brooks

GUESTS

Larry Jungk  
Mary Stutzman  
Arnold Baker  
Brian Strausbaugh  
Sarah Cushing  
Brenda Brodigan  
Mark Taylor  
Gordon Rice  
Cindy Rice  
Kermit McClellan

MINUTES – FINANCIAL REVIEW – STATUS OF FUNDS

Director Sandum made a motion and it was seconded to approve the January 12, 2016 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 13527 through 13575 (including an EFT payment to Dept. of Revenue for Excise & Sales Taxes) totaled \$182,976.86 and were broken down as follows:

Irrigation O & M Investment	\$ 37,084.05
Irrigation Construction	\$ 27,451.26
Domestic O & M Investment	\$ 69,514.81
Domestic Construction	\$ 11,091.39
Sewer O & M Investment	\$ 37,835.35
Sewer Construction	\$ 0.00

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

RESOLUTION

Resolution 2016-03 disperses overhead costs by allocating 35%, 45%, 20% respectfully to the irrigation, domestic and sewer companies, transfers irrigation assessment income from irrigation to domestic for irrigation rights served through the domestic system, and transfers domestic water delivered to the sewer collection system in the amount determined in Resolution 2016-03 for

treatment by the City of Chelan. A motion was made by Director Barnes and seconded to approve Resolution 2016-03 as proposed. Motion carried.

### MANAGER'S REPORT

Irrigation: Irrigation startup will begin mid-March, with all customers receiving water by April 1, if no major setbacks come up. The field crew are currently doing a lot of off-season maintenance including cleaning irrigation tanks to prepare for startup, and inspecting the anodes in the tanks.

The inspection dive scheduled by the USBR at LC intake has been postponed and we are trying to reschedule before startup, otherwise we will have to shut down the system for their dive.

The office has received numerous calls regarding the irrigation rate increase, but the vast majority understand our reasoning after we explain the financial situation in detail to them.

Domestic: Nothing to report at this time.

Sewer: Nothing to report at this time.

Administrative: The County will have to submit the FEMA Hazard Mitigation Grant we have been looking into for the purchase of two generators, as we do not qualify by ourselves. Manager Anderson stated that he has sent a letter to the County requesting their assistance.

There was not any New or Old Business scheduled for the meeting this month.

### PUBLIC COMMENT

Brian Strausbaugh stated that he is retired, on a fixed income and believes that a 71.5% increase in irrigation assessments is totally unacceptable. He also believes that taking his irrigable land from .85 acres to .65 acres is unsatisfactory. He believes the District must have a management problem somewhere as to not anticipate increases in operations and maintenance and should not put the burden on the residential irrigation users.

Board President Christopher stated that the residential users are paying a reasonable rate relative to other irrigation districts.

Sarah Cushing stated that she has less than a 5000 square foot lot and to have this type of increase just isn't reasonable, especially with no notice to customers. She believes the District needs to plan better in the future before making these types of increases and that the price is not reasonable for such little usage. She also stated that aging infrastructure needing replacement is a management problem.

Larry Jungk wanted to know what the percentage increase was for the per parcel and per acre change.

Manager Anderson stated that it was a 25% increase per parcel and a bit less than 8% increase in the per acre rate.

Larry Jungk stated that he believed the District was transferring the bulk of the costs for the irrigation system from agriculture to residential. He stated that he believed that transfer of costs

was a political move. He also asked how the negotiations were going with the Bureau regarding the over-planting issue. He asked if the orchardists that are over-planted are expected to pay more for their water use, since they are technically currently getting free water.

Manager Anderson said that we are still in negotiations with the Bureau and the orchardists will pay their fair share.

Larry Jungk wanted to know the thought process behind the one-acre minimum?

Manager Anderson stated that he surveyed other districts and found that is something they implemented to cover their costs. We have found that as the larger parcels are broken down into smaller lots that our time spent per parcel has gone up. The one acre minimum is designed to help us recover the costs to deliver water to all parcels. Regardless of size, there is a minimum time and effort needed to deliver that water.

Director Brad Barnes indicated that a lot of other districts do not allow any residential on their system, and that it is reserved for agriculture users only. He further stated that we have a 40-year-old system that we have to maintain and the electronics alone are very expensive to repair and replace.

Arnold Baker stated that the District owns the water rights and they decide who gets the water within the Bureau guidelines. If the Bureau had the water rights as they do in other districts, they may not even allow residential use.

Larry Jungk said we should have raised the rates more equitably across the board between agriculture and residential.

Board President Christopher stated that he has four lots with irrigation rights but has not used a drop of water on any of them, and he is still paying the same amount as everyone else.

Larry Jungk felt that the Board of Directors probably had a conflict of interest due to the fact that the majority of them were agriculture customers

Board President Christopher stated that there was no conflict of interest.

Director Brad Barnes stated that we receive phone calls from customers who are upset every time we need to raise the rates.

Manager Anderson said that the break-even point for the one-acre minimum is .05 acres. While he was looking into this, he found a .23 acre lot that would have paid \$795 in excess charges if they did not have their irrigation assessment. A considerable amount of customers pay between \$500 and \$900 during the summer months in excess water payments because they do not have irrigation water available for their use. Manager Anderson stated that he believes if we were to advertise water available for a one acre minimum, we would have a line of customers wanting to purchase them for \$265. Also, if any customer wishes to give up their water rights, they are more than welcome to do so, but we want them to be informed of all the ramifications of doing so, so they can make the right decision for their circumstances. He knows of a Greater Wenatchee irrigation customer that lives by the Chelan Airport whose irrigation water went from \$900 per

year to \$2400 per year due to the large increase in power costs to that particular district. Our power contract is up for negotiations in 10 years, and even with subsidized power, the cost has increased 21% over the past seven years. There are costs that increase significantly each year.

Larry Jungk stated that he does not disagree with the rate increase, just with the transfer of costs from agriculture to residential customers.

Brian Strausbaugh said that it was just a drastic increase and should have been more gradual, as everything seems to be going up at the same time. He is frustrated that all of his expenses are going up, but he doesn't get enough of an increase in his retirement to cover his costs.

Kermit McClellan stated that the problems should have been thought about years back, raising the rates gradually in increments rather than a large increase all at once.

Larry Jungk asked how much money would be lost if the District went to a ½ acre minimum, rather than the 1 acre minimum.

Manager Anderson said that he did not have any calculations available to answer this question.

Board President Christopher said that incremental increases over the years would have been better, but we needed to address our costs immediately and the rates are not out of line.

Arnold Baker stated that he has been on the District's Board of Directors and he wished we would have implemented the 1 acre minimum when he was on the Board, and was sorry that he did not think of it, but there were other pressing issues to attend to at that time.

Larry Jungk wanted to know how many parcels are orchard and how many parcels are residential in the 1 acre minimum? Larry Jungk also asked how many acres will be changed from agriculture to residential in the next 20 years?

Director Barnes stated that with regard to the statement that all the Board members are farmers, the District was not set up as one man one vote, it's a weighted vote system so the farmers can keep a strong input on the agriculture water rights and policies regarding them.

Larry Jungk said that if 50% of the parcels become residential, then state law takes over.

Sarah Cushing said that you have listened to us, but you probably are not going to do anything to help us. She also believes that Federal law supersedes State law.

Manager Anderson stated we are bound by Title 87 law, which supersedes any state laws, and once the irrigation rates are set, they cannot be changed until the next year.

Gordon Rice said that he moved here because the water was so inexpensive and that going from \$125 per year to \$265 per year is a huge increase.

Board President Christopher thanked everyone for coming and for the comments made. He admitted that the cost is a significant increase, but still very reasonable.

Brian Strausbaugh made the comment that being hit so hard all in one whack is difficult, especially with everything due all at once, and everything going up.

ADJOURNMENT

Being no further business to come before the Board, Board President Robert Christopher adjourned the meeting at 9:09 a.m.

Signed: \_\_\_\_\_  
President

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Attest: \_\_\_\_\_  
Secretary-Manager

February, 2016