

PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT

PO Box 945, Pine, Arizona 85544

**MINUTES**

**Special Meeting of the Board of Directors  
Pine Creek Canyon Domestic Water Improvement District**

**Date, Place, and Time:**

**Saturday, February 27, 2010**

**Place: Pine Fire Department, West Hardscrabble Mesa Road, Pine, Arizona**

**1-800-391-1709, bridge code # 151596**

**8:00 AM**

**Present:**

**Presiding: Ernie Borgoyne – Chairman**

**Board Members: James Crews, Allan Johnson and J. Pak, telephonically.**

**District Manager: Harry Jones**

**Others Present: Pat Watson, Administrative Assistant, Carolyn Schwartzel, Russ Goodenough, Barbara Carillion, John Johnsen, William Hillman, Mike Ploughe, John and Roxie Helbert, Larry Field, Jim Shano, Teri Jones, Tom Jones, Bill Whitcher, Tim Matthews, R. D. Anslow, and JohnVelotta (telephonically)**

**1. Call to Order**

Meeting was called to order at 8:00 AM.

**2. Discussion and/or action regarding technical status – Harry/Mike**

- a) What has been completed to date  
The drilling of the deep well is completed as per page 1. The hole is ready for testing and installation of the pump. The well was drilled to a depth of 1780 feet. The drilling is approximately \$200,000.00 over initial budget in order to drill deeper, install filter and to plug the leak in the upper aquifer – plugging the leak was \$39,000.00.
- b) Production capacity  
The well is expected to produce over 60 gal/minimum depending on the size of the pump installed.
- c) Filter effectiveness  
Filter is working well. A picture was presented of water samples. Two samples before deepening the well and one at the final depth with the filter installed. We should not need a filter on the surface at lower volumes.

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**3. Discussion and/or action regarding financial snapshot – Harry/Crews**

- a) Actual expenditures to date  
The original loan was for \$625,000.00 of which ½ or \$312,500.00 is forgivable. \$511,000.00 has been paid to vendors to date leaving a balance of \$113,000.00 to draw on the loan.  
Motion by Mr. Crews to authorize the District Manager Harry Jones and the Chairman Ernie Borgoyne, to accept the additional \$200,000.00 from WIFA and sign the needed paperwork.  
Seconded by Dr. Johnson.
- b) Breakdown of available working capital  
Discussion: The terms are the same. The debt will be \$512,500.00 in total. First payment is due March 1, 2010 but WIFA will draw this amount from the WIFA bank account. The first scheduled monthly payment of \$6,368.00 assumes all funds were advanced at the start of the loan, so since that did not occur the first payment will be less..  
Roll Call: Mr. Crews, Dr. Johnson, Mr. Borgoyne and Ms. Pak all say Aye. None say Nay. Motion passed.  
It will take approximately \$115,000 to complete the well. Of the \$225,000.00 left (includes the \$25,000.00 to be contributed by the DWID).

**4. Discussion and/or action regarding plan to complete – Harry/Mike**

There is a \$225,000.00 to complete the project. \$195,499.00 to complete the project with \$27,000 remaining.

- a) Pump – What capacity  
This will be discussed with the topic of whether or not we sell excess water.
- b) Top-side filter needed?  
Mr. Ploughe stated that at this time he does not feel that a filtering system will be needed at the surface level.
- c) Stand-by generator?  
There will be one generator at this time. The size is not determined yet. Cost is about \$30,000.00.  
Sunrise Engineering will design it so the generator can be switched manually to cover the pump and the pressure in the line for fire suppression and the customers.  
Mr. Velotta stated that we need to make sure the propane line to the generator is sufficient in size.
- d) Break-down of tasks to complete including timeline – Harry/Mike  
See attached sheet

**5. Discussion and/or action regarding investment needed to be able to sell excess water. Harry/Mike**

Mr. Jones presented information about the Pine/Strawberry Community. The PSWID is the main purchasing agent for water. Pine/Strawberry has a \$1,700,000 line of credit to move forward. Pine/Strawberry wants to purchase 300 gal/min. ASAP. They presently have 150 gal/min and want another 150 gal/min. They want another 300 gal/min for a total of 600 gal/min for future use. PSWID is the only buyer in the area. Harry Jones

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believes they are willing to assume the risk cost of installing the pumping system (pump, motor, column, pipe, electrical panel and filtration system if needed). PSWID would probably be willing to pay a proportional cost of expenses. If PSWID uses 90% of the water, they would pay 90% of the expenses. Harry Jones felt the PSWID would be willing to pay for the hook-up. There is a convenient place between Lots B2 and Lot 32. Mr. Borgoyne asked “When do we need to decide on the size of the pump?”

Mr. Ploughe stated we needed to decide if we want to sell any water and we should decide today. We should go with the 50 gal/min pump set-up and the larger pipe from the pump to the tank.

Mr. Crews stated we need to finish our projects before we decide if we want to sell any water.

Mr. Ploughe stated we needed to decide on the size of the pump now although two to three weeks may be okay.

Mr. Crews stated a larger pump would cost about \$10,000 more and that would be a good investment. WIFA money won't be available for approximately two weeks so we really can't commit.

**6. Discussion and/or action regarding update on the Pond Project – Harry**

a) ADOT permits

Mr. Jones stated that ADOT will issue a letter that has been approved by the Attorney General's office. An encroachment permit will be issued so PCCDWID can build the berms. The berms will solve the issue if the detention ponds above Ruin Hill Road is expanded to the size that was designed in 1994. That detention pond is on DNW property. They will send a letter to all involved parties – PCCDWID, Portal IV HOA, Portal IV, LLC, DNW and JNL. That permit should be issued next week. The design work and the survey work is done and ready to go. The letter will state that if the highway is damaged or the berms are washed out, or there is illicit discharge. ADOT will look to those that did not take action to protect their roadway or right of way. The ponds are designed for a 100 year event but the detention area is only for a 10 year event at this time and needs to be expanded for a 100 year event. This is DNW's responsibility and anyone who does not meet their obligation will be held liable by ADOT.

PCCDWID can start work three weeks after we get the permit. PCCDWID needs to put out the bids. Mr. Crews recommended the bids be put out now.

**7. Discussion and/or action regarding update on ARRA Contract deadlines – Harry**

Mr. Borgoyne stated that this is a non-issue so no discussion was held.

**8. Motion to Adjourn**

Mr. Crews moved to adjourn, Dr. Johnson seconded the motion.

Roll Call: Mr. Crews, Dr. Johnson and Mr. Borgoyne all say Aye – (Ms. Pak had to leave the meeting). None say Nay.

Meeting adjourned at 9:20 AM.