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Secretary-Manager

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## Lake Chelan Reclamation District

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BOARD OF DIRECTORS  
Robert Christopher, *President*  
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Paul Mogan  
Todd Jeffries  
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July 27, 2017

Dear District Customers:

This letter is written to inform you of our Irrigation Capital Improvement Plan (CIP) and the accompanying rate structure increases that will begin taking effect in 2018. The CIP can be found on our website at [www.LCRD.org](http://www.LCRD.org).

The Federal Irrigation System we operate/maintain consists of approximately 73 miles of main pipelines from 6" in diameter to 48", 13 pumping plants, 13 reservoirs, 57 pumps/motors, and over 680 irrigation turnouts for water distribution. In addition, we operate/maintain ten miles of agricultural drain lines including two pumping stations for that system. The original system was installed at a cost of almost \$18.8 million dollars of which we hold debt service for only \$2.7 million. We have used our existing Federal System infrastructure for 45 years and the costs associated with maintenance and repair to keep it running are increasing at a very high rate. There are many aspects of the existing system that we are no longer able to fix due to obsolete parts and inability to find consultants with the expertise to find workarounds. We feel that we are fast approaching a time when we could suffer a breakdown that cannot be fixed in a timely manner resulting in potential crop damages.

With the help of consulting engineers, we have compiled a prioritized list of projects primarily addressing the electrical side of the pumping plants also referred to as the motor control centers (MCCs). It has been determined that the existing pipelines are holding up well and the tanks are being maintained consistently. The irrigation turnouts have been on a replacement program over the last 15 years and the pumps and motors will be replaced as needed in the years to come.

The CIP identifies many important priorities. First, the replacement of MCCs, pump control panels and one variable speed pump/motor added at each of the nine pumping plants. Second, the replacement of approximately half of the 57 pump control valves, and third, to conduct a pump station "condition and efficiency" test to more accurately determine a schedule for pump and motor rebuilds or replacement in future years.

The schedule associated with this project spans 10 years at a projected cost of \$9.2 million dollars. The financing will be spread out over a 20-year period and implemented in several phases. We will be increasing rates aggressively to first build our reserves and then to adequately meet our debt service for this project. All grant and incentive programs have been, and will continue to be pursued in hopes of mitigating the total project costs as much as possible. For example, in the last week we received notification of being chosen for a \$75K Small Scale Water Smart Grant to assist in the replacement of meters in the irrigation turnouts.

For assessment years 2018-2021 the "per acre" rate will increase by \$25 each year. The parcel fees will be set to increase 5% and the minimum charge will increase by 5% each year. The rates will be revisited at least annually to determine if we are on track with the construction upgrades, and then adjusted accordingly.

If you should have any questions, please feel free to contact our office at 687-3548.

Regards,



Rod Anderson  
Secretary-Manager