

MINUTES OF SPECIAL MEETING OF THE COMMISSION
OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON

May 21, 2009

The special meeting of the Commission of Public Utility District No. 1 of Chelan County, Washington, was held at the Chelan County PUD Auditorium, 327 North Wenatchee Avenue, Wenatchee, Washington, on May 21, 2009, at the hour of 5:30 p.m., pursuant to proper notice thereof.

Commissioners present were Norm Gutzwiler, Carnan Bergren, Randy Smith and Dennis S. Bolz. In attendance were General Manager Richard Riazzi, Staff Attorney Erik Wahlquist, Acting Clerk of the Board Lisa Everhart, Community and Intergovernmental Relations Manager Jeff Smith, Treasury Analyst Heather Irelan, Water Resource Engineer John Goodwill.

Others in attendance: Various staff members and members of the public were in attendance.

The public hearing was convened to hear protests to the proposed final assessment roll, and to consider the adoption and approval of the assessment roll for the Local Utility District No. 10, the Monitor Water System.

Erik Wahlquist advised that the project is now complete and the costs have been totaled. The funding sources have been billed and those funds have been recouped. Approval is required to move into the next step to finalize the LUD. Once approved, the assessment roll will be filed with the County so that those assessments can become liens of record on the property and will preserve the District's priority in those assessments. It will also begin the 10-day prepayment period to establish an anniversary date for the LUD that will carry forward payments and assessments.

The original budget was approved in July of 2007 for \$6.5 million. Final construction costs were actually \$4.7 million and reduced the property owners' original obligation from \$2.7 million to \$1.5 million to be repaid by the property owners within the Local Utility District No. 10. Individual property assessments were calculated by an independent professional appraiser.

The District received two written protests to the proposed final assessment prior to the hearing. One was from Tom and Marci Tsohonis. Mr. Tsohonis stated the reasons for his objection to the assessment for assessment number 231914240210 as:

- It is an irregular wedge-shaped parcel, which would be difficult to build on;
- The parcel used to be a gully and has been filled in over time;
- To build on land that has been filled without following a specific compaction process requires an engineering assessment, core drilling;
- It would require a very expensive septic system to build it into native soil as required; and
- Mr. Tsohonis requested the water box for this parcel be placed directly across from the water box placed on the property of his residence and it was not, it was placed at the extreme south end of the narrow point of the property.

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Mr. Tsohonis requested that if he is required to pay the assessment that the water box be moved to the location of his original request.

Tim Larson noted that the goal of the appraisal process was to treat all properties fairly. And to demonstrate that the assessments were of equal or greater value than the special benefits it provided the properties. Each property was classified into different categories. This property had been classified as an R4 – Residential Fair. This classification states that “Land under this class generally ranges from just below average to the least desirable residential land in the area of the study. Access may generally pose a problem, home site building space may be restricted to a small area, and surrounding visibility may be uniquely limited. This land may be situated near or adjacent to railroad tracks. If the property has river frontage, it is of an undesirable nature. And the land may likely require, or may have required, substantial development costs prior to residential construction.” The District feels that the appraisal addressed all of the issues raised in his letter. The County has stated that this is a buildable site. The special benefit calculation is \$9,000 for this property and the proposed assessment is \$1,040.24.

John Goodwill explained that the water box was placed in its location as a cost saving measure. Using double chambers, where possible, saved costs for the project. An additional consideration for this property is that there is no home on it at this point. The cost to the customer for a private service line is not significant.

The second protest was filed by Mr. and Mrs. Charles Kernoul. The Kernouls’ have two parcels. Their home is on one parcel and the second parcel is Browns to Monitor, Block 2, Lot 11 Acres 0.1600 property ID # 23069 tax statement ID 13019. Their protest is because it has no water going to it and it virtually consists of mostly the driveway which has an easement on it for orchard use only.

The County states that this is a buildable site. It meets the criteria that were established in the appraisal as an R4 – Residential Fair. The easement would not restrict the Kernouls’ use of the property. The easement they’ve granted in favor of and adjacent property permitting that property owner to cross their property for purposes of orcharding and agriculture.

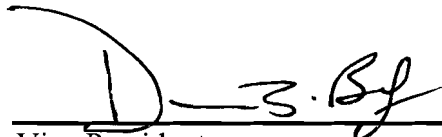
Commissioner Gutzwiler made a motion to approve the final assessment roll as proposed for the Monitor Water System LUD Number 10. The motion was seconded by Commissioner Bergren and passed unanimously.

Commissioner Smith made a motion to amend the motion to incorporate that we have heard two requests for two protests and have denied those protests and that it be ratified and confirmed by resolution. The motion was seconded by Commissioner Bergren and passed unanimously.

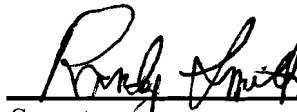
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There being no further business, the meeting was adjourned at 6:27 p.m.

President



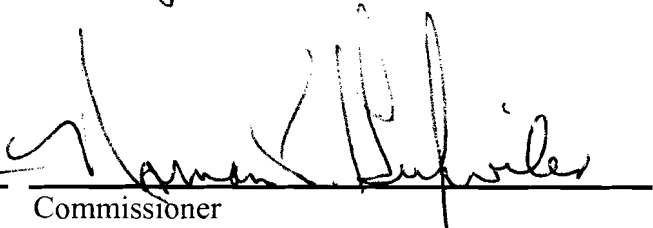
Vice President



Secretary



Commissioner



Commissioner