

Hello Neighbor,

I have split the email summary into two parts because of the length and diversity of topics. This first part deals with the meltdown of the board over the Milk Ranch well. The second part deals with the water rate increases and the 2010-2011 budget. We have posted the recording the most contentious and informative part of the meeting. If you want to listen to it download it from here:

<http://www.waterforpinestrawberry.com/data%20pages/BudgetDocs.htm> . It is a little under an hour in length (13.5 Mbytes) and will play with Windows Media Player.

The PSWID board ruptured like Mt. St. Helens. What appears to be a majority of the board made the accusation that there has been a “conspiracy” by Mr. Bill Haney (Chairman of the PSWID board), Mr. Harry Jones (interim General Manager), Mr. Tanner Henry (the district’s Engineer), and Mr. Mike Ploughe (the district’s Hydrologist) to put up road blocks to the purchase of the Milk Ranch well.

The evening started out with Mr. Haney reading letters of resignation by Tetra Tech (Mr. Henry) and Highland Water Resources (Mr. Ploughe). By the end of the evening Mr. Steve Stevens, the customer service manager for PSWID, had also resigned. Things went down hill from there with the conspiracy theory faction of the board demanding that Mr. Haney resign from the board and indicating that they couldn’t wait to replace Mr. Jones with a new General Manager. Things got so heated that a member of the audience stood up and scolded them for their behavior.

While the conspiracy theory faction of the board didn’t outline the “conspiracy’s” details, from the discussion there appears to be a couple of issues that sparked the eruption:

1. Tetra Tech provided an estimate of the cost to connect the Milk Ranch well into the water system that came to \$420,000. This was attacked for having been put together before the analysis of the sand removal costs had been completed and that it was shared with Compass Bank before the board saw it. The total cost has some people worried that it is a deal breaker. [The details of all of this are discussed later in the email]
2. The events around the failure of the pump in the Milk Ranch well. As you may recall, at the May 8th PSWID meeting an “emergency” item was placed on the agenda to authorize funds for replacing the pump which had just failed. It seems that the story behind the pump failure is that Mr. Ploughe had told them not to run the well above 80 PSI because of the sand in the water. High pressure operation of the pump forces the sand into the seals and bearings. Over Mr. Ploughe’s objection one or more of the conspiracy theory faction ordered the operations manager to run the well at 120 PSI. The pump ran that way for several days and then failed. When it failed, it created a “water hammer” where the sudden change in water motion created an over-pressure which broke a pipe and dropped the pump to the bottom of the well. The conspiracy theory faction wants to blame the failure on the pipe. They were also claiming that if a better outlet pipe had been selected the well could be run at high enough pressures to reduce the cost of connecting to the water system.

3. The Milk Ranch well hasn't been run for three weeks. The conspiracy theory faction is concerned that this will lead to the well plugging up again.
4. The conspiracy theory faction is frustrated that everything is taking so long. It wasn't made clear in the meeting how running off all the technical expertise is going to speed things up.

By this point you are probably wondering whom this conspiracy theory faction consists of. From the comments made there is apparently a majority of the board in the conspiracy theory faction. Mr. Gary Lovetro, Mr. Mike Greer, and Mr. Richard Dickinson were vocal members of that faction at the meeting. Mr. Tom Weekes, Mr. Ron Calderon, and Mr. Don Smith were pretty much silent throughout the meeting. Which of those individuals are parts of the faction is not clear, although the smart money is on Mr. Calderon.

The other visible member of the conspiracy theory faction is Mr. Ray Pugel. He was agitated about the Tetra Tech cost estimate, that his "common sense" said is too high. He was also clearly irritated that the well wasn't being run and that it might stop working as a result. He demanded several times that it be turned back on. Apparently he has found someone in Flagstaff who says what he wants to hear because there were multiple statements about "this is how they do it in Flagstaff, why aren't we doing that here". The conspiracy theory faction did not address their views on whether Oswald was the lone shooter or not during the meeting.

Comment: In my view, the basic thread here is that Mr. Pugel is unhappy that he doesn't have a check in his hand yet and he has seen the advice and actions of Mr. Henry, Mr. Ploughe, and Mr. Haney as impediments to getting that check. I also believe that he is concerned that as time goes on people are going to figure out that the district is significantly over-paying for the well.

As a result, Mr. Pugel is working through the board members that he has the most control over to remove those people whom he sees as being in his way. From my observations over the last couple of years, the recall effort and the condemnation were all driven by Mr. Pugel so that he could gain control of the water supply in the area and, most importantly, feel like he had run his hated rival out of town. All on someone else's dime. The bonus to that is being able to take a worthless hole in the ground (at least until the district spent \$114,000 on it) and turn it into a big pile of cash.

In my view, Mr. Pugel didn't like the value that Tetra Tech came up with for the Strawberry Hollow well so he had Mr. Calderon try and get the appraiser changed to someone who doesn't know anything about appraising water assets and that he could influence. When that didn't work, the deal was made before the appraisal arrived, with the value being determined by a retired pharmacist. Now Mr. Pugel is apparently feeling that his payday is threatened and is busy throwing everyone under the bus that he thinks are in his way. Mr. Ploughe and Mr. Haney have been instrumental in his achieving control of the water system, yet they seem to have made the mistake of being seen as a threat to the payday, so out they go. Tetra Tech makes the mistake of using their

experience to make independent cost estimates that Mr. Pugel doesn't like and they have to go too.

At the moment, the district has spent \$114,000 taking the well from the point where no water could be pumped out of it at all to where it is now, has made a verbal agreement to pay \$400,000 for the well plus provide \$171,000 in meter installations, and then spend \$420,000 to filter the sand out of the water and connect it into the rest of the water system. So a total of \$1,105,000 will go for this well. That is a lot of money for a well, especially one that has so many unanswered questions about it.

At this point it seems to be a high probability that neither the Milk Ranch well or the Strawberry Hollow well will be hooked into the system this summer. By the time they replace Tetra Tech and Highland Water Resources there won't be enough summer left. With no water restrictions in place, God help them if they end up having to haul water this summer.

The Payson Roundup article on the meeting can be seen here:

<http://www.paysonroundup.com/news/2010/jun/01/ps-meeting-goes-awry/>

May 26, 2010 PSWID Meeting Part 1

Next regular PSWID Meeting: Saturday June 19, 2010 at 1:00 PM at the Pine Cultural Center

1. Resignations
 - a. The Tetra Tech and Highland Water Resources resignation letters can be found here:
<http://www.waterforpinestrawberry.com/data%20pages/BudgetDocs.htm> .
 - b. The Tetra Tech resignation refutes the accusations by the conspiracy theory faction that Tetra Tech was participating in the conspiracy, was creating a "hostile environment", and was doing unnecessary work.
 - c. The Highland Water Resources resignation letter states that they can no longer provide services since their advice is not being listened to and that the situation is being distorted.
 - d. While the resignation letters were being read aloud Mr. Lovetro said "Good", Mr. Haney's response after reading the letters was: "This is a low point for this organization. This is disgusting for this group. This is embarrassing for the district. I don't care what your feelings are, this is the low point and to celebrate it is absolutely embarrassing".
 - e. Comment: Not sure how the conspiracy theory faction thinks that this helps the community. It pretty much guarantees that there won't be any new water in place this summer. It isn't like there are hydrologists and engineers on every street corner to replace them with. Having this example of what it is like to work with the PSWID board, how many quality firms are going to be interested in dealing with that? Are they going to be able to attract a new General Manager with this type of behavior going on?
2. Milk Ranch Well Estimates

- a. The Tetra Tech estimate for connecting the Milk Ranch well can be found here:

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

The numbers breakout as follows:

- i. Permits/Bidding: \$39,400
 - ii. Survey: \$10,000
 - iii. Construction: \$286,000 (includes \$135,000 for filtration and storage tank)
 - iv. Contingency: \$83,850 (25% of above total)
- b. The Tetra Tech estimate states that it assumes that the land being acquired by PSWID is outside of the FEMA floodway. The well is near the boundary of the floodplain and the floodway. No construction whatsoever is allowed in a floodway.
 - c. The recommendation for the sand filtration by McCandless Engineering Consultancy can be found here:
<http://www.waterforpinestrawberry.com/data%20pages/BudgetDocs.htm> .
The numbers breakout as follows:
 - i. Alternative A-4: \$565,000
 - ii. Alternative B-3: \$171,000 (Recommended approach)
 - iii. Alternative C-3: \$135,000
 - iv. Alternative D-3: \$107,000
 - d. Comment: There was a lot of complaining by the conspiracy theory faction about the Tetra Tech report being available before the filtration report was. I am not a civil engineer, but I have done cost estimates in my area of engineering and I doubt whether the thinking is all that different. Basically an estimate is an educated guess based on the costs that you know and the experience that you have with the costs that you don't know. Then a contingency factor is added to cover what may have been missed, any pending decisions, or has been gotten wrong. The size of the contingency is usually based on the how comfortable you are with the numbers and experience with how much unanticipated cost there might be from project to project. Tetra Tech estimated \$135,000 for the filtration and storage tank (which is approach C-3 in the McCandless report). If the recommended \$171,000 is selected, then \$36,000 of the contingency will be used. Compared to the other construction proposals that I have seen this one doesn't look out of line. Mr. Pugel may have found it convenient to imagine that the estimate doesn't make sense, but he shouldn't pretend to people that he knows what he is talking about. The conspiracy theory faction ought to consider whether there might have been some communication between Tetra Tech and McCandless Engineering prior to their reports being released.

3. Milk Ranch Well Failure

- a. A memo from Mr. Ploughe to the district which includes his description of the events that led up to the May 7th failure of the pump in the Milk Ranch well can be read here (see page 3 of the memo):

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

- b. The report also talks about how the volume of sand in the water reduces as it is pumped at a continuous rate for a long period of time, but that when the pump rate is changed the sand comes back.
- c. Comment: The conspiracy theory faction ignored the advice of the people that they hired and it cost us \$8000 for a new pump. Board members should not be providing direction to staff outside of the board meetings. In general they don't have any knowledge about operating a water system. Board members do not have individual authority to make decisions, that is why there are seven of them and they have to vote on things. Board members need to stop involving themselves directly in the operation of the water system. It only creates confusion and under-cuts the General Manager.

4. Milk Ranch Well

- a. Mr. Greer read a statement accusing Mr. Haney and Mr. Jones of a conspiracy to tear down the district and block the public mandate to purchase the Milk Ranch well. He said that they were creating road blocks, obstacles and expenses to block the purchase.
- b. Comment: There is no public mandate to buy the Milk Ranch well. That was never on the ballot. What was reflected in the voting is a desire by the community to fix the water problem. The "We Have Water Now" of the recall effort clearly over-sold the ease with which the Milk Ranch well would solve the water problems. That it has since turned out to have serious problems means that other solutions may be better money spent than the Milk Ranch well.
- c. Mr. Pugel objected to the \$420,000 estimate as being "mythical". Went on to say that the \$80,000 for 2000 feet of pipe was too high. He said that in Flagstaff they pump a well for 30 days before testing for sand and that if they did that here it would reduce the filtration costs.
- d. Mr. Pugel also rationalized that there is already some sand in the current water provided by PSWID, what's a little more? Mr. Haney responded that Pine and Strawberry aren't third world countries and that we would have clean clear water to drink.
- e. Comment: Mr. Ploughe's report notes that the sand returns when the pump rate is changed. The filtration needs to be able to deal with those changes in a relatively short period of time (hours/days). If the well is taken down for maintenance is it then going to have to be pumped for 30 days to get it to a level of clarity where the filtration can handle it?
- f. Comment: In the course of his talk, Mr. Pugel said about how focused he is on costs because it is his money. Last I heard, \$114,000 of it was our money.
- g. Mr. Pugel objected to the fact that the well is currently not being run and his concern that the well would plug up again. The well had been off for 19 days since the pump failure.
- h. Comment: If the well is so susceptible to plugging up that it has people jumping up and down after a couple of weeks how difficult/expensive will it be to operate the well as part the water system? Has anyone looked at

what the operational costs for this well will be in comparison to a normal well?

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.