

Hello Neighbor,

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.

April 3, 2008 PSWID Meeting

1. Board approved contract for legal services with Gliege Law Offices, PLLC.
 - The contract provides for a \$1000 dollar a month retainer which will cover 5 hours of work. Work beyond the five hours a month will be charged at the regular rate of \$300 per hour.
 - A great deal of potential exists for conflict of interest with Mr. Gliege. Mr. Gliege represents Mr. Pugel in his efforts to withdraw from the Pine Water Company CC&N. Mr. Gliege represents the principal players in Rim Country Water in their efforts to block the K2 well. His daughter is associated with the Strawberry Hollow well. No matter how well intentioned Mr. Gliege may be, these conflicts will cast doubts on where his loyalties lie.
 - Several people spoke in support of Mr. Gliege. One gentleman said that Mr. Gliege is 3-0 versus Pine Water Company. We aren't sure where the 3-0 number comes from. What we are aware of is:
 - Mr. Gliege won a case in civil court against BUI - BUI sued Strawberry Hollow for withdrawing from the Pine Water Company CC&N. The withdrawal was approved by Gila County. The Judge decided this was an election or voter issue and allowed Strawberry Hollow to continue as a Water District.
 - Mr. Gliege represented the District (which was being run by the county at the time) in a Pine Water Company Rate case. The result was the rates were set to the initial ACC staff recommendation and reinstatement of the zero meter moratorium. All at an expense of \$250,000 of taxpayer money. No one lost here except for the rate payers and the taxpayers.
 - Mr. Gliege is currently providing representation for two different actions at the ACC against Pine Water Company, but since these are not resolved, they can't be counted one way or the other.
2. Board met in executive session with their attorney.
3. Board tabled discussion of possible action on the K2 well agreement
 - Board returned from the meeting with the attorney, made some cryptic comments, and then tabled the topic.
 - Our understanding is that breaching the contract with Pine Water Company will open up PSWID to liabilities in the range of \$200,000 to \$400,000 for covering the costs that Pine Water Company has already incurred.
4. Board designated new PSWID representatives for the K2 well agreement and the escrow account.
 - Mr. Greer and Mr. Dickinson were appointed the PSWID representatives for the K2 well agreement
 - Mr. Smith and Mr. Calderon were appoint the representatives for the escrow account
5. Board asked audience for their opinions on whether to continue forward with K2 or to pursue a water district and purchase of the two water companies.
 - Wasn't clear why they were asking this. They indicated that they may ask for more input at the next board meeting.
 - Several people indicated that they don't want Pine Water Company as their provider
 - A claim was made that the K2 site is not usable due to restrictions on the distance to septic systems. It was stated that the location of one of the septic systems is not known exactly and that there may be a plume that would contaminate the well. This claim is not accurate.
 - There is sufficient room to drill the K2 well based on the established location of the septic system.
 - There is a shallow well on the K2 site that is within the 100 foot zoning rule and it does not show contamination, so there is no "plume".

- When the existing shallow well and the houses around it were constructed back in the 1970s, the rule was 50 feet. It is likely that it was changed to 100 feet in order to keep people with smaller lots from putting in their own wells.
 - The K2 well would be drawing water at a depth of 1500 feet, beneath a layer of impermeable rock. No septic system leaching is going to affect the quality of that water.
6. Board discussed using a standardized water sharing agreement to reduce the potential for conflict of interest by the PSWID lawyer.
- The standardized agreement would apply to all water sharing agreements. The Board stated that this would remove the need to use lawyers on both sides.
 - This helps to reduce the most obvious conflict of interest that Mr. Gliege has. We don't feel that it fully eliminates it since he is likely to have a role in drafting the standard agreement.
7. Board responded to public comments about conflict of interest in prior meeting
- In the prior meeting, members of the public expressed concerns about hiring Mr. Gliege given his conflicts of interest.
 - Concern was also expressed about the conflict of interest that Mr. Haney has through his support of Mr. Pugel's efforts to withdraw from the CC&N. This is a conflict of interest because Mr. Pugel's withdrawal will weaken the financial resources available to the future water district. This will result in a higher financial burden for those that remain. By assisting Mr. Pugel, Mr. Haney is not working in the best interests of the community.
 - In the previous meeting, Mr. Haney stated that he was doing that as a private citizen. Perhaps that is within the letter of the law, but we find it hard to believe that it is ethical to work for the interests of the community some hours of the month and work against them in other hours of the month.
 - Mr. Pugel addressed the issue by stating that he would end his efforts to withdraw from the CC&N once the board had taken over Pine Water Company, but that he would continue them as long as Pine Water exists. Since Mr. Pugel's action to withdraw will be decided long before the condemnation of Pine Water Company is completed, it isn't clear how useful that pledge is to the community. The purchase of the water company would automatically end his efforts, as the ACC would no longer have jurisdiction.

Next PSWID Meeting: Saturday April 12, 2008 2:00 PM at the Pine Cultural Center

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 .