



ICR Water Users Association

MEMORANDUM

TO: Board Of Directors

FROM: Bob Busch

Date January 16, 2007

Subject: Manager's Report

1. System Operations

Site Security - I have received prices from three vendors to fence the well site. The quotes are for \$8498.64, \$9,880.00 and \$10,136.00. Copies of the proposals are attached.

Water Audit - Data for the December is attached, along with a year-end summary.

Water Leaks - The "leak" at the Grey Bears pump station appears to be a leaky control/relief valve that drains into the ground near the pump station and terminates in the wash near the street. The end of the pipe has been exposed revealing a steady flow, maybe averaging 1/2 gal/min. A fix would involve modifying the valve piping inside the pump house so that the bypass flows back into the intake side of the pump piping, thereby recovering all the water. The cost would be around \$1,000.

The leak at the WVFD station was a dead-ended 2" line on the branch connected to the fire station. The 2" line has been repaired and capped.

Air in lines at TRR - Both the retrofitted pump and the new 75hp pump will be installed the week of January 21st. At the same time, the jockey pump loop will be modified to minimize possibility of introducing air into the system.

2. Bills of Sale

Preserve at the Ranch - I have attempted to reach the developer several times in the last couple of months. I left messages, but have not received a return call.

Talking Rock - Clint has advised that he is nearly complete with the list of assets. The Phoenix office is working on completing the Bill of Sale.

Whispering Canyon - In early January, I received two sets of the Bill of Sale for Phases 1 & 2 from Tim Emberlain. They are ready for execution by ICRWUA.

3. ADEQ Notice - re wells influenced by surface water - (Nothing new to report)

4. Well Abandonment - Waiting a response from ADWR regarding our application..

5. Williamson Valley Fire District - The meter at the fire station was read and shut off at the end of December. The Fire District board met the second week of January. Their representative was to contact me after the meeting to advise if the Fire District wishes to establish a new account (they were advised to do so in December). The meter remained off in the meantime.

6. Non Profit Status - Boyle Pecharich Cline & Whittington has indicated they see no problem with applying for non-exempt status. I am moving forward with completing the application for board approval.

7. Rate Case Filing -- Asset reclassification work is not complete for 2005. Final EOY 2006 financials will not be completed until all adjustments are complete. A new account (Asset Account 186.1 - Deferred Rate Case Expense) has been set up to collect costs related to the rate case. I have begun collecting data to be turned over to Tom Bourassa (e.g.- copies of all expense bills for 2006 segregated by account, INVOICES FOR ALL ASSETS ACQUIRED SINCE THE LAST RATE CASE, plus all billing data for 2006, by month, meter size and billing rate). Other info. is also required, i.e. ADEQ Compliance Status, ADOR verification. Collection of all this data has begun. A copy of the list of data required by the commission is attached.

8. Line of Credit – I discussed the possibility of a \$100,000 line of credit with Stockmen’s Bank. They are in the midst of restructuring with National Bank, but indicated they would seriously consider it at the time we are ready to prepare documents. I contacted Snell & Wilmer to proceed to file the financing approval with the ACC. The application requires adjustments be made to financial reports to reflect the impact of the financing. Tom Bourassa will make the adjustments. Snell & Wilmer will send the application for review before filing. As I have been informed, ICRWUA will then need to have the bank prepare final documents so that they can be available for ACC review prior to ACC granting approval.

9. Board Elections – A total of 139 ballots were received. Winning candidates were advised by phone. Losing candidates were advised by phone and a thank you letter.

10. System Water Plan - All small water companies are required to submit a System Water Plan to ADWR by the January of 2008. Attached are excerpts from the regulations showing what is required. A portion of the plan calls for a Water Supply Plan, a comprehensive description, map and production information concerning the water system. I recommend that the board consider having at least this portion of the plan prepared by an engineering firm. I have contacted Dava & Associates and requested a proposal from them to provide this service.

Respectfully submitted,

Bob Busch

<p>Attachments: Water Usage Comparison Reports (December) 2006 Water Summary Fence Installation Estimates-3 Rate Case Data Requirements Excerpts – ADWR System Water Plan Guide</p>
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