

REGULAR MEETING
BOARD OF DIRECTORS

August 14, 2018

The Board of Directors of Lake Chelan Reclamation District met for their regular Board meeting at the office of the District on August 14, 2018. The meeting was called to order at 8:05 a.m. by Board President Robert Christopher. Those in attendance were:

BOARD

Bob Christopher
Dave Clark
Paul Mogan
Todd Jeffries
Nathan England

STAFF

Rodney L. Anderson
Mary Lou Brooks

GUESTS

Larry Jungk
Jonny Kludt
Phyllis Gleasman
Bob Siderius

MINUTES – FINANCIAL REVIEW – STATUS OF FUNDS

Director Clark made a motion and it was seconded to approve the July 10, 2018 regular meeting minutes, the July 17 special meeting minutes, the August 2 special meeting minutes, and the August 9 special meeting minutes, as well as budgets, trial balances and investments, as mailed. Motion carried unanimously.

ACCOUNTS PAYABLE

Secretary-Manager Anderson presented the accounts payables for review and approval. Accounts payable checks 15076 through 15127 (including EFT payments) totaled \$326,434.65 and were broken down as follows:

Irrigation O & M Investment	\$112,038.56
Irrigation Construction	\$ 9,998.14
Domestic O & M Investment	\$146,278.63
Domestic Construction	\$ 0.00
Sewer O & M Investment	\$ 57,515.64
Sewer Construction	\$ 603.68

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

MANAGER’S REPORT

Irrigation: Manager Anderson stated that the pumping plants are moving a lot of water at this time, but they are keeping up well with the demand. The ‘D’ line has gone down a couple of times, prompting the field crew to police the system and shut down a few cans for overuse when needed. The PUD put the entire irrigation system down for a day, due to a switch failure. Since then, the pumps are running, but we are having small problems with them intermittently.

Domestic: State law requires all backflow assembly devices to be tested annually. We sent out approximately 720 letters, with around 520 being tested. We then sent an additional 200 reminder letters, with about 50% compliance. Our next step is to contract with an assembly tester, then send

an invoice to the customer with fees incurred, adding an additional \$40 for an administrative fee to cover our time and costs. After some discussion, it was the consensus of the Board to proceed.

One of the 25 hp Lakeshore intake pumps, which was approximately 22 years old, failed. After doing some research, a new pump cost \$22,000, while rebuilding the existing pump was estimated to be \$20,000. We purchased the new pump and it has been installed. Recently, a second 25 hp pump (also 22 years old) at the Manson intake failed. We are currently obtaining quotes to replace this pump as well.

Sewer: The same PUD outage that put the entire irrigation system down, also shut down three of our lift stations. We had them back up and running quickly, with no problems.

Administrative: Manager Anderson updated the Board on the organizations he is currently involved with for the District's benefit:

Washington State Water Resources Association (WSWRA);

American Water Works Association (AWWA);

Lake Chelan Coordinated Cost Reimbursement Program (LCCRP);

Lake Chelan Watershed Planning Unit (LCWPU);

Lake Chelan Research Institute (LCRI); and

Washington State Financial Officer's Association (WFOA). Mary Lou is also a member of this organization.

OLD BUSINESS

Irrigation water valuation: Attorney Bob Siderius stated that he took the District's irrigation water buy-in cost when it was formed in 1919, and determined that the current water price would be \$15,000/acre for unsubsidized irrigation water and \$4,000/acre for subsidized irrigation water, with inflation factored in. He believes that other factors may be considered for the valuation, including the Bray's Landing sale in 1985, but it's dependent on how they arrived at their price, as well as the uses for the water. The water is under the Bureau contract and it is limited to agriculture use, which limits the pricing factors and keeps the market within the District only, as it cannot be moved. If the price is too high for commercial agriculture uses, then the value is too high. It must be economically viable for family farms to purchase.

Manager Anderson agreed to take public questions and comments at this time.

Phyllis Gleasman stated the land requesting water is not new land or reallocated. The land already has water on it from another source and doesn't believe anyone requesting water is starting anything new. She then asked about the amount of water removed from impervious land. Manager Anderson stated that it was approximately one-third of the total available for sale.

Larry Jungk was interested in the number of developments that gave up irrigation water. Manager Anderson stated that very few had given up their water.

Attorney Bob Siderius indicated that water from reallocated land to new is not an issue.

Phyllis Gleasman stated that she could provide documentation on the costs of running a family farm within the District. Attorney Bob Siderius stated that it would be worth exploring to get to the right valuation and that all information would be helpful.

Jonny Kludt asked if WestWater Research looked at any other areas that have water. Manager Anderson stated that they focused on the Chelan area but also looked at the Wenatchee, Cashmere-Leavenworth, and Entiat areas. The focus is on Chelan primarily because other areas do not have the same issues affecting water value as we have.

Director England was interested in the amount it would cost to get the additional information to Harry at WestWater Research, then have him give us an updated valuation range. Manager Anderson stated that he would have to negotiate the price with WestWater Research.

Larry Jungk asked if any infrastructure would have to be added to the pumping plants. Manager Anderson stated that RH2 has already conducted a study for each pumping plant and what they can accommodate. The District will not go over their recommendations.

President Christopher stated that the cost could be different with each family farm, depending on how they farm the land.

Director Jeffries suggested getting information from several family farms within the District for comparison. He stated that we need to get to the right valuation and should use as much information as possible.

Director England is interested in adding feasibility studies from family farms within the District, as well as using the Bray's Landing information, before setting a price for the water.

Attorney Bob Siderius wanted to know if there was anyone we could contact to get an average production cost relative to many orchards. Phyllis Gleasman suggested John Dubane at the Tree Fruit Association in Yakima. Others mentioned were Agrimax, Stemilt Ag Services, and Columbia Fruit.

Jonny Kludt wanted to know if the value would be from information from all over the state or concentrated in central Washington. Attorney Bob Siderius stated that the relevance was central Washington only. The value is to be determined from within our area, as we have a limited market of commercial agriculture only, without the ability to move the water.

President Christopher suggested gathering all pertinent information and then proceeding with WestWater Research.

Director Mogan wanted to know if the Board should stipulate a range for the additional expense.

Director England stated that Manager Anderson could obtain a quote from WestWater Research for the additional work requested.

Manager Anderson asked the Board if they would agree to a phone poll after he obtained the price from WestWater Research for this additional work, which they did.

Jonny Kludt stated that the Board has the responsibility to obtain a valuation that has a high level of confidence with its customers, and any amount spent would be worth it.

Irrigation Pumping Plant SCADA System Upgrade (phase 2): Manager Anderson indicated that we have successfully upgraded three of the nine irrigation pumping plants. He is requesting to

combine phase 2 and 3, finishing the remaining six pumping plants this spring at an estimated cost of \$58,000 per plant. Director England asked if there were any concerns with doing the remaining six together. Manager Anderson indicated that the only down side is the cost, and the up side is more efficiency. After little discussion, a motion was made by Director Clark and was seconded to obtain bids to upgrade the remaining six irrigation pumping plants this spring. Motion passed unanimously.

NEW BUSINESS

Manager Anderson presented Relinquishment of Water Rights from Mr. and Mrs. Halverson regarding two pieces of property, which they have both signed and had notarized. Both he and Jennifer have tried on several occasions to try and talk them out of relinquishing their water rights, to no avail. After some discussion, a motion was made by Director England and was seconded to accept the two Relinquishments of Water Rights from Roy A. and Linda J. Halverson and have the same recorded with the Auditor. Motion passed unanimously.

Mr. Sokei, who purchased the property adjacent to the Water Treatment Plant driveway, is requesting an easement to use the lower portion of our driveway for his property access. After little discussion, a motion was made by Director Jeffries and was seconded for Manager Anderson to pursue discussions with Mr. Sokei regarding granting him an easement using the lower portion of our driveway for access to his property. Motion passed unanimously.

PUBLIC COMMENT

Phyllis Gleasman stated that she appreciated the Board doing their due diligence in obtaining the valuation for irrigation water, and people need to understand the hard position the Board is in.

ADJOURNMENT

Being no further business to come before the Board, Board President Bob Christopher adjourned the meeting at 9:03 a.m.

Signed: _____
President

Attest: _____
Secretary-Manager

August, 2018