

MAYER DOMESTIC WATER IMPROVEMENT DISTRICT
MINUTES OF SEPTEMBER 12, 2002
BOARD OF DIRECTORS MEETING

- I. Call to Order at 7:07 p.m. Roll call of members all present.
- II. Motion to approve August 8, 2002 minutes. Duane Hines moves to approve, Walt Diskin seconds. All in favor motion carried.
- III. Public Comments:

Chairman: Again, you are given five minutes on each of your subjects.

Lamont Hunsinger: I misunderstood the program – I thought my name was on the agenda, I didn't realize this was only public comments, so I'll wait till the time comes.

Hegil Bennett: I have items on agenda that I want discussed. A, B, E, and H. I'm also interested on the question and answer page that was distributed. There is a lot on it I want answered.

Chairman: If you want to comment on the items when we get to them, you can ask your questions. Hegil: Okay.

Dave Albins: I have a number of issues – one of the things recently is that there appears to be two separate agendas. One is an emergency agenda that includes a six-inch line. I had a note I wanted to send to Tim Edwards. For some of us more water should be the focus on the agenda. Why are there two agendas and not one? We should have just one, which is more water. Many things could be done ~ What is being done? Visually nothing is being done that we can see as a community. The 6" pipe which we have been being working on – this hasn't helped us during our emergency. Many things could be done now – why does a 6 inch line, which can only serve a few, take a higher priority than fixing leaks, etc. I feel there is an agenda hidden here. Future things are being done – but no emergency situation issues are being done. Lets hook up this two-inch line, and then if there is a negative affect on the aquifer, let's cut it off.

Chairman: Thanks Mr. Albins.

Frank Soto: I'd like to address the comments from Mr. Albins: Regarding the 2-inch line – staff has been dedicating time to address complaints by certain individuals. Every time we try to do things we get interrupted by ADEQ. They are requiring continuous coordination, which shouldn't be required. I know Mr. Albins & others have been talking to different agencies & others regarding the Oak Hills well – this is something we've always wanted on line. We tried to test this well to see what it would do to neighboring wells. Unfortunately we weren't allowed by neighboring property owners to do that when we approached them for permission.



Dave Albins: My concern Frank was the two-inch versus the six-inch. If there was an emergency we were fine with the two-inch line – but now the District is seen working on a six-inch line, which was not voted on.

Frank Soto: Twice the board approved the six-inch line by a majority vote, which is in the minutes.

Margie Good: There are a few things I've been hearing I want cleared up. I heard there was no emergency for water, is that true?

Bill Whittington: Can't respond.

Frank: Can I respond for her?

Margie Good: If I ask questions, they can't answer?

Bill Whittington: Explains public comments procedures.

Margie Good: I've heard that there was no emergency, and that there was a water deficiency that was fixed. Whatever was going on - the water is back and in the system now. Before the rain – so anyway. There was an emergency blanket put out so that ASUA could use funds for this emergency without Board approval. What I'm concerned about is the fact that there can be a blanket emergency where the management can just go in and disregard the Board. Maybe the people don't know how these maneuvers can be used, but people who are in this line of work know how these maneuvers can be used. I was hoping tonight if this is a fact or not.

Frank Soto: In regard to your question Margie – I believe you were at the meeting when the Board did approve the six-inch line. It was voted on twice and passed. In my opinion it was an emergency because there were people out of water. Mr. Edwards Okayed to get people to haul water. {Frank spoke a couple more sentences, but I could not hear him distinctly.}

Chairman: Okay.

IV. A. Manager Report:

Tim Edwards thanks everyone. Some of you may remember in February of 2002 when the staff raised concerns to the potential threat of a summer water shortage. There was concern if this was valid. When the Board voted to revoke the moratorium, staff presented information to help in the decision-making process so the Board wasn't making a blind decision. If this information were updated it would show trends. Tim E. discusses the D&R well pumping levels at being 115 ft. If you look at the second of July it declined to 135 ft. which means there was a 20 ft. drop in the aquifer. This means less water to pump and more head to pump. The ability to produce is diminished. You can see that not only is ground water declining, but the

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capacity to pump is also diminished. The Gate well: March 2002, approx. 75 ft. was the pumping level. 2nd of July it decreased to 160 ft. which is a pretty significant drop. The Cliff well: Same trend. At one point in the summer the Gate turned off cause there wasn't enough water. The Lucas well: When the pump is off the static is at 60 ft. yet when the pump is on the level is at 150 ft. The recovery time is very short. So it takes us right down. This means the well isn't recovering at a good rate. We also provided numbers for you, which showed how that directly related to the pumping capacity of the wells. In 2001, while pumping levels are declining, consumption increases. Tim explains using diagrams. In approximately June or July of 2001 the average daily consumption was approximately 197,000 gallon per day. This time the District's ability to produce is 187,000 gallons per day. You can see that when we did this graph the same trend appears. We found the average daily consumption was 175,000 gallons per day and this didn't reach the peak of last year. For purposes of this discussion: Installation of meters and the impact – so was the water crisis made up? The district had every pump running with exception of the Gate – yet storage tank levels declined until there weren't enough water to give all the customers. I decided it was necessary to haul water. In this regard, that had to do with the crises. (Tim shows other insights in graph form.) Staff provided considerable amount of time to address needs by checking for leaks, staff walked the system along with several community residents. We appreciated their help. I also point out that at one point after we ran out of water several community members voluntarily cut back in their water usage – this has helped. We were able to overcome the shortages and now all storage tanks are full or near full so the reserves are there to continue. We hope people don't now think it is okay to go out and water their lawns because the District's ability to provide is still not that great. The trend is, is that we need some time to recover ~ we need significant precipitation – not monsoon storms, it will take 10 inches over 6 months to overcome this drought. It must be a continual rain not a monsoon. It's a fact that DWR has made reference that Buckeye is in a waterlogged area. May I get on to the Oak Hills well construction? Because the fact that we need additional sources to supply water because current sources aren't sufficient, it was determined that the construction and installation of Oak Hills well would proceed. This has been approved by the Board on two separate occasions, so the staff is now working on it. We are within days of getting it into service ~ yet there have been delays. DEQ requires a chlorinator – no need for one, but it does make good sense. We are negotiating with them on this issue. We have the parts; the last of them came in today. Second, ADEQ has determined that the well is located in a 100-year flood plan – they say it has to be raised four feet. We again argue with the Dept. that this is not necessary, and that an exclusion should be made. However, since the requirement continues to exist – it makes it difficult to put that well into service quickly. They are evaluating their position now on this issue, and we hope to have an answer soon. This is a good supplemental source to keep up with our demand. Also, we are in pursuit of additional resources and we are doing what we can to make sure they will be at minimal cost. So as it was pointed out the ASUA / staff realize we don't have a blanket authority, so some expenses need to come back to the Board. We have been approached with other wells, and we need to evaluate them for viability and water quality. We will discuss Poland in a little while. We



don't have the data we need to determine if these wells are viable at this time – we are working on getting this information. We can't just go turn the switch on just because we feel it's a good thing to do ~ if we did we would be in violation of safe drinking water rules. . etc. by the EPA. We will be participating in some BLM discussion in that regard as far as new sources. Some cursory information we can provide – The bakers asked the District to evaluate the need for an easement through their property. We have been working with two attorneys on this issue. We have a water attorney involved because of their background. The other is the District attorney. So while there doesn't appear to be progress on this issue, there are efforts being made to resolve these concerns. The Bennett's line extension is connected with the Bakers. Once we have a resolution with the Bakers then we can pursue the Bennett's issue. We have interested parties with the Hunsingers easement here tonight. It has been requested that the District move the service line and the easement – there may be some advantage to the District doing this. However, there are discussion points that need to be resolved.

A contract to provide meters to the Albins – the District is looking to extend the deadline to cover the period of the moratorium. Attorneys are drafting material to provide the Board now. There is a proposal to alleviate pressure problems involved.

Chimney Ranch: We will have an additional discussion this evening.

Lucas well pump setting: It was suggested to lower the pump, after visiting with the District's pump company it was determined this was already done.

We have to do MPA tests on our wells because after the ADEQ inspection was completed, it was determined that they are all in flood plains and may be under the influence of surface water. We've asked ADEQ to hold off on this requirement since we are short in water.

Security: There is a push to implement new security measures. The District is looking at certain measures – we have additional concerns, which need to be addressed. We are in process of obtaining quotes to secure some sites by replacing old fencing and also secure the new locations where we are developing new piping, infrastructures, wells, etc.

The Robeneau's have asked us to re-evaluate the annexation of their property Soto's property as well has been asked to be annexed into the system.

There is a need to replace production meters. One issue raised recently is water loss, and we have some data that suggest leaks are not significant, but water consumption is. We need to confirm this. By installing new production meters we will be able to determine with accuracy.

We need to clean storage tanks. We are in process of collecting bids for divers who can disinfect our systems. This will save money in the long haul.

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The ceiling in the office hallway has collapsed and needs repair. We have an action item tonight on roof repairs.

Additional items are writing emergency plan amendments that are greatly needed. Including conservation measures.

Procurement policy amendments. The staff has concerns about how procurement takes place. There are situations when staff has to extend a certain amount of money, things slow down when we need a Board vote for everything. We need to make some amendments.

Delinquent account policy. We are aware of the concern that was brought up by the community regarding this issue. There is an opportunity for people to take part - Board committees. Members have recently expressed concern that they don't have a voice - so the Board has asked for assistance, which includes by-law amendments issues, questions on the regulatory fee fund, etc. There are many differences of opinion on what to do with this money. Committees will take part in making these decisions.

Street valve markers: We have received equipment to mark valves - it is in process.

Reid easement issue: Mr. Reid wants us to evaluate the reason for the easement that goes across his property.

There are other daily items, but I want to provide more detail - this concludes my report.

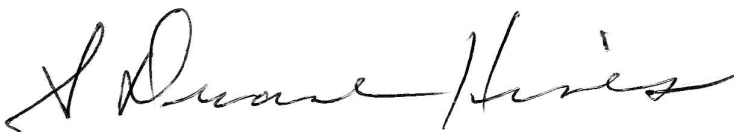
Dave Albins: Has one commit on report.

Tim Edwards: I do have another issue, but would like to table the rest of my report to end of meeting.

Dave Albins: Your report is very thorough - deals with a lot of concerns. But, I don't see a comment from you regarding tank overflows. We've had six leaks now and there has been a significant water loss during our emergency. I think this overflow issue should have been on your report, and we need to get this in your future reports. Call me if you need to. I can tell you what is going on - we were told there was a mechanism problem; I want to see a report on this.

Tim Edwards: If I can address this now - the list we have today was not exhaustive, there are more issues - we have received one quote on automatic valves as well as computerizing the system from Global Specialists.

Margie Good: Regarding Item 12, which was the MPA analysis. Is that the same test that requires they pump the wells for 8 hours -

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Tim Edwards: Yes, but the wells haven't been pumped.

Margie Good: I called ADEQ and spoke of our concern. They said we could pump the water right back into the system.

Someone??: We'd need another storage tank – spend a lot of money to implement that –

Chairman: Is there a motion to table the rest of the Manager's Report until the end of meeting? _____ moved to table the rest of the Manager's Report, seconded by _____, all in favor, motion carried.

IV. B. Bill Whittington: Speaking Regarding Attorney / Client Conflict of Issues.

My firm didn't represent ASUA or Mayer Water when the contract was being written and they began their relationship. Sometimes there are waivers signed where both parties agree of this form of representation, it is costly, most people don't go that route. We are obliged to tell both parties of any conflict, which we feel may be an issue. Bill Whittington stated that he has never read the contract between ASUA and Mayer Water.

Paul Hines: I was wondering who differentiates billing issues, and who gets billed for what – this District has been billed 7500 in legal fees since we have acquired ASUA.


Bill Whittington: I suspect, however, I don't have a current recollection. If we do anything relating to the Water District we bill the Water District. If ASUA has a question regarding another matter not involving MWD we bill ASUA.

[questions asked Bill]

Tim states that Brenda is the contact person with MWD issues. It is an unspoken rule that Brenda deals with the MWD attorney to avoid repetition and unnecessary fees be billed the Water District..

Margie Good: Has there been an increase in the amount of involvement with attorneys since MWD has been involved with ASUA? Bill: Don't know for sure the person who pays the bills would probably know –

Frank Soto: The District has asked for legal counsel due to all current issues and complaints that have been raised. It has been advised that we have legal counsel because we are being watched so closely and scrutinized.

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IV. C. Agricultural Specialists Tim Baer and Glen Hale From Prescott Valley Nursery to Speak Regarding Proper Methods of Watering Landscaping and How Not to Waste Water.

Tim Baer states that 80% of dead plants we get back are due to over watering. As far as lawns and things of that nature – plants are photoactive. They don't take in water at night – water in the mornings. Most plants need daily watering such as shallow rooted plants. They only need daily, maybe 20 minutes. Most people over water. One inch of water will water soil down to 6 inches. Put a coffee can out there when you have an inch of water in it shut the water off. Margie Good: Arizona Cypress: Must they have water on their exteriors? No. They can benefit from high humidity and can get water out of the air and survive. Dave Albins: Is there a good rye grass, which can be put on the ditches around the overflow tanks? Might want to do a combination things – Mexican evening primrose – helps erosion. Water at the drip line – I water everything by hand in my yard. I water once every three of four weeks. Shrubs once a week. Bedding plants & lawn every day.

IV. D. Presentation by Bill Roberts (Pump Tech) Regarding Facts of Lowering / Installing Pumps.

We've dealt with pumps for over 25 years. We've been doing most all of Mayer wells. I've been asked tonight to speak on the merits of dropping the pumps deeper into the wells and the merits of changing some of the pumps into the wells. What I'd like to do is construct a well for you to get some base lines to get some basics of a discussion going. We are required to put a 20 ft deep surface casing (also called surface seal) inside using a bit and take it to the bottom of the hole. We have to install a pump on the discharge pipe, which will bring water out of well. We have a pump with an intake screen and a motor to drive the pump. Our goal is to get water to the storage tanks. It takes horsepower to get the water from the well to the tank. Doesn't matter where the pump is installed in the well. What matters is the pumping level. The difference between the static level and pumping level is the draw down. It takes certain amount of horsepower to get the well . . . total dynamic head. Bill explains the workings of a well - If water is being produced at a higher elevation that where the pumps installed, once you pump the water out, there is no gain – Regarding the Lucas well – it will give MWD no gain to lower the pumps. There are wells in MWD where the pumps are a little high off the bottom. It indicates that almost all pumps are in close proximity to the bottom of the well already. The exception is Chimney Ranch #3. Most water was made in the first couple hundred feet in this area because it is fractured rock, not an aquifer. I told Frank there isn't much sense in spending so much money, so we put the pump not knowing what the well would do – we were pleasantly surprised that the 5 gallon pump was adding water to the District. In order to get more is to put a 10-gallon pump in, but the well is not likely to support the kind of water that would be pumped out. I think basically that is how I think. As

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far as lowering pumps – this is the approach I took as I told them there wasn't much we could do to produce or better the well production.

Dave Albins: Regarding Chimney Ranch: Our main concern is the deal with the Lucas well. We knew from the meeting we had at the District office where we asked for logs – we weren't talking about lowering pumps in wells – we were obviously talking about wells where the water was coming in underneath the pumps. If the District doesn't have records on all wells, I can make copies for them – that well produced water and the history of the well is in the file, the history says they put dynamite in the well, and soft shifts. There is a good chance that that particular well has water under the pump. I'm disappointed that we haven't pursued this after our meeting the other week. Dave Albins elaborates on the history of the well, and various methods of improving production.

Bill Roberts: If I had been approached, if I had seen the records. That was a point in time that the well did that - best thing to do is put a test pump in that will exceed that 60 gallons a minutes to prove up what the well will do for about 24 or 48 hours to get the draw down. It would be a pretty expensive test, but it would prove the viability of the well. Three phase is great – my recommendation would be if your going to put that much money in the well I recommend to case the well, the well & pump was not trapped from any localized falling, but if you put a higher horsepower pump, if we put the same type of pump into the well. If we're going to invest that kind of money if you don't protect your pump, you have the potential to lose your money and have bad results. Dave Albins: We need to use the history to be able for the Board to make decisions on how to improve our production. Also, the pipe that transfers this source to the - {couldn't hear distinctly).

Frank Soto: Dave Albins asked why we didn't lower the pump to 400 ft. what would we have gained?

Bill Roberts: The pump could not pump water to the storage tank.

Frank Soto: Due to the history of the well, when Mr. Abins had contamination problems, so we chlorinated how this was a consideration.

A man??: When we pumped all the water for 24 hours for 7 days you lowered my static level. I never had any trouble with that well, then the sucker rod in my windmill broke. Now I'm running electric, my pump will pump twice a day from 20 min. to 45 min and it shuts off. That's all the water I'm getting. You had a two inch pipe layed out – to me it would have been simple to run that pump for a while to see how long that was going to pump water.

We checked the well after the tests were done. I'm not saying the Oak Hills testing caused your well to go dry – you may have an opinion to that. But I can't say that was what took place.

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Man: I would also like to ask nicely to have the road fixed.

IV. E. and V. A Discussion Regarding Changing Procurement Policy on New Projects and Emergency Matters.

Tim Edwards: The staff has done research and is preparing for work and developing committees. We have data and we are looking forward to presenting that data to a committee so they can review that data and come up with a policy that makes since. We have developed a new policy statement that is good, but we would prefer not to take action until we have a committee review it. Motion to table E – Board committees.

Tim Edwards: The reason I've suggested to table this issue is because we have only received three applications during the past two weeks, so we'd like to continue posting it so more of the public has a chance to participate. We haven't had the response we were hoping for.

Duane Hines moves to table E – Dick Diffenderfer seconds. All in favor, motion carried.

V. B Discussion / Decision to Hire Darlene Wood for Annual Audit.

Tim: External monitoring can take place to make sure that staff is responsible. We've previously been authorized to accept bids. We've only gotten one – we would like the board to accept Darlene wood. Walt Diskin moves to accept, seconded Duane Hines, all in favor, motion carried.

V. C Annexation of Soto's Property on Stagecoach.

Tim: we would pursue the annexation – Mr. Soto submitted a letter requesting the Board to consider annexing his property – he understands that he would provide payment of any recording fees, all costs, and providing legal descriptions. Once provided, the staff would pursue annexation. Dick Diffenderfer moves to accept Soto's annexation pursuit, Duane Hines seconds, All in favor, motion carried.

V. D Water Source Testing for Poland Junction Well.

Tim Edwards: Explains well offer by Russell Wallace and describes all terms of transferal - Tim reads his staff report stating well proposal and various requests by Russell Wallace.

Margie Good: Has a concern: If he intends to subdivide the land which would need meters. Are you gonna trade him a line extension for a well? – (discussion) Dick Diffenderfer moves to deny procurement of new Poland Junction well, Mike King seconds, all in favor, motion carried.

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V. E Discussion / Decision to Upgrade Chimney Ranch 1, etc.

Tim Edwards: We've heard presentations this evening and there are various opinions if this would be a viable opportunity. I suggest you weigh the presentations.

{Discussion} Walt Diskin moves "to do whatever needs to be done to upgrade the system", Mike King seconds, all in favor, motion carried.

V. F Discussion / Decision to Accept Roof Bid From Gary Thompson.

Tim Edwards: The Board has a copy of the bid – and as I mentioned earlier, damage has occurred since recent rains – we would suggest the Board votes in favor of this issue. Walt Diskin moves to accept Gary Thompson's bid, Dick Diffenderfer seconds, all in favor, motion carried.

V. G Discussion / Decision to Relocate Meter on the Hunsinger Easement.

Tim Edwards: We didn't prepare a staff report on this – the staff has been in contact with the residents involved and we are working up details. There are advantages to doing this, but I feel there are still more details to be involved. Property owners draw descriptions and tells complete issue. Tim Edwards: If the issue is just moving the water meter fine, however there has been a request to extend the water line across the property. We would need to provide you with a legal description for the easement, moving the meter can't happen tomorrow but, as its been mentioned – Guss wants us to do more than that – we don't have the information needed at this time. Frank Soto: The policy states that whenever the property owner requests moving a line, its at the homeowner's expense. Duane Hines moves to table this issue until we have more information, dick seconds, all in favor, motion carried.

V. H Discussion / Decision Regarding Management Contract.

Tim Edwards: We've prepared a presentation in regards to this action item. Due to the hour we'll keep it brief. It's detailed, which it needs to be, however. ASUA is a non-profit organization. One question in this letter is who are the beneficiaries of ASUA – there are none. ASUA is governed by a 7-member board just like MWD. We have engineers & a myriad of experience on the Board. There are 300 utility members in this organization. Tim describes ASUA, the two yearly conferences, the opportunities and abilities to share resources, employs qualified professionals, we train hundred of personnel each year, the association assists a minimum of thirteen systems a year, provides all realms of assistance which ADEQ regulates. Tim describes contract between MWD and ASUA. Tells what ASUA pays for and what exactly the District is getting for there management fees. Tim tells what advantages the District is getting for free.

Margie Good: Please define you statement that ASUA is a non-profit organization.

Tim Edwards: We are incorporated with the state of Arizona. We have to file annual

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reports with the state proving corporate status. The association adopts its own by-laws & governing policies.

Margie Good: Disappointed that we have eligible employees who aren't receiving benefits like Bobbi F. Frank Soto chimes in and explains certain employees' benefit status.

Margie Good: Asks about writing grants and Tim E. states that part of Brenda's job duties are grant writing and easement writing.

Margie Good: What is duplicated – if we were just members for 300 a month – what would we get if we remained members, but canned ASUA. Tim answered by referring to his diagram.

Paul Hines: You said we have experts to keep us in line with all of our ADEQ requirements – are we in compliance with all of the rules now? Tim: It depends on the day – an honest answer – it depends on who you talk to.

Dick Diffenderfer: Before ASUA took over we didn't have insurance for our employees. Frank states the costs are over \$500 per month for one employee. In nine years we never had any insurance policies. No benefits. Bobbi did receive the equivalent of one week paid vacation – and payment while she had to take off when her mom passed away.

(Discussion on salaries, health care, etc.)

Mike King: \$90,000 shocks me - I thought employees' salaries were more in the range of \$60 or \$70,000. There was a lot of work done maybe when we were making improvements on the District. Frank: ASUA is here today because of me. When I had the opportunity to work for them I informed the Board of my situation. I told the Board I was willing to stay on, but I couldn't be here on a day-to-day basis. Frank tells his story and how ASUA came on board. The majority of the board still wanted to continue the relationship with Frank.

Mike King moves to discontinue the relationship with ASUA, Walt Diskin seconds, Dick Diffenderfer, Mike Shoemaker & Duane Hines oppose, motion failed.

Attention to finalizing the Manager/Operator report that was tabled from earlier in the meeting. Tim Edwards: There are several individuals that I would like to recognize who offered outstanding help during the so-called crisis we had, this was an unpleasant time for everyone. Bobbi Flick for her endurance – {offers a certificate}. We would also like to recognize Mr. Frank Fuentes for his outstanding performance during that period. In addition, Mr. William Jones, in recognition of his outstanding performance and Brenda Lawyer for her outstanding performance. The phone rang off the wall – there were individuals going to employees homes – we responded to a water leak that didn't exist. I wanted to recognize them and thank them.

Dick Diffenderfer: I've been on the Board six plus years. During this time significant improvements have been made. During the past six months I've listened to considerable criticism. Comments have been made regarding the integrity of the water Board, future plans, management of the water system. I've had enough – I hereby resign from the Water Board on Sept. 12, 2002. Bill Whittington moves to accept resignation and put on agenda.

Motion to adjourn, all in favor, motion carried.

Meeting adjourns at 10:20 p.m.

Shane Kneiss