

Hello Neighbor,

The board had an additional meeting on Saturday afternoon, Feb 20th, to discuss changes that needed to be made to the rules/regulations document. For the most part it was minor stuff about how the district would be run. I captured a couple items of interest at the end of the email.

February 18, 2010 PSWID Meeting

Next regular PSWID Meeting: Thursday March 18, 2010 7:00 PM at the Pine Cultural Center

1. Ms. Terry Schleizer resigns from Board
 - a. Mr. Haney read a letter of resignation from Ms. Schleizer. Ms. Schleizer said that she was happy to have been part of the effort to purchase the water system. She said that she would be moving to Buckeye to be near her children and grandchildren.
 - b. Surprisingly, she recommended that I be her replacement. Mr. Haney said that they would be putting a notice on the PSWID website and in the newspaper for people that might be interested in filling the position. The board will address it at the next regular meeting. If you are interested in being considered for the position, you should let the district know.
2. District Purchases Backhoe
 - a. The district received six bids for backhoes. The board reviewed the bids and selected a backhoe from RSC Rentals for \$46,468. That was the lowest priced bid that was compliant with the request put out by the district.
3. Water Supply Versus Water Storage
 - a. Mr. Tanner Henry, who is the District Engineer being supplied by Tetra Tech, presented material that looks at the trade-offs between increasing storage and supply and provides an estimate of how much of either is needed to get through the summer. He also addresses several scenarios with the potential water sources that are currently on the table. The presentation can be viewed here:
<http://www.waterforpinestrawberry.com/data%20pages/BudgetDocs.htm> .
 - b. Mr. Henry based a lot of the assumptions used to determine his estimates on Town of Payson information and the feel that Mr. Shaffer has for how the water system will perform in the summer. Comment: While there are a couple of things in the assumptions that I have questions about, I think as a whole they are a fairly reasonable set to start discussion from.
 - c. Mr. Henry's presentation addresses the following scenarios (which assume no usage restrictions):
 - i. Existing Conditions: Out of water by July 4th weekend.
 - ii. Adding 5.5 million gallons of storage: Get through the summer at a cost for \$5.5 million+.
 - iii. Add Strawberry Hollow well: Out of water by Labor Day weekend at a cost of \$550,000.

- iv. Add Strawberry Hollow and Milk Ranch wells: Survive all year at a cost of \$1.2 million.
 - v. Add Strawberry Hollow and Hill wells: Survive all year at a cost of \$675,000.
 - d. The issues with using the various wells:
 - i. Strawberry Hollow: Could be used as soon as hooked up. Very close to main water tank, so connection costs will be low.
 - ii. Milk Ranch:
 - 1. Don't know the extent of the sand abatement needed. Mr. Ploughe said at an earlier meeting that he thought that this would run \$120,000 to \$150,000.
 - 2. Needs ADEQ permit to use water.
 - 3. Needs ADEQ construction permit.
 - 4. Connection construction time
 - 5. Needs ADEQ approval of construction.
 - iii. Hill:
 - 1. Needs ADEQ permit to use water.
 - 2. Needs ADEQ construction permit.
 - 3. Connection construction time
 - 4. Needs ADEQ approval of construction.
 - 5. District will not own the well.
 - iv. Comment: There is significant time required to bring the Milk Ranch or Hill wells on-line. Unlikely that all the ADEQ hoops could be jumped through very quickly, so chance for them being on-line by June is slim.
 - e. Mr. Henry's recommendation was to pursue getting the Strawberry Hollow well on-line as soon as possible and to find another source of at least 25 gallons per minute to get on-line before Labor Day weekend. That additional source could be the Milk Ranch, Hill, or the first deep test well.
 - f. Board voted to move forward with a \$1.2 million budget to negotiate Strawberry Hollow, Milk Ranch well, and the first test well. There was general agreement that Strawberry Hollow is the top priority, Mr. Haney felt that the test well is second priority and other board members suggested that Milk Ranch well is second priority. Test well will be done in parallel with the other efforts.
- 4. Mr. Hill Well Proposal
 - a. Mr. Jim Hill had a slot on the agenda to present his proposal for trading the leasing of his well for the extension of a water line to his property. However, he did not attend the meeting. The outline of the proposal were addressed in Mr. Henry's presentation, basically a \$1.00 a year lease on the well in return for the connection to the water system.
 - b. Based on Mr. Henry's estimates, it would cost about \$75,000 to hook the well into the water system and another \$100,000 to extend a line to Mr. Hill's property. Mr. Hill claims that the well will produce 60 gallons per minute. Comment: My understanding is that the pump testing of the well was done in December which usually isn't a good reflection of what a well

is capable of in the summer. I have also heard that the well's performance drops when the Portals well is being heavily used.

- c. Comment: Looking at it, it doesn't seem like a very good deal for PSWID. While the lease payment is \$1.00 a year, there is essentially an up-front payment of \$175,000 for the lease. If you assume a cost of \$1.00 per thousand gallons, the well would have to produce 175,000,000 gallons to break-even. Being generous and saying that 60 gpm is pumped 24 hours a day, 365 days a year, it would take 5.5 years to produce that much water. Under less optimistic circumstances, it is likely to take more than a decade to recover the costs. This is a lot of money to spend on a well that the district wouldn't own.
5. Search for Permanent General Manager
 - a. Board discussed and approved placing an ad for a permanent General Manager, with a target salary of about \$75,000 per year. Mr. Harry Jones is currently the interim General Manager.
 6. CAP Allocation
 - a. In the acquisition of the water system, the CAP allocation of 161 acre-feet per year of water that PWCo had was left out of the purchase agreement. Brooke returned the allocation to CAP and CAP is asking PSWID if they want to acquire the allocation.
 - b. Mr. Haney indicated that the cost would be about \$472,000 plus nine years of deferred taxes, the cost of which isn't know at this time but is expected to be substantial. Comment: There is also a yearly fee to maintain the allocation. I have a vague recollection that Brooke was paying about \$16,000 a year for it.
 - c. There would not be much to do with it other than trade it. CAP wants an answer in the next six months. The board voted to take it up again at a later date.
 - d. Comment: Whether they might want it or not, given what the board has committed out of the capital budget, the district does not come close to having the money to pay for this. Doesn't look like it would be a good use of money even if they did have it.
 7. February 20th Meeting
 - a. There are about 300 idle meters in the system. The board had a fair amount of discussion about whether to require people with a meter to pay the monthly minimum or the meter would be removed. So in other words, if you have a meter on an empty lot or you have turned off service to a home, you would have to start paying the monthly minimum in order to keep the meter. The board decided to take that approach.
 - b. Mr. Haney gave an update on the status of the Milk Ranch well activities. On the 19th they put an air line down the well and lifted the sand out. The slots in the casing that allow water to flow into the hole are tightly plugged with sand and they have not been able to unplug them. They are going to be trying additional approaches to unplugging. The camera will go down the well on Feb 24th. They have a limit of \$22,000 to spend on this. Not sure if they would have the appraisal based on the current situation or

whether to ask Mr. Ray Pugel to invest the money to deal with the problems that the well has and then do an appraisal.

- c. Comment: The sand issues with the Milk Ranch well have always been a problem. While it may be possible to deal with them if enough money is spent, the district runs the risk here of buying a continuing headache. It would seem unlikely that the Milk Ranch well could be hooked into the system before summer, even under the best of circumstances. Mr. Henry's analysis says that there needs to be an additional 25 gpm source (assuming that the Strawberry Hollow well is hooked up) before Labor Day. It might make sense to put the Milk Ranch well on the back burner and prioritize the drilling of the first deep aquifer test well. Since it is on Pine Creek Canyon Dr. it may not experience the same sand challenges. Given the uncertainties with the Milk Ranch well, it might be better for the decisions related to that well to not be pressured to meet a summer deadline.

This email is from the group Water For Pine Strawberry. We will be sending out an email after each of the PSWID meetings with a summary of what the board did, additional facts that are relevant to what went on, and some commentary. Please forward this email to friends and neighbors that are interested in the local water issues. If you would like to be added to or removed from the list for these emails, please reply to WaterForPineStrawberry@hotmail.com. Emails on earlier meetings are available on our website: www.WaterForPineStrawberry.com .

Water For Pine Strawberry is a group of residents who are concerned about the communities water issues and how they can best be resolved. Visit our web site, www.WaterForPineStrawberry.com, for more information. The website for PSWID is www.pswid.org .

Clarifications can be submitted by anyone who is explicitly named, implicitly identifiable, or a board member to items in this email. Clarifications will be posted on our website. We reserve the right to post a response. Clarifications must deal with the topics discussed in the email that relate to the individual or the board. They must be in family friendly language and be non-abusive. When the clarification is accepted, it will be posted to the website and notice of that posting will be added to the next email.