

Hello Neighbor,

I converted the spending information into the chart that is attached. The chart covers spending related to legal fees (Mr. Gliege), cost of consultants (Coe and Van Loo and Economists.com), and the general manager (Mr. Harry Jones).

There is a correction to the last email that I sent out. In talking about the strategy of pushing up the cost of the water companies, I pointed to Carefree as an example. I should have said Cave Creek. Carefree's acquisition of their private water company was a friendly acquisition.

### **March 19, 2009 PSWID Meeting**

**Next regular PSWID Meeting: Thursday April 16, 2009 7:00 PM at the Pine Cultural Center**

**The board has scheduled a special meeting for March 28, 2009 at 2:00 in the Pine Cultural Center. They intend to have a workshop to adjust the current budget to actual spending and to plan for next year's budget (July 2009 thru June 2010). The board stated that they will provide information to the public prior to the meeting.**

#### 1. Chairman's Report

- Mr. Haney said that settlement discussions continue with Brooke and that they have recently been in contact. He said that both parties are still talking. During the break for the executive session the Brooke representative in attendance, Myndi Brogdan, said that there have been no communications between the district and Brooke since the settlement meeting.
- Mr. Haney stated that the purpose of PSWID's intervention in the PWCo rate case was not to support having a rate case, but to get financial data. He said that the decision of the ACC commissioners to have PWCo provide information to the ACC staff serves that purpose. He stated that PWCo will have to answer questions from the ACC staff and that the district will have input into those questions.
- Mr. Haney said that the district had requested to be put on WIFA's priority list for financing. The WIFA board wanted some assurance that the district is legally a Domestic Water Improvement District (DWID) so they requested an opinion from the State Attorney General's office. Mr. Haney said a written opinion will take about nine months, but he said that at a WIFA board meeting in February that Assistant Attorney General Rex Knowland (sp?) said verbally that they are a DWID.

#### 2. Testing of Milk Ranch Well

- Reviewed a proposal from Mr. Mike Ploughe for additional evaluation of the Milk Ranch well. The proposal covers three areas:
  - Ground Water Elevation Monitoring. Over time ( a year was talked about) monitor the water level in the well to look for fluctuations.
  - Sediment Mitigation Plan. Pump well at various rates to see how much sand occurs and investigate screening and other technologies to deal with the sand problems that the well has.

- ADEQ New Source Approval Process. Walk the well through the approval process when it needs to be brought on-line.
  - Comment: Mr. Ploughe was very involved in developing the Milk Ranch well and did an evaluation of the Milk Ranch well for Mr. Pugel. While these activities are in addition to the ones that he has done before, I think that it is in the community's best interest to get a second opinion on the well. Mr. Ploughe is well regarded, but a second opinion has the benefit of getting a different perspective on the well.
  - The board approved the proposal to hire Mr. Ploughe to perform this evaluation with a budget cap of \$7500.
  - Comment: In the discussion, Mr. Ploughe stated that he thought that he could do it for \$5000 or less, unless something out of the ordinary occurred in the sediment study. The original motion was with a \$5000 cap, but board member Mr. Don Smith amended the motion to make it \$7500. Seems to me that it would have been prudent to have Mr. Ploughe come back to the board if something didn't go as planned, rather than making the money available up front. Of note is that this is the first vote in a year that wasn't unanimous, it passed 6-1.
3. Adjustment to Current Budget and Planning for Next Year's Budget
- The board wants to redo this year's budget to reflect actual spending. This year's budget was for \$90,000 and they had a \$100,000 reserve. The board has probably spent about \$100,000 more than that at this point. They would have gone bankrupt in January without Brooke releasing the escrow funds to them.
  - The redo of the budget would add the escrow money into the total budget and they would realign the amounts in the sub-categories to match what they have spent plus what they project spending in the last four months of the year.
  - They also need to prepare a budget for next year. They need to have a public hearing on it (the March 28<sup>th</sup> meeting is not the public hearing) and get it approved before July 1.
  - Mr. Jones read a proposal that he has for realigning this year's budget. I am not going to include that here since we should get better detail from the meeting next Saturday.
4. Liability Insurance
- It was recently determined that the board's liability policy only covers property/casualty type losses, not liability if the district, the board, or its members are sued. The current policy costs about \$200 per year.
  - Board was concerned about not having liability coverage. Mr. Jones indicated a \$5,000,000 liability policy could be obtained for about \$2850 per year.
  - Board voted to purchase the liability policy. They voted to not include employee liability since the district doesn't have any employees at this time and to add coverage for fiduciary misconduct.
5. Executive Session
- The board members had a lengthy executive session to discuss issues related to the acquisition and to the Compass Bank offer to lend money.
  - Board came back and took no actions.
6. PWCo and SWCo ACC Summaries

- I added some summary tables for the PWCo and SWCo ACC reports. The summary tables cover multiple years of data from the ACC reports. There is a summary table for earnings and operations expenses and another table that covers water usage. They can be found here:

<http://www.waterforpinestrawberry.com/data%20pages/ACCReports.htm> .

#### 7. ACC Commissioner's Rate Case Order

- Posted the rate case order from the ACC Commissioners:  
<http://www.waterforpinestrawberry.com/data%20pages/RateCaseDocs.htm> .
- Includes ordering the ACC staff to conduct a financial and rate review of PWCo. PWCo has 60 days to provide the necessary information and the staff has 90 days after that to complete their review. So we should see something in mid-August.

#### 8. Brooke Doesn't Get K2 Grant

- Interesting article in the Payson Roundup about who received stimulus grants for water projects in the area. Apparently Portals 4 will have its own deep aquifer well for the 83 current owners (173 total lots). The government will be paying half the cost of the \$625,000 well, with a 2% grant to finance the balance. About half of that could be "forgiven". The article can be found here:

[http://www.paysonroundup.com/news/2009/mar/24/small\\_water\\_companies\\_score\\_big\\_money/](http://www.paysonroundup.com/news/2009/mar/24/small_water_companies_score_big_money/)

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](mailto:WaterForPineStrawberry@hotmail.com). Emails on earlier meetings are available on our website: [www.WaterForPineStrawberry.com](http://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](http://www.WaterForPineStrawberry.com), for more information. The website for PSWID is [www.pswid.org](http://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.