



Board Action Item

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| MEETING DATE: | 05/21/2020 |
| AGENDA ITEM: | 5 A |
| PRESENTER: | Bob Arbuthnot |
| SUBJECT: | Chairman's Report |

1. We held a public meeting on the 2020-2021 budget and the proposed rate increase of \$3.50 to the base rate on Saturday May 16th. There were only a few members of the public present and one person called into the conference call with questions. We explained how the rate increase was determined and how we were off setting the original \$7.50 down to \$3.50 by using the settlement monies from the OMI lawsuit. Board members have handled phone calls from some of our residents regarding the increase. Mr. McCoy and Ms. Hillman returned calls to people who had questions or just wanted to be heard.
2. I participated in a phone conference held by County Supervisor Tommy Martin on May 6, 2020 regarding the Ponderosa Water Company. There had been a previous teleconference with our lawyer on April 29th. The minute of the first meeting are attached. Mr. Riley will be covering this subject in his report to the board tonight.
3. The COVID 19 pandemic has resulted in many of our part time residents coming up and staying up here from the valley. Water usage is up, reflecting the increased people. Mr. Esquivel reports that line breaks are down this year which is good as we have had few customers with outages during this time period.
4. Progress on evaluating the USDA funding is being driven by our treasurer who has been pursuing a grant for the required environmental assessment which must be done prior to our being able to apply for any funding or even find out what the costs would be should we decide to go forward.

DATE: Wednesday, April 29, 2020

TIME: 4:00 PM

LOCATION: N/A – teleconference

PUPOSE OF MEETING: Discuss options to address water quality concerns at Ponderosa Water LLC

NAME OF FACILITY: Ponderosa Water LLC (Public water system ID: AZ0404020)

ATTENDEES:

| Name | Affiliation | Title |
|--------------------|-----------------------------------|---|
| Tommie Martin | Gila County | District 1 Supervisor |
| Albert Hunt | Ponderosa Water LLC | Owner |
| Steve Sutton | Ponderosa Water LLC | Customer |
| Jeff Crockett | Crockett Law Group / Ponderosa | Attorney |
| Linda Taunt | AZ Dept. Of Environmental Quality | Technical Assistance & Capacity Development Coordinator |
| Reshet Gebremariam | AZ Dept. Of Environmental Quality | Technical Assistance Coordinator |
| Riley Snow | Pine Strawberry DWID | Legal Counsel |
| Brett Baxter | Arizona Corporation Commission | Assistant Director - Utilities Division & Small Water Systems Ombudsman |

Meeting Summary:

1. Linda Taunt explained ADEQ's Technical Assistance Program hired a contractor to explore three alternatives to address ongoing aesthetic water quality concerns:
 - a. Treat the water
 - b. Drill a new well
 - c. Abandon system and connect to the Pine Strawberry Domestic Water Improvement District (DWID)

This would help Albert Hunt make a decision on the best path forward. The ADEQ contractor is planning to visit the system in May (on hold until next week's call).

2. Albert Hunt explained that he wants to figure out a way for his customers to be connected to the Pine Strawberry DWID's water system at an affordable cost to the customers. Albert also indicated he wants to get out of the water business.
3. Jeff Crockett – the goal would be for Pine Strawberry DWID to bring on the 49 customers without huge expenses to the customers or the DWID. The members have been paying into the district through their property taxes but not impact fees or service. There is a Certificate of Convenience and Necessity (CC&N) that would need to be addressed. The dollar amount given by the district to connect Ponderosa customers is significant.

4. Riley Snow - Pine Strawberry DWID is willing to take on Ponderosa's customers but is not financially able to fund the connection (the DWID has an outstanding WIFA loan).
5. Jeff Crockett - Pine Strawberry DWID may be planning to install a transmission main to loop their water system. The main would make it easier to connect Ponderosa's customers to the district's system. Jeff asked if there is a way to install a waterline which gives Ponderosa customers access to good water (DWID) and change the Ponderosa service lines over time. Jeff also asked what the district's capital improvement plan is for installing the new main transmission.
Riley Snow to check on this - can't give definite answer today.
6. Steve Sutton brought up a question about property taxes paid to the DWID by Ponderosa's customers. Riley Snow explained that, to the best of his knowledge, when the DWID was formed, Ponderosa opted to not become part of the DWID which is the reason why Ponderosa is not receiving water from the DWID.
7. Brett Baxter - The Arizona Corporation Commission (ACC) has a process to cancel a CC&N. The ACC would like to be kept in the loop and is willing to help with the process.
8. Linda Taunt – if everyone is in agreement that connecting to the district is the best plan, ADEQ can have the contractor focus on that option and prepare short term & long term plans and cost estimates for the waterlines and service lines to all 49 customers.

Expectations:

1. Riley Snow to talk with Cato Esquivel and get information on:
 - a. Possible water main extension plans, and
 - b. Connection cost estimates
2. Tommie Martin to set up a follow-up teleconference for Wednesday, May 6, 2020 at 4:00PM.