

Monday February 15, 2010
Montezuma Rimrock Water Company
Montezuma Estates Residents

There are two issues here:

First: The new well.

Second: Arsenic Abatement Program.

OBJECTIVE: Safe and available water for the Montezuma Estates community.

I agree, the community needs drinkable water provided by a reliable water company. The arsenic treatment system that MRWC proposes requires a water source that will provide 150 gpm. This source does not have to be well #4 on residential parcel 405-25-517. Let's focus this discussion on the Use Permit and the affect well #4 would have on the immediate property owners within 300', the Montezuma Well National Monument, and the Wet Beaver Creek riparian area. The Planning and Zoning hearing is for a Use Permit and Screening Variance for residential parcel 405-25-517, not for the arsenic treatment system on the well site #1. Liz Allen

1. Feb. 15, 2005: Arizona Corporation Commission grants permission for the Montezuma Rimrock Water Company to purchase the water company from the Montezuma Estates Property Owners Association. Mr. Pete Sanchez ran the water company for the association and in 2004 rejected a possible sale of the assets to the Arizona Water Company. The company was sold to his daughter, Patricia Olsen, who had helped Sanchez manage the company.

Corporation Commission staff recommends against the sale of the company to Ms. Olsen, but Commissioners vote in favor of the sale, stipulating that the company must post a \$30,000 surety bond.

The ACC Notice of Decision states that the company has two well sites and "is negotiating for a third well site". The company states it plans to install a Reverse Osmosis arsenic treatment system in each home to meet new 10 ppb federal standard that goes into effect Jan. 1, 2006. (Exhibit 1)

Kayo Parsons-Korn: It seems to me that the Corporate Commission based its decision for the sale to MRWC based on the fact that Patsy said she was looking into Point of Use Arsenic removals systems to satisfy the EPA rules. Five years later, nothing has been done to meet the safe arsenic levels. In the mean time, MRWC has grown the system from 123 hookups to 480. Why does Patsy continue to add customers

to the system when she is not meeting the legal requirements of providing water to the existing customers? The Corporate Commission also said MRWC was to buy and keep in place a \$30,000 surety bond to guarantee performance. Was that bond purchased and kept in place? MRWC was also to file with the Commission within 60 days of their decision for sale, an arsenic removal plan. Was that plan produced and delivered to the Commission? (arsenic issue)

According to Mrs. Olsen's powerpoint presented on Jan 30, 2010, MRWC has 225 connections. What is the correct number? Liz Allen

KALA: I BELIEVE THE 480 IS MAXIMUM BUILD OUT WHILE THE 200 PLUS ARE CURRENT CONNECTIONS.

I was going by a letter that Patsy Olsen sent to ADEQ in regards to their request that she should supply bottled water to her customers until such time the arsenic plant was in place. She says in that letter she has 480 customers. Perhaps she meant she has 480 people who depend on the water source. Counting every person in a household. - Kayo Parsons-Korn

2. Oct. 1, 2005: MRWC purchases the subject residential lot (405-25-517) that includes a shared-domestic well for \$35,000. The lot is in the middle of a neighborhood where most of the homes have domestic wells. (Exhibit 2)

3. July 19, 2006: MRWC files an application with Yavapai County Planning and Zoning Department to "drill, deepen, replace or modify a well." MRWC files the application as an improvement to a "**residential**" well at parcel 405-25-517. (Exhibit 3)

Kayo Parsons-Korn: When she filled out the "Intent to Drill" form with the County, it was filled out for a domestic well. At least that is what it says on this form. (Although, if the County was on the ball they might have noticed it was being applied for by a Water Company and not an individual.) Did that not "raise a red flag" for her? Did she tell the County that this was to be a commercial well? (well issue)

I would also like to know if it was determined that there are no septic systems within 100' of the well. Even if they are on a neighbor's property. A well has to be 100' from a septic system. These are pretty tiny lots. I

noticed the well had to be pretty much centered in the property. Can anyone speak to that? - Kayo Parsons-Korn

4. Sept. 15, 2006: The Department of Water Resources' Well Registry states that well construction (55-213141) at parcel 405-25-517 was completed on Aug. 19, 2006. The well is registered as a **commercial production well**. The 400-foot well is installed with an 8-inch casing. (Exhibit 4)

Has the well been supplying any water since then? Or has it just been sitting idle? - Kayo Parsons-Korn

5. Fall 2006: MRWC installs a six-foot chain link fence with triple strands of barbed wire around the property. The well platform is elevated about 2.5 feet on a dirt mound and a power panel is installed. A sign is affixed to the fence stating the property is owned by MRWC. (Exhibit #5)

6. Dec. 17, 2008: The Arizona Department of Environmental Quality issues a Notice of Violation to the company for violating arsenic drinking water standards. The violation is issued after the company failed to install the Reverse Osmosis systems as promised when it received Arizona Corporation Commission approval to buy the company in 2005. (Exhibit 6)

7. Feb. 11, 2009: The company notifies ADEQ it will seek a \$165,000 loan from the Arizona Water Infrastructure Financing Authority to install an arsenic treatment plant at an existing well site and connect it to Well #4 on the residential parcel via a 2,500-foot pipeline. (Exhibit 7)

8. Sept. 11, 2009: Yavapai County Development Services receives complaint about the company operating a commercial business in a residential area. (Exhibit 8)

9. Oct. 7, 2009: Yavapai County Development Services issues a Notice of Violation for "non-permitted use or disallowed use" and "outside storage" on the residential parcel. (Exhibit 9).

The violation results after the company sold or provided water from the residential parcel to a company that was improving the roads. (Exhibit 10).

Kayo Parsons-Korn: This is clearly a commercial operation on a residential lot. She should have applied for the Use Permit *before* drilling the well. (well issue)

I could not agree more. It is the responsibility of MRWC as a commercial business operating a public utility to get the required permits, and they never sought the Use Permit until they were cited for operating a commercial business in a residential neighborhood.
Liz Allen

Kayo: Can she supply her current customer base without bringing the new well on line? (well issue)

The company is currently providing water to its customers without Well #4 on residential parcel 405-25-517.
Liz Allen

Janet Aniol: 5. Water company well and treatment plant zoning: To my knowledge, there is none. These and waste treatment operate by use permits on residential, commercial, or industrial. Please drive around the LMPOA subdivisions on both sides of the creek and look at AZ Water Company tanks. I think that most if not all of these are located in residential zoning. Take a look at the one next to Bill Stafford's home on Creekside Way in Lake Montezuma. Take a look at the large very visible tank in Rimrock which I see on a daily basis. Water companies need water storage.

10. Oct. 12, 2009: Ms. Olsen submits WIFA loan application for arsenic treatment facility that requires use of the well on the residential lot. Ms. Olsen states she will obtain all Yavapai County permits by January 2010 even though she has not yet obtained a Use Permit and or Screening Variance. Ms. Olsen certifies that all information provided in loan application is accurate and complete. (Exhibit 11 and 11 A)

11. October 21, 2009: Yavapai County issues public notice to property owners within 300 feet of the parcel of an "Administrative Review" of the company's request for a use permit and a waiver from the screening requirement. The public has 21 days to file an objection or the request will be administratively approved. (Exhibit 12)

It is my understanding that the administrative review was also emailed to Steve Kulcher, president of MEPOA for MEPOA's comments/opinions.

Why weren't ME property owners notified of this request so our voices would be heard and everyone would be aware/informed of the issue? This was not on the October 30, 2009 Agenda. And, even though I was not able to attend the meeting, I was informed by a person that attended the meeting, nothing was discussed about water. Also, there has been nothing on the MEPOA website about this issue until the January 30, 2009 meeting Agenda (posted on website January 24, 2009) which said "Water Company". I don't understand why the property owners were not notified of this issue until the January 30, 2010 meeting. I know after speaking with a few families, people do not know what is going on with our water system. I think the entire community needs to be informed and have a voice. (Pam Segelke)

Kala: In all fairness to the process, it is the applicant's responsibility to generate community participation, in this case the Water company would have been responsible for informing the community, whether under an Administrative Review or a P&Z review. BCRC was advised of the application on October 20th and forwarded the information to MEPOA the same day, with a follow up on November 5th. Sending copy under separate email.

Section 209 of the Yavapai County Planning and Zoning Ordinance states that applicants for a Use Permit should meet with the Planning and Design Review Division to identify the "target for early notification," specifically this includes:

1. Property owners notice area shall be as follows:

a. One (1) acre or less – three hundred feet (300')

Subject Property Size Notice Boundary

b. More than one (1) acre – one thousand feet (1,000')

2. The head of any homeowners association or community/neighborhood within at least

one thousand feet (1,000') radius of the project site unless a greater distance is required

by other Sections of this Ordinance.

3. Other interested parties who have requested that they be placed on the interested

parties' notification list maintained by the Development Services Department.

4. Those residents, property owners, interested parties, political jurisdictions and public

agencies that may be affected by the application.

5. The Planning and Design Review staff may determine that additional notices or areas

be included.

It is the responsibility of the applicant to notify the "target for early notification."

(see attached zoning ordinance) Liz Allen

I understand what the process is however, isn't it the purpose of a property owner's association to inform the property owners of issues/concerns of the community as a whole. Since it was sent to MEPOA requesting comments, wouldn't it be prudent to inform the property owners of the request so we could give our thoughts and recommendations. I just don't understand how the MEPOA board could make a decision without the input of all of the property owners since MEPOA should reflect the consensus of all of the homeowners. Pam Segelke

I have to say, BCRC probably did not give this the scrutiny it should have had. I thought the hearing was just for a variance for the screening. Someone from Montezuma Estates did state they were against but did not go into detail why. - Kayo Parsons-Korn

12. Oct. 21, 2009: Arizona Department of Environmental Quality mails a Consent Order to the company requiring it to provide quarterly notification to customers of its ongoing violation of arsenic standards, provide for an alternative source of drinking water and install an arsenic treatment system. The ADEQ states the company has exceeded arsenic standards since Jan. 1, 2006. (Exhibit 13)

13. Oct. 26, 2009: Resident submits written statement to Development Services opposing the company's request for a use permit and waiver from screening. The written objection makes it necessary to schedule a hearing before the Planning & Zoning Commission. (Exhibit 14)

14. October 30, 2009: The Arizona Corporation Commission approves a rate hike and recommendation for financing for MRWC to obtain the \$165,000 WIFA loan. The commission sets an April 30, 2010 deadline to have arsenic treatment facility installed. (Exhibit 15)

Janet Aniol: 4. Arsenic treatment for safety of water company users. With the expanded environmental requirement for the treatment plant, it seems unlikely to me that the treatment plant would be online in less than a year. Meanwhile reverse osmosis devices? Add more water to the system from a very low arsenic content well water source? Other choices?

15. Nov. 3, 2009: ADEQ and Ms. Olsen meet to discuss the pending Consent Decree. Ms. Olsen states she wants her attorney to review the decree.

16. Nov. 9, 2009: Ms. Olsen calls ADEQ and asks for a “couple of weeks” to work with her attorney before she signs the Consent Decree.

17. Nov. 12, 2009: ADEQ second request for company signed Consent Order. The agency again requests the company to provide alternative source of drinking water to the community by Dec. 1. MRWC does not sign the consent order. (Exhibit 16)

18. Nov. 12, 2009: Yavapai County notifies MRWC that staff has received opposition to company’s request for use permit and zoning variance and that administrative review for an expansion of the existing well site has been denied. (Exhibit 16 A)

19. Nov. 13, 2009: Ms. Olsen’s attorney writes ADEQ stating the cost to provide alternative drinking water to the community “would cripple” MRWC. (Exhibit 17)

20. Nov. 20, 2009: ADEQ Water Quality manager Vivian Burns sends email to Ms. Olsen demanding for the third time that the Consent Order be signed, that the company begin providing an alternative source of water by Dec. 1, 2009. Ms. Burns states if no action is taken, a Compliance Order that could include fines would be issued. (Exhibit 18)

21. Nov. 30, 2009: Ms. Olsen sends letter to ADEQ Assistant Director asking for relief from the Consent Decree. Ms. Olsen requests extension of the arsenic treatment system installation and operating by May 30, 2010. Ms. Olsen states she anticipates receiving the WIFA loan in December. (Exhibit 19)

22. Dec. 10, 2009: MRWC notifies Corporation Commission it will miss Dec. 31, 2009 deadline to obtain the required ADEQ Notice of Construction certificate for the well on the residential parcel. ADEQ will not issue the permit required to operate the well on the residential parcel until the arsenic treatment system is operating. An extension to June 30th 2010 is requested. (Exhibit 20)

23. Dec. 16, 2009: Arizona Water Infrastructure Authority board of directors approves the company's application for a \$165,000 loan to build the arsenic treatment system.

24. Jan. 5, 2009: Yavapai County posts notice that Planning and Zoning Commission will hold a hearing on Jan. 20 on the Use Permit and screening variance.

25. Jan. 20, 2010: The Planning & Zoning Commission unanimously votes to delay its decision on whether to grant a use permit and zoning variance after neighbors lodge objections over placing a commercial business in a residential area and the failure of the company to seek the zoning variance before it installed the commercial-grade well on a residential site in 2006.

I was not aware of the meeting and was not surprised at the P&Z questioning why there wasn't more community involvement - if you don't know about it, you can't attend. Commissioner Kerkman "expressed his surprise that there was not a great deal of participation from the property owners who have a vested interest in seeing an adequate water supply be available to the entire community." I am a property owner and I wish MEPOA would have informed the community as per the Administrative Review from the County. (Pam Segelke)

I agree proper notification was not given. Again section 209 of the Yavapai County Planning and Zoning Ordinance, it is the responsibility of the applicant, MRWC. Liz Allen

26. Jan. 26, 2010: The Montezuma Rimrock Fire Department Chief releases a statement that the department has not obligated any funds toward upgrading MRWC's water system to enhance fire protection in the community as testified to the P&Z Commission. (Exhibit 21)

Janet Aniol: 7. Fire safety: Yes. As a future project, MEPOA may wish to work with the fire district to see what needs to be done and how this might be addressed. This is probably a long term goal unless there are some immediate issues that can be addressed now.

27. Jan. 29, 2010: ADEQ and WIFA records obtained under the Arizona Public Records Law reveal that ADEQ has been seeking a Consent Order from the company since October. The WIFA loan documents show questionable statements on the company's documentation seeking a Categorical

Exemption from meeting the National Environmental Policy Act. (Exhibit 22)

28. Jan. 30, 2010: Montezuma Estates Property Owners Association Meeting attended by Greg Olsen, an ADEQ employee and Ms. Olsen's husband, (Exhibit 22 A)

I was at that meeting and Greg Olsen did attend the meeting, however he did not present himself as representative of ADEQ at the meeting. He answered a question about what he did and where he worked. (Pam Segelke)

This is true. He said he was a water expert and offered his professional opinion. He gave a presentation about the 20 year drought, that we were in year 10, and that the water table has dropped 40 feet because of this. He said wells had relatively no affect on the water table because we all have septic systems. As of Sept 11, 2009 Greg Olsen was listed as a member of the MRWC staff. (see attached AboutusMRWC) He is no longer listed on the website. Liz Allen

I have to question Mr. Olsen's expert opinion. You only have to look at the most recent report from ADWR for changing water tables in the Verde Valley. It is a very large file so I will just point you to the url. You will note, that while wells near McGuireville have actually gained water level in the last 5 years, wells in the Lake Montezuma and Rimrock continue to go down. See the 2nd illustration on page 2 of this document. Now why would McGuireville be different from the East side of Rimrock? In the last five years you have had tremendous population growth in this area with Thunder Ridge, Montezuma Estates, and other homes not in subdivisions in that area popping up all over. I think it points to the population growth and not the drought. If this was only drought driven, then all of the Verde Valley would be showing draw down and this is not the case. Here is the report:

http://www.azwater.gov/AzDWR/Hydrology/Library/documents/WLCMSReportNo.5_VerdeValley_000.pdf

- Kayo Parsons-Korn

29. Feb. 3, 2010: WIFA official sends email to Ms. Olsen stating that WIFA has rescinded the initial Categorical Exemption

and may now require an Environmental Assessment. The EA includes a 30-day comment period. The WIFA loan is suspended indefinitely until the environmental review process is completed. (Exhibit 23 and Exhibit 24)

Specifically for this project, the following issues have been raised and the Environmental Information Document must specifically address each with a formal letter from the appropriate federal or state agency:

1. The project is known or expected to directly or indirectly affect cultural resources: Montezuma's Well (National Park Service, U.S. Department of the Interior)
2. The project is known or expected to directly or indirectly affect habitats of endangered or threatened species: Southwest Willow Flycatcher in Wet Beaver Creek (U.S. Fish and Wildlife and/or AZ Game and Fish)
3. The project is known or expected to directly or indirectly affect the 100 year floodplain (FEMA).

If it so happens that these issues are not significant, then WIFA can, upon receipt of the EID, issue a Finding of No Significant Impact (FONSI). At that point, WIFA will publicly notice the FONSI for a period of 30 calendar days and receive and review any comments. If these issues are significant, then an Environmental Impact Statement will be required, and WIFA will contact you about proceeding with that process.

30. Feb. 5, 2010: The water company cancels a Feb. 6 meeting scheduled at the home of the president of the Montezuma Estates Property Owners Association to discuss outstanding issues related to its proposed use permit and screening variance. The company also cancels planned Feb. 11 public meeting at Beaver Creek School to present information for and against the project. (Exhibit 25)

31. Feb 8, 2010: Certified land survey reveals that Montezuma Well National Monument lies within 300 feet of the proposed commercial well site. Yavapai County did not include the monument in its formal notification of property owners within 300 feet of the parcel in question. The U.S. Department of Interior national monument's close proximity to the proposed commercial well raises a host of environmental issues that must be closely examined and raises questions of whether Yavapai County is following proper public notification procedures. (Exhibit 26).

Kayo Parsons-Korn: MRWC did not communicate with the National Monument until about a week ago. She did not consult with the neighbors around the new well before drilling. (well issue)

This issue with the MRWC has brought a greater issue to the fore: We need to implement long term planning NOW, before we destroy a rare natural wonder and a National Monument. I am willing to work with everyone to reach this goal. At this point it appears to me that putting a high capacity well in a residential area in close proximity to Wet Beaver Creek and Montezuma Well National Monument would not further this goal, although I am willing to wait for the results of the Environmental Assessment and continue discussions of options. I am including Kayo's most recent comments below as they are relevant to my concern about the effect of a high capacity pump so close to Wet Beaver Creek. Liz Allen

32. Feb. 9, 2010: Seven homeowners within 300 feet of the parcel sign a petition opposing the use permit and screening variance. (Exhibit 27)

Upcoming Dates:

Feb. 15 - Roundtable discussion with MRWC and MEPOA representatives to review status and bridge communication – hosted by BCRC.

We're set for today at 5:00 at the Montezuma Rimrock Fire Station.

Attending representing MEPOA & residents will be:

Steve Kulcher - President
Paul Robison - Past President
Pam Segelke - Resident
Liz Elle - Resident

Attending representing BCRC will be:

Kala Pearson – President
Steve Sprinz – Chair P&Z Committee BCRC & LMPOA
Kayo Parsons-Korn – Chair Water Committee

There is a possibility that Kathy Davis, Superintendent of Montezuma Castle / Well National Monument may attend, but not confirmed as of this email.

Patsy, as we discussed on Friday, the purpose of the meeting is to share concerns of each represented party with projects, H9115, H9116 and H9117 and in some regard, the MRWC Arsenic Abatement Project. The representatives have spent the last few days pouring over factual history and conditions, documenting concerns and reviewing objectives leading to safe and available water for the affected community.

As you had mentioned, this is no easy task for the novice and relying on your expertise and the experience of others is crucial. However, it was important that those representing the community have a firm grasp of the situation and decide their level of support based on a clear understanding of the facts and circumstances as opposed to personal and emotional frameworks. I believe we have managed to accomplish this and able to proceed.

I look forward to finally meeting you today and working together to satisfy the needs of the parties involved.

Feb. 17 - Planning and Zoning Commission re-hears use permit application

At least 8 homeowners within 300 feet have submitted written statements or signed a petition opposing the use permit and variance. The Montezuma Estate Property Owners Association has **not** filed a written statement regarding the project.

Kayo Parsons-Korn: If you are successful in putting this together, please let me know when and where. Kathy Davis should also be copied on this. Unfortunately, the County did not include her in the notification. So she only recently heard about this and is trying to get as much information together as possible before the 17th hearing. She does not have a hydrologist on staff, although she has recently had two hydrologic studies done. She has been in touch with those two hydrologists and wants to make a response. She would like to get the hearing postponed, although it has already been deferred once, so I'm not sure if she will be successful.

April 30 - deadline to receive an ADEQ permit approving construction of the well on this parcel. ADEQ has stated the permit will not be issued unless the water from the well meets arsenic standards.

RUMORS – ALLEGATIONS – ASSUMPTIONS

Ivo wants to buy the Water Company

Ivo has never expressed this interest to me. SJK

Ivo: Have no intention or desire to own a water company

MEPOA wants to buy the Water Company

Where did this come? I have never been a party to this discussion and really wouldn't even consider it. Patsy Olsen is the SME on water. I am a customer of hers. Steve Kulcher and certainly not the Board has any interest is assuming the role of water company. Heck, we can't even stop fighting over who said what – when. SJK

Arizona Water is being petitioned to buy the Water Company

I remember from when my family and I were renting a house for about a year down in Lake Montezuma (on Montezuma Ave) we were customers of

Arizona Water. But never gave it much thought beyond that. Where we lived in Michigan, most everybody had private wells. We didn't have any arsenic problems to deal with and we lived maybe a ½ mile from the Fire Department. So the variety of water companies and subsequent levels of fire protection is new to me. SJK

Ivo: Petition circulated objects to the Yavapai Co permit. There is no petition circulated by me for takeover by Arizona Water.

There is another commercial water company in the immediate area that could provide safe drinking water if this company fails to obtain state permits and the WIFA loan.

The Arizona Water Company is within 600 feet of MRWC's system. The AWC has a functioning arsenic treatment system and is providing its customers drinkable water. The company is preparing a major improvement project to its lines and installing additional fire hydrants in cooperation with the Montezuma Rimrock Fire Department. (see attachment Arizona Water Arsenic treatment and exhibit 21) Liz Allen

MRWC is insolvent

MRWC has told regulators that it cannot afford to provide safe drinking water without obtaining a \$165,000 loan to install the arsenic treatment system. MRWC is under-capitalized and cannot fund ongoing operations without seeking financial assistance. (exhibit 19) Liz Allen

Unaware of their financial situation. How will this impact customers? SJK

The company is not in good standing with regulators and, crucially, its request for financing to build an arsenic treatment system that includes this parcel has been suspended indefinitely.

WIFA has suspended the \$165,000 loan until an Environmental Assessment on the well parcel is approved. Referring to exhibit 15 page 5, the AZ Corporation Commission staff determined the commercial well on residential parcel 405-25-517 with its projected 100 gallon per minute capacity, would allow the system to serve up to 425 connections, doubling its customer base. MRWC stated in its WIFA loan application that the loan would fund a project that would "not affect the degree of treatment or capacity of the existing facility." (exhibit 22) On the contrary, the high capacity pump has the potential to produce 750 gpm. Liz Allen

Without the financing, the company cannot meet the necessary environmental regulations to use this parcel and will likely miss crucial April 30 state imposed deadlines to have an arsenic treatment system operating.

MRWC owner, Mrs. Olsen, stated in an email to ADEQ dated Nov 30, 2009, "MRWC has no resources to move forward with the arsenic treatment system until WIFA releases funds which is not scheduled until after Dec 16, 2009 and will expeditiously as possible install its arsenic treatment system." (exhibit 19) WIFA has stated that the financing is suspended until an Environmental Assessment is approved. (exhibit 23&24) Liz Allen

If Yavapai County does not grant a variance the water will be shut off to residents.

If ADEQ does not permit the wells, water will be shut off to residents.

IVO: If Patsy's lic. was revoked by the ACC or if she became insolvent the ACC would appoint a company to run the water company.

The company is supplying water to residents with its current wells. Denying a Use Permit will require the company to look elsewhere for additional water supplies and address longstanding issues that have existed since Mrs. Olsen purchased the water company. Liz Allen

Isn't this a public utility governed by state and federal laws? What if electricity was locally produced as in a Co-Op and it went down. I'm sure the service may be interrupted briefly, but as public utility, temporary measures would be taken to restore (water) power to the public. SJK

The cost of providing bottled water to residents is \$50K and the responsibility of MRWC.

Providing bottled water to MRWC customers will result in a significant mandatory rate increase.

Concerning rate increases, MRWC requested a much higher rate increase from the Corporation Commission than the commission approved, specifically MRWC asked for total operating revenue of \$128,265 on July 16, 2008 and the ACC approved total operating revenue of \$102,519 on Oct 30, 2009. (exhibit 15 paragraph 43) Salaries for MRWC have increased from \$0 in 2006 to \$8,516 in 2007, and as of Sept 2009 it was at an annualized rate of \$26,938. (see attached MRWC Sept 2009 P&L)

Why? “plans to install Reverse Osmosis arsenic treatment systems in each home” as far back as 2/15/2005. SJK

High arsenic levels are a problem only for Montezuma Estates residents.

From what I understand, high arsenic levels are NOT unique to Montezuma Estates – but pretty much common in this part of the U.S. SJK

High arsenic levels are only a problem for residents without wells.

If its a problem for MRWC – wouldn't it stand to reason that its most likely a problem for those with private wells too. SJK

Water in wells is dropping 1 foot per month in the area

Check out the previous url I posted. Here it is again. The school's well (Well L) has gone down 19' in 5 years. So you can do the math. I can't say that some wells haven't lost 1 foot per month. We have had lots of reports of people having to drill their wells deeper this year. These were in the Rimrock area. -Kayo Parsons-Korn

http://www.azwater.gov/AzDWR/Hydrology/Library/documents/WLCMSReportNo.5_VerdeValley_000.pdf

MRWC is the cause of area private wells running dry.

Kayo Parsons-Korn: How might her well effect the neighbor's domestic wells, the domestic wells of the National Monument and the aquifer for Montezuma Well? Might a 400' well pumping 100 gpm cause a "cone of depression" affecting these other wells? If she thinks there would be no affect, would she be willing to mitigate any problems to existing well owners? (well issue)

This is absolutely the issue that causes me the greatest concern. How might the Montezuma Well National Monument and the delicate riparian area on Wet Beaver Creek be affected by the pumping of 100-800 gpm from this well on residential parcel 405-25-517? Liz Allen

Janet Aniol: 2. Proximity to riparian area: I admit that I had not thought enough about this before & I can see that the neighborhood residents in the #4 well area hadn't either. Now that it's been brought up, we need to address this throughout our area. It's no better for a whole bunch of individual residences to be doing this than is good for a water company to do it. We all need to recommend to YC development services that a ZOA be written to require alternative septic within XXX feet for any future construction and require hook up to water company where available or when becomes available. Current septic tanks & wells would be grandfathered in. However voluntary compliance is always appreciated.

Area private wells are poorly constructed and shallow.

Janet Aniol: 6. Water company users tend to use much less water than well owners. Information about amount of water use can be supplied. Hook ups need to be encouraged. So MEPOA needs to help all residents get information and to help make their water system a good one.

This was the well that you mentioned at the Board Meeting as the one collapsing internally because the casing only went down so far? Wasn't this well going to have water from Well # 4 blended with it to help the reduce the arsenic level? SJK

MRWC is responsible for private RO system maintenance in customer homes.

No. But it was an idea floated by Patsy to the Corporate Commission back in 2005 when they bought the company. That seems like a nightmare scenario for a company to service though. It would seem a arsenic removal in one place would be more cost effective and easier to monitor - Kayo Parsons-Korn

The proposed treatment facility will be located in a floodplain.

MWRC 4th well is located in floodplain

Kala: FROM YAVAPAI COUNTY P&Z MINUTES:

“She (Olsen) stated that MRWC had no intentions of installing water tanks or structures on the site in question noting that the parcel was located within a floodplain.”

Janet Aniol: 3. The LMPOA board discussed the situation briefly in early November, but decided to defer to MEPOA. We discussed possibly recommending to P&Z that screening be worked out with neighbors. We were concerned with the location of the arsenic treatment plant and would have liked to be assured that arsenic would be safely contained in the event of a 50 or 100 year flood as we are downstream.

If this is true at what point will drinking water become contaminated in the event of a flood event? How will this be monitored and feedback provided to customers? SJK

The need for a zoning variance from Yavapai County could have been avoided if the company had chosen to install its production well on commercial lots along Beaver Creek Road, in close proximity to the company's two other well sites.

Kayo Parsons-Korn: How much water do they plan to pump annually from Well #4? (well issue)

That's a fact. Liz Allen

Janet Aniol: 1. Well #4 seems to have been marked MRWC for several years. Where was the outcry about its location the past several years? In the future it would be helpful to bring up issues when they occur & not wait until the festering wound bursts. Screening: of course neighbors want screening. This is a non issue and can be worked out to provide at least some satisfaction for whatever location. Disregarding this well's potential output use for the arsenic treatment plan, is this water output relevant to providing enough water for customer use the next one to three years? If this water is needed for customer use, would a temporary use permit (3 years or less) be satisfactory until another water source is developed? If the use permit for wells 2/3 is granted, would this provide adequate water without #4? Is adequate water supply for the next several years in question?

MWRC circumvented the process for permitted and falsified applications

Kayo Parsons-Korn: I think the arsenic removal system Patsy is proposing is to be placed up by Well #1, not down by the new well, so I'm not sure she misrepresented herself on the WIFA application as Ivo would suggest. It would probably need more research. (arsenic issue)

The WIFA loan applies to Well #4 on residential parcel 405-25-517 and the placement of the Arsenic Treatment system on the butte by Well #1. The loan would fund a planned a 2500' pipeline between Well #4 on residential parcel 405-25-517 and the arsenic treatment system on the site of Well #1. Further, WIFA has already suspended the loan and is requiring an Environmental Assessment on the residential parcel. (exhibit 15 paragraph 48, 49, 50) Liz Allen

MEPOA is trying to run MRWC out of business.

For what reason? Can someone please quantify this for me. I think its important that a business “do the right thing” for they're customers. Its called the “cost of doing business” SJK

Local residents are sabotaging MRWC efforts to build an arsenic treatment system.

Kayo Parsons-Korn: I found Mr. Dougherty's timeline does accurately reflect the supporting documents.

Don Barnes: We just want our water company to succeed and provide us with a continued flow of water.

The real questions are: What's taking so long? Why do you continue to add customers, while continuing to supply questionable product?