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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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2006 MAR -7 A 10: 28

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION
OF PERKINS MOUNTAIN WATER
COMPANY FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY
IN MOHAVE COUNTY

DOCKET NO. W-20380A-05-0490

SW-20377A-05-0489

NOTICE OF FILING
RESPONSE TO COMMISSIONER
MAYES' FEBRUARY 17, 2006
LETTER

Perkins Mountain Water Company hereby files its response to Commissioner
Mayes' letter dated February 17, 2006 as directed therein.

RESPECTFULLY SUBMITTED this 7th day of March, 2006.

SNELL & WILMER L.L.P.

By:

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ORIGINAL and 13 copies filed 03/07/06 with:

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March 6, 2006

Commissioner Kristen K. Mayes
Arizona Corporation Commission
Utilities Division
1200 West Washington
Phoenix, AZ 85007

Re: Perkins Mountain Water Company, Docket No. W-20380A-05-0490

Dear Commissioner Mayes:

We are writing this letter to you on behalf of our client, Perkins Mountain Water Company ("Perkins Mountain" or "the Water Company") in response to your letter of February 17, 2006. In your letter, you raised concerns regarding the adequacy and availability of water for two master planned communities to be constructed by Rhodes Homes-Arizona LLC (the "Developer") and its subsidiary American Land Management, LLC (collectively, "Rhodes Homes"). Both master planned communities would be serviced by Perkins Mountain.

Perkins Mountain understands your concerns. In this arid state, water is critical to successful economic growth and development in rural Arizona, including Mohave County. In this letter, we will clarify the steps Rhodes Homes has taken to insure that it obtains the necessary approvals from the Arizona Department of Water Resources ("ADWR") to show it has an adequate water supply to serve these master planned communities. We also will propose several alternatives under which the issues that you have raised might be addressed.

The Water Company has requested that the Commission issue a Certificate of Convenience and Necessity ("CC&N") to serve two master planned communities, one at The Villages at White Hills ("White Hills"), and the other at Golden Valley South ("Golden Valley"), both located in Mohave County, but in two separate groundwater basins. Perkins Mountain submitted its Application for a CC&N on July 7, 2005 ("CC&N Application"). The CC&N Application is supported by extensive hydrologic analyses and studies prepared by Errol L. Montgomery & Associates ("Montgomery & Associates") on behalf of Rhodes Homes.¹ Based

¹ As set forth in the attached Memorandum from Ray Jones of ARICOR Water Solutions LC to Kirk Brynjulson, President of Perkins Mountain ("the ARICOR Memo"), the applications and related information for a determination of adequate water supply for each of Rhodes Homes' master planned communities was submitted on behalf of the developer, Rhodes Homes. Under Arizona law, the water utility does not obtain the water adequacy report from ADWR. Instead, this is an action taken by the developer. See Attachment A.

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on these studies (and as set forth below), ADWR has already determined that there is an adequate water supply for about 70% (by area) of the Golden Valley master planned community.

Montgomery & Associates' Ongoing Efforts with ADWR. Because your concerns are regarding water availability, we will first address Montgomery & Associates' ongoing studies of the hydrology for the Golden Valley and White Hills master planned communities, and the status of the applications filed with ADWR for a determination that the water supply for each project is adequate to meet the long term demands of each project.²

Golden Valley. The Application for an Analysis of Adequate Water Supply for the Golden Valley master planned community was filed with ADWR on July 15, 2005 ("Golden Valley Application"). In response to the Golden Valley Application, on October 19, 2005, ADWR issued a letter confirming that 9,000 acre-feet per year of groundwater is physically available for the development of the Golden Valley master planned community. This is sufficient to meet the anticipated build-out demands of approximately 70% of the area of the Golden Valley project -- more than enough to cover the first three phases, plus part of Phase 4 of this master planned community, as approved by Mohave County.³

The Golden Valley project is a twenty-year project. As part of the ongoing efforts with ADWR, additional drilling and testing is planned by Rhodes Homes. Montgomery & Associates believes that each additional well drilled in the Golden Valley area will be extremely productive, and that the goal of "proving up" additional adequate water supplies will be readily obtained. See Attachment B, Affidavit of Mr. William Victor.

In addition, the Developer will be able to request an estimated 5,800 additional acre-feet of effluent produced by the planned wastewater facility to meet additional development needs. Currently the sewer company, Perkins Mountain Utility Company, has no legal right to provide treated effluent for the watering of golf courses, parks and landscaping, nor can it enter into effluent supply contracts for the same. Until the sewer company has a CC&N, effluent credits cannot be considered by ADWR in analyzing physical availability. As a consequence, at least initially, ADWR must assume that these types of water uses must be met solely with groundwater. See Attachment B, Affidavit of Mr. William Victor.

² See Attachment A, ARICOR Memo, which describes ADWR's process of determining water adequacy.

³ As set forth in the attached affidavit of Mr. William Victor of Errol Montgomery & Associates, the 9,000 acre-feet per year will support approximately 35,000 single family residences. Because the Golden Valley master planned community includes amenities like commercial areas, schools and a golf course, the total demand for this project as approved by Mohave County is roughly 10,600 acre-feet per year. See affidavit of Mr. William Victor, attached hereto as Attachment B. It is important to remember that the hydrology studies and applications for analysis were based on Rhodes Homes' hoped-for zoning densities, with an anticipated water demand of well over 15,000 acre-feet per year for Golden Valley. Mohave County scaled back this project when it was approved. Thus, the over-all water demand was reduced to approximately 10,600 acre-feet per year.

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Based on the productivity of wells in this area and the long term availability of treated effluent, Montgomery & Associates believes that Rhodes Homes will have more than enough to meet the expected demand of the proposed development when the use of effluent is considered.

White Hills. The White Hills Application for Analysis of Adequate Water Supply was filed on March 18, 2005. This Application was then supplemented with additional hydrology test results on May 10, 2005.⁴

Three wells have been drilled in the White Hills area, and a fourth is planned. Preliminary testing has yielded positive results (a total of about 1,500 gpm). Currently, ADWR has not issued a decision regarding water adequacy for White Hills, but instead requested additional aquifer testing. In response, on December 5, 2005, Rhodes Homes submitted a proposal to ADWR to perform further hydrologic testing and to obtain additional data about the aquifer in this area ("the Proposal"). ADWR accepted the Proposal by letter to Montgomery & Associates on February 17, 2006, noting that the Proposal addresses the need to obtain and evaluate additional data for determination of quantity, quality and dependability of the groundwater supply required to meet the current, committed and projected demands. This additional data will include drilling boreholes, aquifer testing, analyses of drawdown data and projection of the 100-year impact using analytical modeling.

Perkins Mountain's Application for a CC&N -- Background. As set forth above, the Application for Analysis of Adequate Water Supply for White Hills was filed with ADWR about four months before Perkins Mountain filed its CC&N Application with the Commission. The Application for Analysis for Golden Valley was filed with ADWR at about the same time the CC&N Application was filed with the Commission.

To better assist the Commission Staff in its review of the Application, representatives from Perkins Mountain met with Staff on July 25, 2005, to answer questions and to provide additional information. Commission Staff was provided the hydrology reports -- these reports were the same reports that had been prepared and submitted to ADWR as part of the two separate applications for an Analysis of Adequate Water Supply for White Hills and Golden Valley.

The hydrology reports that were submitted to the Commission's staff included:

- (1) Regional Hydrogeology, Source of Water Supply, and Projected 100-Year Drawdown Impacts in the Vicinity of the Villages at White Hills, Mojave [sic] County, Arizona, dated March 2005;

⁴ Unlike the Golden Valley area, the groundwater resources of the White Hills area had not been comprehensively evaluated at the time that the Application for Analysis of Adequate Water Supply for White Hills was filed with ADWR. As a consequence, ADWR has requested Rhodes Homes to drill and test additional wells in this area before determining the adequacy of the supply.

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- (2) Addendum to the White Hills study, dated May 2005; and
- (3) Regional Hydrogeology, Source of Water Supply, and Projected 100-Year Drawdown Impacts in the Vicinity of the Golden Valley South Master Planned Community, Mohave County, Arizona, dated July 2005.

When Perkins Mountain met with Staff, it was decided not to docket the voluminous ADWR Applications so as to not clutter up the docket with lengthy documents involving numerous oversized attachments, colored maps and charts and related hydrologic information.⁵ In addition to these studies, Staff requested that Perkins Mountain provide additional information regarding financing and existing water providers.

On August 5, 2005, Commission Staff filed a letter requesting, among other things, a copy of the ADWR Designation of *Assured* Water Supply or Certificate of *Assured* Water Supply for the requested CC&N areas. Because the requested CC&N area is outside an Active Management Area, ADWR issues neither Designations nor Certificates of *Assured* Water Supply. Pursuant to statute, the Landowner and Developer must rely upon an Analysis of Water *Adequacy*. See Arizona Revised Statute Section 45-108.

On August 29, 2005, the undersigned as counsel for Perkins Mountain responded to Staff's July 25th informal request for supplemental information. Because data responses are not generally docketed, the response was hand-delivered, without going through Docket. On the same day, a separate response to Staff's August 5th letter was to be hand-delivered in the same manner. Staff requested that on a going forward basis, any additional documents submitted to Staff in this matter be docketed. As a consequence, the response to Commission Staff's August 5th letter was docketed on August 29, 2005.

Montgomery & Associates was aware of Commission policy and practice to allow 24 months to provide proof of an adequate water supply, and as a consequence, it did not believe ADWR's October 19, 2005, letter confirming the existence of an adequate supply in the amount of 9,000 acre-feet per year was pertinent to the Commission proceeding. In fact, Montgomery & Associates did not provide a copy of the letter to counsel for Perkins Mountain when it was received. As a result, the information was never provided to Staff prior to the hearing. Indeed, Commission Staff had issued a sufficiency letter on September 19, 2005, perhaps because it knew that the water studies in both Golden Valley and White Hills were (and continue to be) ongoing, and that existing Commission policy would allow 24 months for the submission of the adequacy determination by ADWR.

⁵ Your letter requests that any additional analyses or studies that have been conducted by the Company or ADWR be filed in Docket. There are no additional analyses or studies that have been completed to date. We are providing with this letter a complete set of all studies that have been previously provided to Staff but not filed in Docket. See Attachment C.

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Pursuant to Commission policy and practice, the hearing officer included in her Recommended Order, a condition that Perkins Mountain file a Letter of Adequate Water Supply demonstrating the availability of adequate water for the requested areas within 24 months after the effective date of the Order, and this condition is acceptable to Perkins Mountain.

After several articles regarding water supply in Mohave County appeared in The Arizona Republic on February 5, 2006, Perkins Mountain recognized that Staff might have some additional concerns regarding the Company's water adequacy, therefore, Perkins Mountain promptly contacted Staff to address any concerns. On Monday, February 6, 2006, Mr. Ray Jones called Montgomery & Associates to inquire about the status of the ADWR Applications for Analysis. In response, Montgomery & Associates e-mailed to Mr. Jones ADWR's letter confirming the existence of an adequate supply, dated October 19, 2005. After receiving the Analysis, Mr. Jones provided a copy to the Commission Engineering Division. Upon learning that a copy of the Analysis was provided to Staff, counsel for Perkins Mountain docketed the document pursuant to Staff's previous request.

As set forth above, Montgomery & Associates, as the hydrologist for the developer, Rhodes Homes, simply did not attach any significance to ADWR's October 19, 2005, correspondence as it pertains to the Water Company and the Commission proceedings. As a result, the information was not provided to either Commission Staff or undersigned counsel. At no time did Perkins Mountain intend to deceive Staff or this Commission by withholding such information.

Mohave County Conditions of Approval. Although Mohave County is not located in an Active Management Area, it does have zoning ordinances in place that mandate that the applicant of a proposed Area Plan demonstrate sufficient water availability to support at least a 100-year supply to the area as a result of any future development resulting from the approval of a master planned community. Nevertheless, some are concerned that counties have the ability to waive these ordinances⁶.

Mohave County has not waived the zoning ordinances in this instance. In contrast, Rhodes Homes and Mohave County have affirmatively agreed to abide by the ordinance by entering into zoning stipulations that require Rhodes Homes to demonstrate that an adequate water supply exists for both its Golden Valley and White Hills projects. If the water supply proves inadequate, the Area Plan must be scaled back to accommodate the water supply that does exist⁷.

Proposed Resolution. Although Perkins Mountain has followed state water statutes, and

⁶ Mohave County does not simply rubber stamp proposed developments. In fact, the County has denied approval of a different Rhodes Homes development in another location.

⁷ See Attachment D, Mohave County Approved Board Resolutions.

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Commission rules, policies and practices in pursuit of its CC&N, Perkins Mountain is mindful of the concerns raised regarding water adequacy. To alleviate the Commission's concerns, Perkins Mountain will be contacting Commission Staff regarding supplementing the record. In addition, Perkins Mountain will seek to modify the CC&N Application limiting the conditional CC&N to that portion of Golden Valley that can be served with the existing 9,000 acre-feet of water that ADWR has determined to be physically available. Perkins Mountain would not oppose the issuance of an Order Preliminary for the remainder of the Golden Valley development as well as for the White Hills development, until such time the Developer obtains a determination from ADWR that adequate water is available for those areas.

I hope this letter and accompanying documentation addresses the concerns that you have raised. Perkins Mountain looks forward to working with Staff and this Commission in its pursuit of providing a new regulated water provider in Mohave County.

Respectfully submitted,

Snell & Wilmer



Kimberly A. Grouse
Robert J. Metli

cc: Chairman Jeff Hatch-Miller
Commissioner William Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason
Mr. Booker T. Evans, Jr., Greenburg Traurig LLP
Ms. Kimberly A. Warshawski, Greenburg Traurig LLP
Mr. Scott Fisher, Sports Entertainment
Mr. Herbert R. Guenther, Arizona Department of Water Resources
Mr. Jim Rhodes, Rhodes Homes
Mr. Carlos Ronstadt, Snell & Wilmer, LLP

Attachment A

Memorandum

ARICOR Water Solutions

To: Kirk Brynjulson
President, Perkins Mountain Water and
Perkins Mountain Utility

From: Ray L. Jones

CC: David J. Frohnen, P.E., Stanley Consultants, Inc.
William R. Victor, P.G., Eroll Montgomery & Associates, Inc.

Date: 02/27/06

Re: Perkins Mountain Water and Utility CC&N Filings

ARICOR Water Solutions LC
25213 N. 49th Drive
Glendale, AZ 85310

Phone: 623.341.4771
Fax: 623.582.5160

This memorandum discusses Rhodes Homes, Arizona's Adequate Water Supply filings and their relationship to the CC&N filings for Perkins Mountain Water and Perkins Mountain Utility. Recent *Arizona Republic* articles covering the Rhodes Homes developments and the availability of water supplies in Mohave County have escalated interest in Rhodes Homes' effort to obtain an adequate water supply for its proposed developments. Presumably, as a result of the media coverage, ACC Commissioner Mayes has reviewed the docket in our case and raised multiple questions and concerns related to availability of adequate water supply for the certificated areas requested in the Perkins Mountain CC&N applications. This memorandum is intended to provide a factual basis for preparing the response requested by Commissioner Mayes' in her February 17 letter and to aid in formulating a strategy to bring the pending Perkins Mountain CC&N filings to a successful resolution. The information provided in this report has been prepared after consultation with Stanley Consultants, Inc. and Errol Montgomery & Associates, Inc., the primary consultants for Rhodes Homes working on adequate water supply issues.

BACKGROUND

A private company must obtain a certificate of convenience and necessity from the Arizona Corporation Commission, in order to enter the water and wastewater business in Arizona. The ACC evaluates a number of factors in determining if it should issue a CC&N. In cases such as the current Perkins Mountain case, the ACC carefully reviews and considers water supply issues when deciding if it should issue a CC&N.

ACC staff will typically review any available water company and/or developer prepared hydrogeological reports, master plans and other documents as a part of their review. With respect to water supply issues, Staff typically looks to see that a developer has begun the assured/adequate¹ water supply process and that initial studies, if any, indicate that

¹ Inside an Active Management Area (AMA) the assured water supply process is applicable. Outside of an AMA the adequate water supply process is applicable. The Rhodes Homes developments are located outside of any AMA and are subject to the adequate water supply process. Accordingly, this memorandum will provide references to the adequate water supply process.

adequate water supplies are available for the development. However, since the process of obtaining ADWR review and approval of adequate water supply filings is time-consuming, and in recognition that certain aspects of an adequate water supply cannot be obtained prior to the water company having a CC&N, ACC staff does not independently determine adequacy of an available water supply. Rather it relies on ADWR to make that finding and requires the water company to provide the ADWR findings within a specified timeframe after issuance of a conditional CC&N.

Staff has followed their usual review process in our case and recommended a conditional CC&N. Under a conditional CC&N, there are usually several conditions that a new utility must meet within 12 to 24 months of being issued a CC&N or the CC&N automatically becomes "null and void." In our current Recommended Order and Opinion (ROO), Perkins Mountain Water has eight conditions and Perkins Mountain Utility has five conditions. The condition in our case related to water supply is "that Perkins Mountain Water Company shall file with Docket Control, as a compliance item in this docket, copies of the developer's Letter of Adequate Water Supply demonstrating the availability of adequate water for the requested areas within 24 months after the effective date of the order granting this application." If the ROO is adopted as written, Perkins Mountain could begin utility operations while working with Rhodes Homes to obtain the necessary adequate water supply approvals from ADWR for submittal to the ACC within the allowed 24 months.

In her February 17, 2006 letter, Commissioner Mayes raises several concerns regarding the adequacy of water supplies for the Rhodes Homes developments to be served by Perkins Mountain Water. Given her concerns, Commissioner Mayes questions the appropriateness of proceeding with a conditional CC&N as currently proposed and suggests that additional hearings should be held to obtain further evidence on the status of water supplies. Should Commissioner Mayes' suggestion be adopted by the ACC, Perkins Mountain could not begin utility operations until the hearings were held and the Administrative Law Judge prepares a new ROO for consideration by the ACC. The delay would be at least several weeks and could be for several months.

ADEQUATE WATER SUPPLY REQUIREMENTS

Water Report

In order to sell homes on subdivided land in Mohave County, a developer must apply for and obtain a Water Report² from ADWR. The Water Report is issued to the Arizona Department of Real Estate. When issuing a Water Report, ADWR may issue a finding of "adequate" water supply or "inadequate" water supply. Under State law, a developer may proceed with home sales with either finding as long as the finding is disclosed in the development's real estate public report. However, pursuant to Mohave County zoning ordinance and stipulations in the Rhodes Homes' Area Plan approvals, prior to selling homes in Mohave County generally, and in the Rhodes Homes projects specifically, ADWR must issue a Water Report with a finding of "adequate" water supplies. Most significantly, with respect to the CC&N for Perkins Mountain Water, pursuant to ACC normal practice, the ACC is expected to require Perkins Mountain to demonstrate that Rhodes Homes can obtain Water Reports from ADWR with an "adequate" finding.

² Water Report is the language contained in the A.A.C. provisions. However, ADWR generally refers the Water Report as a "Water Adequacy Report."

In order to obtain the required Water Report with a finding of "adequate" water supply from ADWR for a subdivision, a developer must file an application for a Water Report with ADWR providing evidence that the proposed water supply meets specific requirements. The fundamental elements of an adequate water supply are proving: i) physical availability of the proposed water source³, ii) continuous availability of the proposed water source, iii) legal availability of the proposed water source, and iv) that the proposed water source is of acceptable quality. Adequate water supply regulations detail specific requirements for each of the basic elements of an adequate water supply, providing specific requirements by type of water (e.g. groundwater, surface water, effluent). In the case of Perkins Mountain, the two sources of water available are groundwater and effluent. Slides 2 through 6 of the attached PowerPoint presentation detail the requirements of each of the elements of adequate water supply as they apply to groundwater and effluent proposed for use by Perkins Mountain.

As detailed in slides 2 through 6 and as shown in the adjacent table (also Slide 7), some elements of an adequate water supply can be proven prior to a water company obtaining a CC&N and some can only be proven after a CC&N is issued. Additionally, a developer of a master planned community can only apply for and receive a Water Report for a parcel of land that is at the pre-plat stage and is ready for recording as a subdivision. Therefore, by ADWR rule, in a master planned project such as those planned by Rhodes Homes, the process of obtaining an adequate water supply will be spread over the life of the project with Water Reports being issued for individual subdivisions as they are platted.

Element of Adequate Water Supply	Possible to Prove Pre-CC&N	Possible to Prove Post – CC&N
Physical Availability -		
Groundwater	YES	YES
Effluent Used Directly	NO	YES
Effluent Recovered from Storage	NO	YES
Continuous Availability	NO	YES
Legal Availability	NO	YES
Water Quality	YES	YES

Analysis of Adequate Water Supply

Since it is recognized that evaluating the water supply on a subdivision-by-subdivision basis would not meet the needs of a developer of a master planned project, an additional process is available to developers of master planned communities. The process is called an Analysis of Adequate Water Supply. This is the process that the ACC relies upon when evaluating CC&N applications related to master planned communities and determining compliance with conditional CC&N orders. Rhodes Homes has filed two applications for Analysis of Adequate Water Supply for its Golden Valley and White Hills developments that are the subject of our CC&N applications.

³ Physical availability determinations for groundwater must consider projected water level declines from existing demand and committed demands on the aquifer prior to considering the demand from the proposed subdivision or master planned community.

As detailed on Slide 8, the Analysis of Adequate Water Supply process is essentially a pre-approval process whereby selected elements of an adequate water supply are proven in advance. Significantly, once ADWR issues an Analysis of Adequate Water Supply with respect to any element of an adequate water supply, that finding is presumed to remain satisfied unless a change in evidence occurs. Essentially, any requirement previously covered by an Analysis of Adequate Water Supply is just "checked off" as proven when the actual Water Report is applied for.

Also significant, with respect to any physical availability determination for groundwater under an Analysis of Adequate Water Supply, any subsequent adequate water supply application (for other developments using the same source aquifer) must take into consideration the use of the full amount of groundwater found physically available in the previously issued Analysis of Adequate Water Supply. In other words, before a new developer or development can prove an adequate water supply based on groundwater for its use, it must assume the previous developer is using all of the groundwater approved in its Analysis of Adequate Water Supply, even if the planned lots of the master plan have not yet been platted and that use has not yet occurred. By obtaining an Analysis of Adequate Water Supply the proven groundwater is "reserved" (for adequate water supply purposes) for the developer that first obtained an Analysis of Adequate Water Supply for that water. This provision is intended to insure that water found physically available for a master planned community is actually available when growth in the master planned community necessitates its use.

An Analysis of Adequate Water Supply addresses only the specific element or elements of an adequate water supply that, based on evidence submitted in the application, are satisfied at the time of the analysis. It is not a comprehensive or exhaustive analysis of the water supply for a master planned community. For example, if an Analysis of Adequate Water Supply makes a finding of physical availability of groundwater, it does not take into account the physical availability of effluent or other supplies. Similarly, if there is a finding that a specific amount of groundwater is available, it does not preclude the issuance of a future finding that additional groundwater is physically available if and when additional hydrogeologic evidence is provided to ADWR.

Slides 9, 10 and 11 provide flow charts showing the Analysis of Adequate Water Supply process, the application for Water Report process and the Relationship to both processes to the CC&N issuance process.

Status of Rhodes Homes' Adequate Water Supply

Rhodes Home has submitted two separate applications for an Analysis of Adequate Water Supply. One is for the Golden Valley portion of the requested CC&N. The other is for the White Hills portion of the requested CC&N. Both applications request an analysis of the physical availability of groundwater and do not request evaluation of any other element of adequate water supply for the developments. Since the two developments are at physically separate locations above two different groundwater basins⁴, the two applications are wholly separate and do not affect each other

⁴ The Golden Valley development is in the Sacramento basin and the White Hills development is in the Detrital basin.

in any way. Consequently the adequate water supply for each development must be considered and evaluated independently of the other development's adequate water supply

Golden Valley

The application for an Analysis of Adequate Water Supply for Rhodes Homes' Golden Valley development was prepared by Errol Montgomery and submitted to ADWR in July 2005. The application requests a determination of physical availability of groundwater and only addresses groundwater availability. The application is for 32,000 residential units, a golf course and associated commercial development with a total projected water demand of approximately 16,000 acre-feet annually. The Area Plan for Golden Valley approved by Mohave County is for 32,756 residential units, a golf course and associated commercial development. The application contains a hydrogeological report prepared by Errol Montgomery. Errol Montgomery concluded that after considering existing, committed and projected demand from the Rhodes Home project that this project met the requirements for physical availability of sufficient groundwater to meet the build-out water demand of the Golden Valley development. The application for Analysis of Adequate Water Supply including the hydrogeological study was provided to ACC Engineering Staff at a meeting in July 25, 2005.

In October 1995, ADWR issued an Analysis of Adequate Water Supply determination, finding that based on the evidence presented in the application prepared by Errol Montgomery, 9,000 acre-feet annually of groundwater is physically available to the Rhodes Homes' Golden Valley development. I first obtained this letter from Errol Montgomery on February 6, 2006 in response to a request for a status update prompted by the articles in the *Arizona Republic*. Upon receipt of the letter, I contacted ACC Engineering Staff on February 6 to inform them of the significant progress made to date regarding the groundwater supply for the Golden Valley project. My intent was to assure ACC Engineering Staff, in contrast to the impression left by reading the newspaper articles, that Rhodes Homes was making significant progress toward obtaining the required adequate water supply for the Golden Valley and White Hills projects. I followed up my conversation with an email to ACC Engineering Staff, again on February 6, transmitting the ADWR letter and explaining that we expected similar positive results on the White Hills project. Again, my intent was to assure Staff that we expected Rhodes Homes to successfully obtain an Analysis of Adequate Water Supply meeting the requirements in the ROO within the two years allowed.

As indicated in Commissioner Mayes' letter, 9,000 acre-feet of water annually is not sufficient to meet the anticipated build-out demand for Golden Valley. However, as noted above, this analysis does not preclude proving additional supplies for Golden Valley. Stanley Consultants and Errol Montgomery report that they are planning to drill and test additional wells in the Golden Valley area which should allow them to supplement aquifer data in the Golden Valley area. With the new data, Errol Montgomery expects to submit a new or modified application to ADWR requesting approval of additional physical availability of groundwater for the Golden Valley project. In addition, upon issuance of the requested CC&N's, Errol Montgomery will be able to request approval from ADWR for an estimated approximately 5,800 acre-feet of effluent to be used to meet water demands in Golden Valley. Both Stanley Consultants and Errol Montgomery remain confident that when all sources of water are considered, adequate water will be physically available to meet the build-out needs of Rhodes Homes' Golden Valley development.

Additionally, the unit demands used by Errol Montgomery to estimate total water demand are significantly higher than normally expected per unit water use in Mohave County, significantly overstating projected total water demand. I have recommended that when Errol Montgomery updates its application it estimate total water demand using unit demand factors consistent with expected water usage patterns in Mohave County. This will lower total projected water demand, providing further evidence that an adequate water supply exists for Rhodes Homes' Golden Valley development.

White Hills

The application for an Analysis of Adequate Water Supply for Rhodes Homes' White Hills development was prepared by Errol Montgomery and submitted to ADWR in March 2005. The application requests a determination of physical availability of groundwater and only addresses groundwater availability. The application is for 30,464 residential units, a golf course and associated commercial development with a total projected water demand of approximately 15,700 acre-feet annually. The Area Plan for White Hills approved by Mohave County is for 20,049 residential units and associated commercial development and does not include a golf course. The application contains a hydrogeological report prepared by Errol Montgomery. Errol Montgomery supplemented the application in May of 2005 by submitting an addendum to the hydrogeological report. Errol Montgomery concluded that after considering existing, committed and projected demand from the Rhodes Home White Hills project, that this project met the requirements for physical availability of sufficient groundwater to meet the build-out water demand of the White Hills development. The application for Analysis of Adequate Water Supply including the hydrogeological studies were provided to ACC Engineering Staff at a meeting in July 2005.

ADWR has not issued a decision on this application and is processing a similar application for another developer's project located near Rhodes Homes' White Hills development. Errol Montgomery reports that ADWR has requested additional aquifer testing. In response to the request, three wells have been drilled and a fourth is planned. Errol Montgomery reports that testing to date has yielded positive results. Upon completion and testing of the four wells, Errol Montgomery will prepare appropriate reports for submittal to ADWR. Errol Montgomery is confident that ADWR will issue an Analysis of Adequate Water Supply finding substantial physical availability of groundwater for Rhodes Homes' White Hills development.

Upon issuance of the requested CC&N's, Errol Montgomery will also be able to request approval from ADWR for an estimated approximately 4,400 acre-feet of effluent to be used to meet water demands in White Hills. Additionally, I have recommended that Errol Montgomery update its application to reflect the land plan in the approved White Hills Area Plan and estimate total water demand using unit demand factors consistent with expected water usage patterns in Mohave County. This will lower water demand for the application considerably due to the large reduction in residential units, removal of the golf course from the water demand and due to the use of unit demand factors consistent with expected water usage patterns in Mohave County.

Both Stanley Consultants and Errol Montgomery remain confident that when all sources of water are considered and updated demand estimates are provided, adequate water will be physically available to meet the build-out needs of Rhodes Homes' White Hills development.

Slides 12 and 13 summarize the status of Rhodes Homes adequate water supply applications.

Golden Valley Effluent	<u>Units</u>	<u>PPU</u>	<u>Pop.</u>	<u>gpcd</u>	<u>Effluent</u>
Active Adult	12,230	1.8	22,014	70	1,540,980
Single Family - Low & Med. Density	8,175	3.0	24,525	70	1,716,750
Multi-Family - High Density	2,775	2.4	6,660	70	466,200
Town Center - Residential	<u>10,000</u>	2.1	<u>21,000</u>	70	<u>1,470,000</u>
	33,180		74,199		5,193,930
Annual (gal)					1,895,784,450
Annual (ac-ft)					5,818
White Hills Effluent					
Single Family - Low & Med. Density	14,115	3.0	42,345	70	2,964,150
Multi-Family - High Density	<u>5,934</u>	2.4	<u>14,242</u>	70	<u>996,912</u>
	20,049		56,587		3,961,062
Annual (gal)					1,445,787,630
Annual (ac-ft)					4,437

Perkins Mountain Water Perkins Mountain Utility

Status Report
Adequate Water Supply
Requirements and Related Regulatory Approvals

February 27, 2006

ARICOR
Water Solutions

Elements of Adequate Water Supply

- Physical Availability
 - 100-Year Projected Demand
 - Groundwater
 - Maximum 100-year depth to static water level = 1,200'
 - Must consider
 - Current Static water level
 - Declines from existing demand
 - Declines from committed demand
 - Declines from proposed development

Elements of Adequate Water Supply

- Physical Availability (Cont.)
 - Effluent Used Directly
 - Amount of effluent available up to projected actual use
 - Effluent Recovered within Area of Impact of Storage Project
 - Existing Storage Credits on date of application
 - Future Credits
 - Need Contract
 - Physical, legal and continuous availability of source effluent
 - Existence of all required permits

Elements of Adequate Water Supply

- Continuous Availability
 - 100-year projected demand
 - Evidence that Adequate delivery, storage and treatment works will be in place in a timely manner
 - Evidence that wells will be constructed in timely manner capable of meeting 100-year demand
 - Evidence that effluent availability will not be affected by fluctuations in the supply of effluent

Elements of Adequate Water Supply

- Legal Availability
 - 100-year projected demand
 - Legal right to use, recapture or reuse any effluent
 - Notice of Intent with water company
 - Water company CC&N free of conditions likely to result in revocation for development

Elements of Adequate Water Supply

- Water Quality
 - Evidence that water sources will satisfy State water quality requirements
- Notice and Hearing
 - At option of Director of ADWR

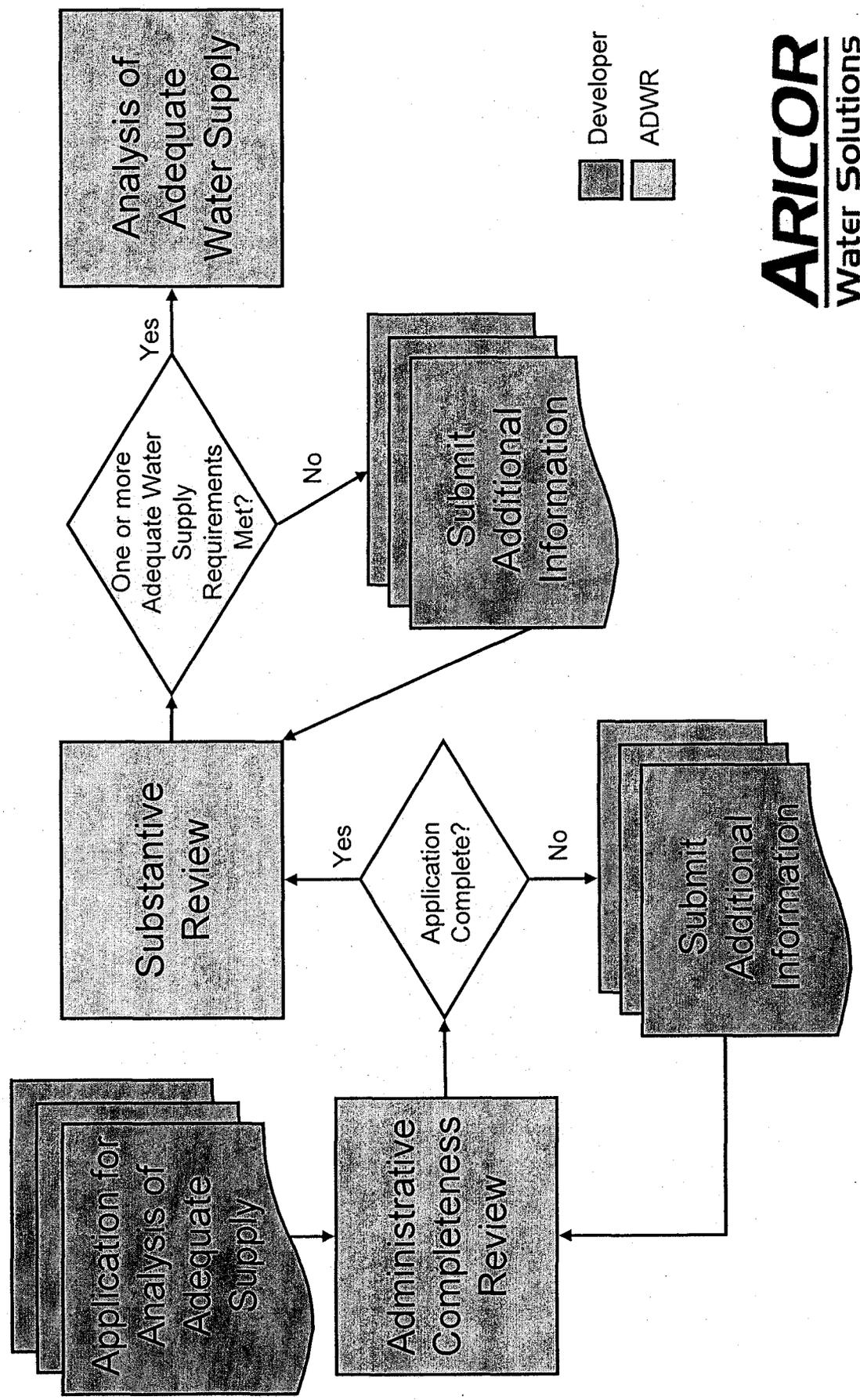
Adequate Water Supply Adequate Water Supply Elements & Relationship to CC&N

Element of Adequate Water Supply	Possible to Prove Pre-CC&N	Possible to Prove Post – CC&N
Physical Availability - Groundwater Effluent Used Directly Effluent Recovered from Storage	YES NO NO	YES YES YES
Continuous Availability	NO	YES
Legal Availability	NO	YES
Water Quality	YES	YES

Analysis of Adequate Water Supply

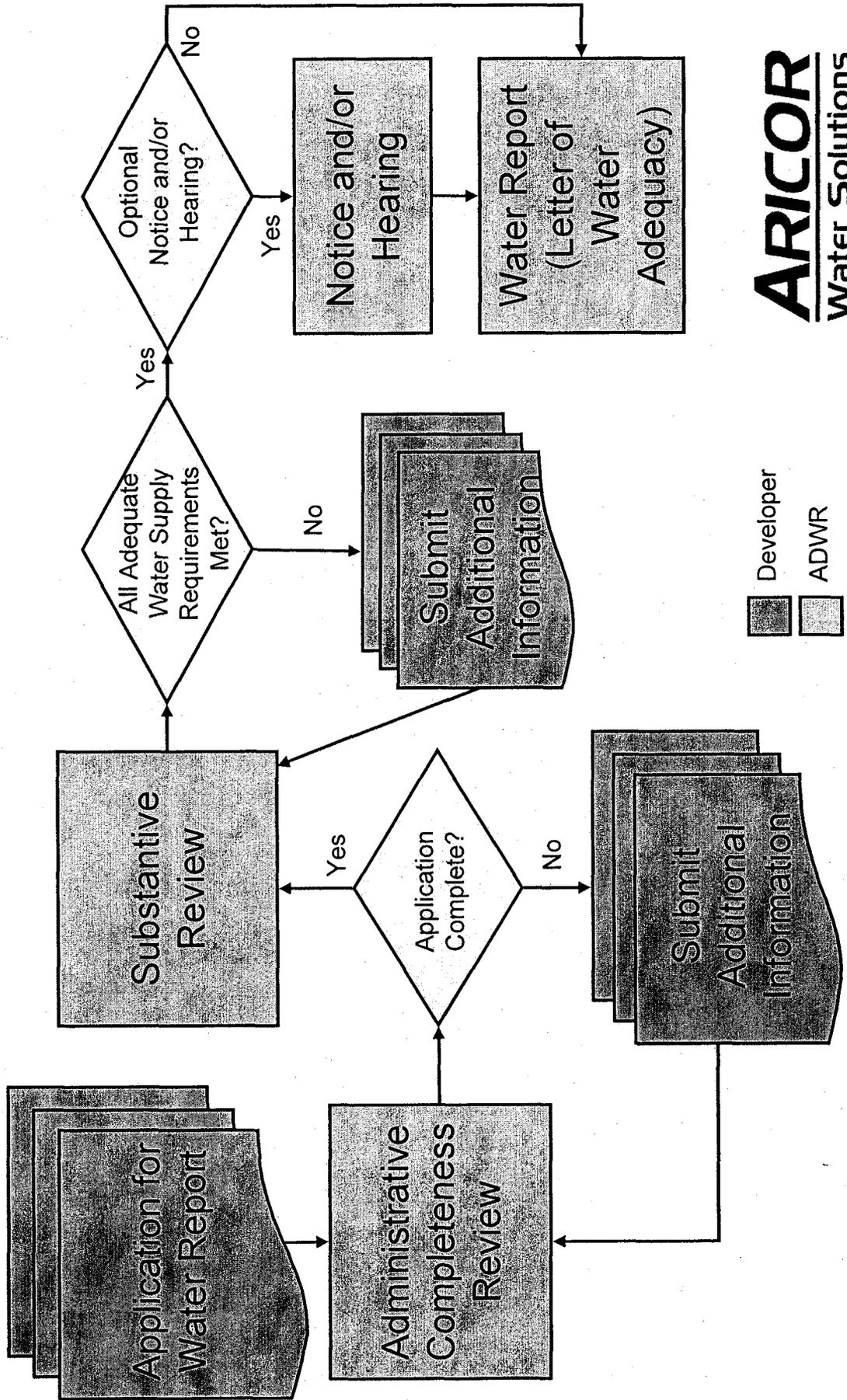
- Process to evaluate an unplatted development plan for the purpose of determining whether the development is likely to satisfy adequate water supply requirements.
- If determined that development would presently satisfy one or more of the adequate water supply requirements, if development was platted, analysis of adequate water supply issued.
- Once an analysis of adequate water supply issued, finding presumed to remain satisfied unless a change in evidence has occurred since analysis issued.
- Essentially a pre-approval process whereby selected elements of adequate water supply are proven in advance.

Analysis of Adequate Water Supply Process Flow Chart



Developer
 ADWR

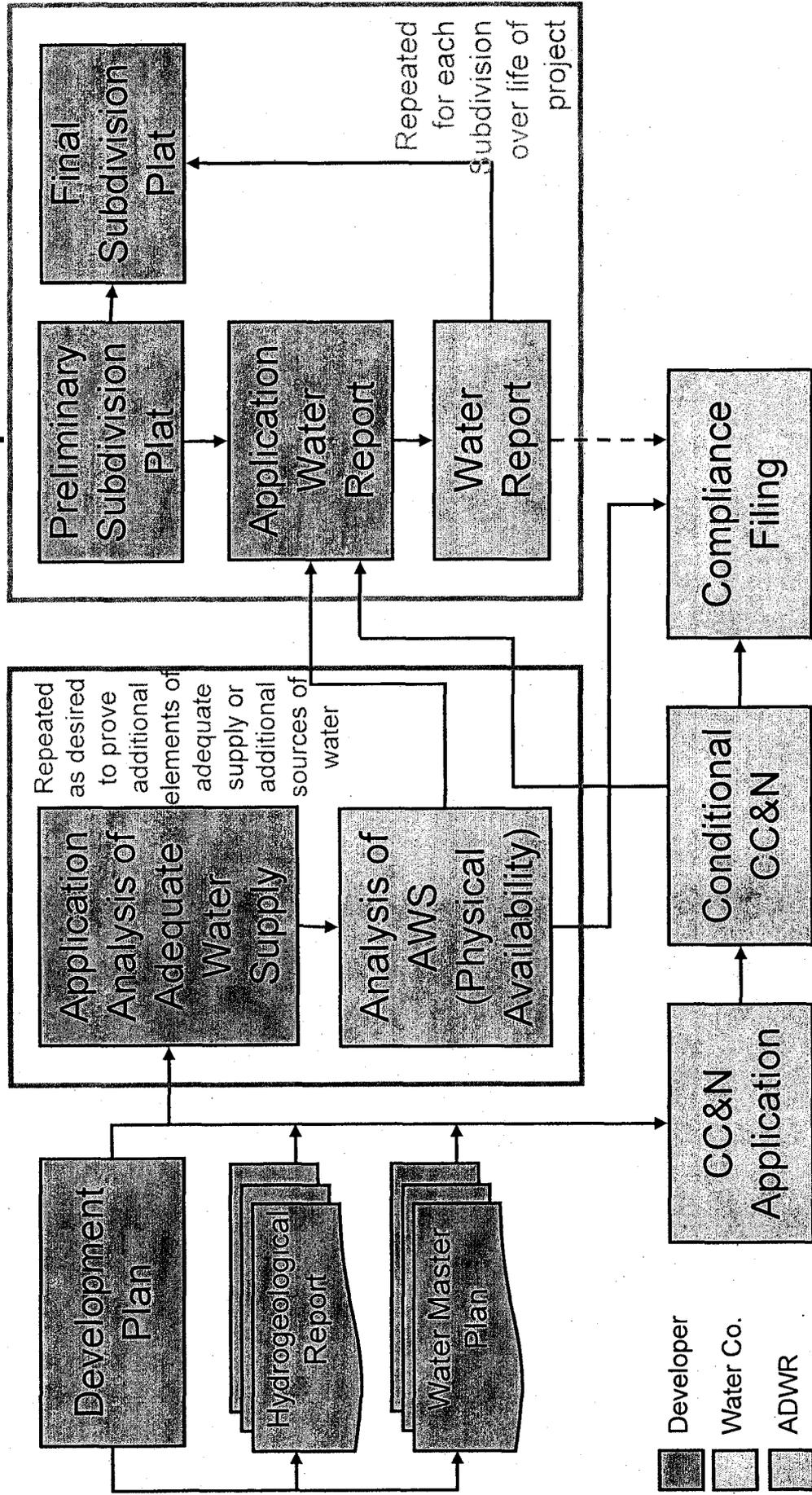
Application for Water Report Process Flow Chart



Developer
 ADWR

Adequate Water Supply

ADWR Process & Relationship to CC&N



- Developer
- Water Co.
- ADWR
- ACC

Adequate Water Supply Status

- Analysis of Adequate Water Supply Applications Submitted
 - Golden Valley – July 2005
 - Residential Units – 32,000
 - Projected Demand – 16,000 ac-ft annually
 - White Hills – March 2005
 - Residential Units – 30,464 units
 - Projected Demand – 15,700 ac-ft annually
- Requested Elements
 - Golden Valley
 - Physical Availability – Groundwater
 - Analysis Issued for 9,000 ac-ft annually of groundwater
 - White Hills
 - Physical Availability – Groundwater
 - Analysis pending – Aquifer testing underway

Adequate Water Supply Status

- Future Water Supply Elements
 - Effluent
 - Golden Valley – 5,800 ac-ft annually
 - White Hills – 4,400 ac-ft annually
 - Groundwater
 - Golden Valley –based on southern area well drilling and test pumping - additional physical availability expected
- Demand Reductions
 - White Hills - Reflect Approved Area Plan
 - 20,049 residential Units – Eliminate golf course
 - Golden Valley and White Hills
 - Revise total water demand estimates using unit demand factors appropriate for Mohave County

Attachment B

- 1 (5) Hydrologic Study.
- 2 5. In May 2005, Montgomery & Associates issued an Addendum to the White Hills
- 3 Application, which included extensive hydrologic analyses to update Attachment
- 4 5 of the Application. Specifically, the Addendum included:
- 5 (a) a revised, more detailed analysis of the hydrological conditions in the
- 6 Detrital Valley;
- 7 (b) results from a large-scale surface geophysical survey;
- 8 (c) analysis conducted by HydroGeophysics, Inc.;
- 9 (d) an updated well inventory of Detrital Valley;
- 10 (e) analysis of lithologic and pumping test data obtained for two new deep
- 11 wells constructed at White Hills;
- 12 (f) results from laboratory chemical analysis for groundwater samples recently
- 13 obtained from wells; and
- 14 (g) results of a revised analytical model used to project impacts of
- 15 groundwater pumping for the 100-year water supply for the proposed
- 16 development.
- 17 6. In July, 2005, Montgomery & Associates submitted to ADWR, on behalf of the
- 18 Developer and landowner, an application for an Analysis of Water Adequacy for
- 19 Golden Valley South ("GV Application"). A Regional Hydrogeology Report was
- 20 also included as part of the GV Application. This report contained the following
- 21 five attachments:
- 22 (a) hydrologic study in support of the Analysis of Water Adequacy;
- 23 (b) copies of demand calculations for lower density and maximum density
- 24 development, utilizing data from ADWR and Mohave County;
- 25 (c) copies of the preliminary planned unit development;
- 26 (d) a notice of intent to serve; and
- 27 (e) ownership documents.
- 28

- 1 7. On or about October 19, 2005, ADWR issued an Analysis of Adequate Water
2 Supply for Golden Valley and determined that 9,000 acre-feet per year of
3 groundwater is physically available for meeting the future demands of the Golden
4 Valley Project. If one excludes amenities, like golf courses, from long-term
5 demand calculations, this amount is sufficient for approximately 35,000 homes.
- 6 8. The use of 9,000 acre-feet of groundwater alone is not sufficient to meet the
7 anticipated build-out demand as outlined in the Application, since it includes golf
8 courses, parks, some commercial development, and a school. Current estimates
9 of demand are between 10,600 acre feet per year and 11,660 acre feet per year
10 (which includes a 10% safety factor).
- 11 9. Upon the issuance of the CC&N for the sewer company, Perkins Mountain Utility
12 Company, the Developer will be able to request an estimated 5,800 additional
13 acre-feet of effluent credit produced by the planned wastewater facility to meet
14 additional water demand.
- 15 10. Effluent credits cannot be considered by ADWR in analyzing physical availability
16 because the sewer company does not have a CC&N and therefore, cannot provide
17 sewer service or enter into contracts for the discharge.
- 18 11. It is my opinion that Rhodes Homes will be able to obtain an adequate water
19 determination by ADWR to meet the expected demand at build-out of Golden
20 Valley South when the use of effluent is considered.
- 21 12. In addition to the effluent credits, additional drilling and testing is planned by the
22 Developer to accommodate the anticipated twenty-year development build-out.
- 23 13. Currently, ADWR has not issued a decision regarding water adequacy for White
24 Hills and has requested additional aquifer testing.
- 25 14. On December 5, 2005, Montgomery & Associates submitted a proposal to
26 ADWR to perform further testing and to obtain additional data for a supplemental
27 report to the White Hills Application. ADWR accepted this proposal by letter to
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Montgomery & Associates on February 17, 2006. ADWR found that the proposal addresses the need to obtain and evaluate additional data for determination of quantity, quality, and dependability of the groundwater supply required to meet the current, committed, and projected demands. This additional data will include drilling boreholes, aquifer testing, analysis of drawdown data, and projection of the 100-year impact using analytical modeling. ADWR found Montgomery & Associates' proposal acceptable.

15. In response to ADWR's request for additional test and drilling data, and acceptance of the December 5, 2005, proposal, three additional test wells are being drilled and a fourth is planned. Preliminary data indicates positive results.

16. I am confident that ADWR will issue an Analysis of Adequate Water Supply that finds substantial physical availability of groundwater for White Hills.

FURTHER AFFIANT SAYETH NOT.

William R. Victor

William R. Victor, Principal

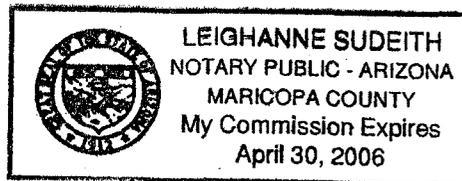
STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me, a notary public, this 3 day of March, 2006, by William R. Victor, as a Principal of Errol L. Montgomery, Inc., an Arizona corporation.

Leighanne Sudeith

Notary Public

My commission expires:
4/30/2006



WILLIAM R. VICTOR, P.G.

Professional Associate

SUMMARY OF EXPERIENCE

Professional experience in hydrogeology, groundwater development, environmental investigations, and geophysics from 1977. Responsibilities include project management and coordination, planning and supervision of field operations, preparation of technical reports, interfacing with regulatory agencies and clients, and providing expert testimony for litigation. Mr. Victor has conducted large-scale investigations in the United States and South America. Areas of specialization include: evaluation, development, and management of groundwater resources; investigations for acquiring Assured Water Supplies and Adequate Water Supplies for developments; project coordination for remedial design and remedial action at EPA and State Superfund Sites; conduct of remedial investigations and management of feasibility studies for contamination by hazardous wastes; evaluation of groundwater and surface water conditions in the vicinity of industrial and urban developments, mine tailings ponds, coal mining prospects, and waste disposal sites; design, construction supervision, and testing of production wells, monitor wells, dewatering wells, and injection wells; collection and interpretation of aquifer hydraulic data; formulation of groundwater flow models and vadose zone models; and collection and analysis of borehole and surface geophysical data.

EDUCATION AND PROFESSIONAL AFFILIATIONS

- Bachelor of Science degree in Geology from Northern Arizona University in 1976.
- Master of Science degree in Hydrology from The University of Arizona in 1986.
- Registered Professional Geologist in Arizona (19807), California (4209), and Kentucky (46).
- Pre-qualified consultant (1239) under the Arizona Underground Storage Tank State Assurance Fund Program.
- Graduated from the Dresser-Atlas school of borehole geophysics in 1977.
- Member of the Arizona Hydrological Society (President, Tucson Chapter, 1986; Corporate Board 1988; and Corporate Treasurer 1989), International Association of Hydrogeologists, National Ground Water Association, Arizona Geological Society, and National Speleological Society.
- Served as member of the 1998-1999 Well Inspection Implementation Team for the Arizona Water Quality Assurance Revolving Fund (State Superfund) responsible for planning procedures to identify and mitigate

cross contamination of aquifers via wells at state and federal Superfund Sites.

- Served as a member of the 1996-1997 Arizona Department of Environmental Quality Cleanup Standards/Policy Task Force.
- Served as a member of the Well Construction Regulations Committee responsible for reviewing and revising well construction regulations for the well drilling industry in Arizona.
- Completed the 40-hour basic, 8-hour supervisor, and annual 8-hour refresher OSHA HAZWOPER certifications, as well as the annual 8-hour MSHA certification.

REPRESENTATIVE PROFESSIONAL ASSIGNMENTS

- Investigation and development of large-scale groundwater supplies to support applications for Adequate Water Supply in the Sacramento, Detrital, and Hualapai Valleys, Mohave County, Arizona, for Rhodes Homes – Arizona LLC.
- Principal investigator for the water resources impacts evaluation of the Arizona Snowbowl Environmental Impact Statement and qualified expert witness in subsequent litigation in federal district court brought by five Indian Nations and the Sierra Club against the U.S Forest Service, for the U.S. Forest Service and SE Group.
- Investigation and mitigation of elevated arsenic and fluoride using nontreatment methods in public water system wells under a Rural Development grant for Wenden, Arizona.
- Investigation of feasibility to mitigate elevated arsenic using nontreatment methods in the Woody Mountain well field for the City of Flagstaff, Arizona.
- Investigation and development of large-scale groundwater supplies to support applications for Assured Water Supply in the Lower Hassayampa Sub-basin, Maricopa County, Arizona, for Lennar Communities Development, Inc.
- Investigation and development of large-scale groundwater supplies to support applications for Assured Water Supply in the Lower Hassayampa Sub-basin, Maricopa County, Arizona, for Capital Pacific Homes of Arizona, Inc.

- Investigation and development of groundwater supplies from a perched aquifer system for residential development at The Ranch at the Peaks, Fort Valley, Arizona.
- Investigation and characterization of the deep regional R-aquifer near Williams, Arizona, testing and evaluation of capacity and potential impacts of existing City of Williams municipal production wells, and design, construction, and testing of additional deep production wells in R-aquifer to depths of nearly 4,000 feet, for a confidential client.
- Investigation, design, and implementation of surface impoundment and injection well recharge facilities for the proposed South Water Reclamation Facility (WRF) in the West Salt River Valley, and preparation of hydrologic reports in support of an application for an Underground Storage Facility permit, for City of Peoria, Arizona.
- Conduct of Remedial Investigation (RI), participation in Feasibility Study (FS), and Project Coordinator and Supervising Contractor of remedial action for soil and groundwater contamination at Hassayampa Landfill EPA Superfund Site, Maricopa County, Arizona, for the Hassayampa Steering Committee.
- Design, construction, and testing of groundwater extraction and recharge system for 3,000 gallon-per-minute treatment system for contaminated groundwater at Deer Valley Computer Park, Phoenix, Arizona.
- Conduct of RI and participation in FS and Remedial Action Plan (RAP) under WQARF for soil and groundwater contamination due to waste disposal in seepage pits and evaporation pond at Deer Valley Computer Park, Phoenix, Arizona, for Honeywell Inc. and Bull HN Information Systems Inc.
- Conduct of RI and participation in FS and RAP under WQARF for soil and groundwater contamination due to hazardous waste disposal in dry wells at IAC Peoria Avenue Facility, Phoenix, Arizona, for Honeywell Inc.
- Participation in an Alternative Dispute Resolution between two confidential industrial clients regarding a site with groundwater and soil contamination by various hazardous wastes.
- Design and implementation of pilot groundwater pump and treat operations using ultraviolet/peroxide treatment at contaminated City of Phoenix production water well for Deer Valley Computer Park.

- Conduct of Phase I and II site assessments, including soil, groundwater, and building investigations for Union Hills, Tempe I, and Tempe II Facilities, Phoenix, Arizona, for Digital Equipment Corporation.
- Investigation of soil and groundwater contamination at manufacturing facilities for agricultural chemicals at EPA Superfund Sites for Brown & Bryant, Inc., Arvin and Shafter, California.
- Investigation of subsurface conditions and impact of hazardous waste disposal practices on groundwater and surface water resources at EPA Superfund Site at U.S. Air Force Plant No. 4, Fort Worth, Texas, for General Dynamics Corporation.
- Investigation for impact of active hazardous waste disposal facility on water resources near Oracle, Arizona, for University of Arizona Risk Management.
- Design and implementation of groundwater exploration program for potential production well field for confidential client, Greenlee County, Arizona.
- Assessment of existing production capacity and potential for expansion of municipal well field for the City of Holbrook, Arizona.
- Evaluation of existing large-capacity production water well field, design of future well field pumping regimens, design for re-equipping well field, and design and implementation of drilling program for additional production water wells for confidential client, Greenlee County, Arizona.
- Comprehensive regional hydrogeologic investigation and numerical groundwater flow modeling to project potential impact to springs in the Grand Canyon from pumping of groundwater in the Coconino Plateau sub-basin of the R-aquifer, for Tusayan Growth Environmental Impact Statement, for U.S. Forest Service and Canyon Forest Village, Inc.
- Assessment of cause of damage to existing production water well, and design and construction of replacement production well for Martori Farms, near Aguila, Arizona.
- Investigation of alternatives for reliable potable water supply for City of Williams, Arizona.
- Conduct of hydrogeological investigations and analyses for design, siting, permitting, and construction of recharge and recovery facilities for a 15-

million gallon per day wastewater reclamation facility, for City of Glendale, Arizona.

- Conduct of hydrogeologic investigation to evaluate potential subsurface impacts from operations at the Navajo Generating Station, near Page, Arizona, for Salt River Project.
- Hydrogeologic investigation, groundwater monitoring program, and permitting to meet Environmental Impact Statement and Arizona Aquifer Protection Permit requirements for uranium mine prospect near Grand Canyon, Arizona, for Energy Fuels Nuclear, Inc., and U.S. Forest Service.
- Conduct of Phase I site assessment for industrial property in Tijuana, Mexico for Honeywell Inc.
- Design of dewater well network to lower groundwater levels beneath buildings at 91st Ave. Wastewater Treatment Plant, for City of Phoenix.
- Groundwater exploration and supervision of production water well program for large-scale water supply in Salares de Michincha, Alconcha, and Coposa, Chile for Compañía Minera Doña Ines and Superior Oil Company.
- Investigation of hydrogeologic conditions in Salar del Huasco for the Town of Iquique, Chile.
- Groundwater exploration in Pampa de Larima and Salar de Lagunillas, Chile, for Compañía Minera Cerro Colorado.
- Assessment of hydrogeologic conditions and design of monitoring system for Groundwater Quality Protection Permit to operate wastewater disposal ponds, for Arizona Correctional Training Center, Tucson, Arizona.
- Investigation of groundwater adequacy for several land developments and gravel pits.
- Hydrogeologic and dewatering investigation and groundwater monitoring at Texas lignite prospects, for Exxon Coal Resources USA, Inc.
- Conduct of site assessment for sale of property at Anadite Plating Facility, Tucson, Arizona, for Anadite.
- Preparation of work plan for investigation of impact from large-scale release of fuel at City of Tucson bus depot, for Sun Tran.

- Production and analysis of borehole geophysical logs for oil and water wells for numerous major oil companies in Colorado, Wyoming, Utah, and Idaho, for Dresser Atlas.

PAPERS PRESENTED AND PUBLISHED FOR PROFESSIONAL SYMPOSIA

- Victor, W.R., Harshbarger, J.W., and Montgomery, E.L., 1982. **Groundwater exploration in the Salar de Alconcha basin, Andean Highlands, Chile.** Proceedings of American Geophysical Union Fall Meeting & ASLO Winter Meeting, San Francisco, CA, December 7-15, 1982.
- Victor, W.R., 1986. **Hydrogeology and groundwater development in a salar basin in the Andes Mountains of northern Chile.** Thesis for Master of Science degree in hydrology at The University of Arizona, Tucson, AZ, May 1986.
- Victor, W.R., 1986. **Impact on ground water by distributors of agricultural chemicals.** Proceedings of Agricultural Impacts on Ground Water - a Conference, sponsored by The National Water Well Association and others, Omaha, NE, August 11-13, 1986.
- Montgomery, E.L., Victor, W.R., and Harshbarger, J.W., 1988. **Hydrogeologic conditions of the regional karstic aquifer and associated breccia pipes near Grand Canyon, Arizona, USA.** Proceedings of the IAH 21st Congress on Karst Hydrogeology and Karst Environment Protection, Guilin, China, October 10-15, 1988.
- McGavock, E.H., Victor, W.R., and Vernieu, W.S., 1995. **Projected hydrogeologic conditions in the Navajo Sandstone aquifer near Page, Arizona after hydraulic equilibrium is reached with Lake Powell.** Proceedings of 8th Annual Symposium of Arizona Hydrological Society, Tucson, AZ, September 14-16, 1995.
- Victor, W.R., Lindquist, J.C., and Meyer, J.J., 1995. **Development of quantitative soil vapor performance standards for the Hassayampa Landfill EPA Superfund Site, Maricopa County, Arizona.** Proceedings of 8th Annual Symposium of Arizona Hydrological Society, Tucson, AZ, September 14-16, 1995.
- Victor, W.R., Meyer, J.J., and Lindquist, J.C., 1995. **Risk posed to groundwater from contaminated soil vapor: soil vapor performance standards for the Hassayampa Landfill EPA Superfund Site.** Proceedings of HAZWaste 95 Symposium, Phoenix, AZ, November 9, 1995.
- Lindquist, J.C., Victor, W.R., and Meyer, J.J., 1996. **Development of quantitative soil vapor performance standards for the Hassayampa Landfill Superfund Site using SESOIL, a one-dimensional vadose zone transport model.** Proceedings of Tenth National Outdoor Action Conference of the National Ground Water Association, Las Vegas, NV, May 13-15, 1996.

- Victor, W.R., and Montgomery, E.L., 1997. **Potential groundwater impacts, draft Tusayan Growth Environmental Impact Statement.** Proceedings of 10th Annual Symposium of Arizona Hydrological Society, Carefree, AZ, September 18-19, 1997.
- Montgomery, E.L., McGavock, E.H., and Victor, W.R., 1999. **The R-aquifer system in northern Arizona.** Proceedings of 12th Annual Symposium of Arizona Hydrological Society, Hon Dah, AZ, September 8-11, 1999.
- Victor, W.R., Lindquist, J.C., and Montgomery, E.L., 1999. **Groundwater resources and potential impacts from development, Tusayan Growth EIS.** Proceedings of 12th Annual Symposium of Arizona Hydrological Society, Hon Dah, AZ, September 8-11, 1999.

- Montgomery, E.L., McGavock, E.H., and Victor, W.R., 2000. **Hydrogeologic systems of the Coconino and San Francisco Plateaus.** Proceedings of Coconino Plateau Hydrology Workshop, Flagstaff, AZ, October 26-27, 2000, Northern Arizona University, Flagstaff, Arizona.
- Victor, W.R., and Montgomery, E.L., 2000. **Groundwater flow model for Tusayan Growth EIS.** Proceedings of Coconino Plateau Hydrology Workshop, October 26-27, 2000, Northern Arizona University, Flagstaff, Arizona.
- Victor, W.R., 2003. **Low cost nontreatment alternatives to mitigate arsenic in groundwater.** Proceedings of Mountain States Ground Water Expo 2003, Loughlin, Nevada, February 6-8, 2003.
- Victor, W.R., 2003. **Low cost nontreatment alternatives to mitigate arsenic in groundwater.** Proceedings of National Ground Water Association Southwest Focus Conference, Phoenix, Arizona, February 20-21, 2003.
- Victor, W.R., 2003. **Mitigating arsenic in groundwater without treatment.** Article published in Southwest Hydrology, Vol. 2, No. 4, July-August 2003.
- Victor, W.R., 2006. **Non-treatment alternatives for mitigating arsenic in groundwater.** Abstract for *Innovations in Arsenic Management for Water Providers*, Arsenic Workshop at The University of Arizona, February 17, 2006.

Attachment C

complete set of all studies that have been previously provided to Staff but not filed in Docket

Attachment D

5
805

MICROFILMED



2006001237 BK 6042 PG 805
OFFICIAL RECORDS OF MOHAVE COUNTY
JOAN MC CALL, MOHAVE COUNTY RECORDER
01/05/2006 02:07P PAGE 1 OF 5
MOHAVE COUNTY BOARD OF SUPERVISORS
RECORDING FEE 0.00

RESOLUTION NO. 2005-608

A RESOLUTION SETTING FORTH THE VILLAGES AT WHITE HILLS AREA PLAN CONSISTING OF PROPERTIES LOCATED IN A PORTION OF SECTION 36, TOWNSHIP 27 NORTH, RANGE 21 WEST AND, SECTIONS 20, 23, AND PORTIONS OF SECTIONS 16, 17, 21 AND, 30 IN TOWNSHIP 27 NORTH, RANGE 20 WEST, FOR A NEW URBAN CENTER COMPRISED OF COMMERCIAL, INDUSTRIAL, RECREATIONAL, MULTI-FAMILY AND SINGLE-FAMILY LAND USES ON APPROXIMATELY 4.5 SQUARE MILES IN THE WHITE HILLS AREA, MOHAVE COUNTY, ARIZONA.

WHEREAS, at a special meeting of the Mohave County Board of Supervisors held on December 29, 2005, a public hearing was conducted to determine whether approval should be granted to The Village at White Hills Area Plan consisting of the above-described property as requested by Rhodes Homes of Las Vegas, Nevada, and

WHEREAS, the Area Plan covers some 2,900 acres of mostly contiguous, private land surrounded by Bureau of Land Management and private holdings. The site lies along White Hills Road, east of US Highway 93. The planning area's terrain is relatively flat, sloping northward to the Detrital Wash, and

WHEREAS, The Villages at White Hills Area Plan provides elements for Community Development, Natural Resources, and Public Infrastructure and Facilities. The Mohave County General Plan designates the Planning Area as an Urban Development Area with several land use subcategories, and

WHEREAS, The Villages at White Hills Area Plan designates 2,320 acres for 6,400 low, 7,708 medium and 5,934 high-density residential units. In addition, commercial uses will utilize 104 acres and parks and open space will comprise 150 acres. The Village at Whites Hills is envisioned as Arizona's residential and commercial gateway to southern Nevada and will offer affordable housing for those wishing to commute to the Las Vegas metropolitan area, and

WHEREAS, the property is presently covered under Unisource and Frontier Communications franchises for electric and telephone service, respectively. There are no organized water or public sewer facilities in the area. The roads in the area are comprised of one paved road (White Hills Road) and several unimproved, native material roadways, and

WHEREAS, a review of various FEMA FIRM Panels indicates that the Area Plan contains various flood hazard areas, including the Detrital Wash and its tributaries, and

RESOLUTION NO. 2005-608**PAGE 2**

WHEREAS, the following described Findings of Fact are for the above-captioned item:

- a. All notices have been advertised and posted according to regulations.
- b. The Rhodes Homes development team held a public meeting on May 31, 2005 at the Dolan Springs Community Center.
- c. Notifications for these meetings were done via mailed invitation based on the Mohave County Tax Assessor's data records. Mailings were sent to those living in the surrounding area.
- d. Approximately 40 people attended the public meeting.
- e. The proposed land uses will be consistent with the planned and the existing, surrounding land uses and the Mohave County General Plan pending the finding of an adequate water supply to support the project.
- f. The area has multiple forms of legal access.
- g. Significant environmental features affecting the planning area include the above named washes and groundwater reserves.

WHEREAS, at the public hearing before the Mohave County Planning and Zoning Commission on September 21, 2005, the Commission recommended **APPROVAL** of the Villages at White Hills Area Plan subject to the following:

1. The proponent will demonstrate that an adequate water supply exists for the population anticipated within The Villages at White Hills upon the submittal of the first Village or Unit. If the water supply proves inadequate, the Area Plan will be scaled back to accommodate the water supply and/or the developer shall establish a comprehensive water conservation plan.
2. The Urban "Building" Overlay Zone will be extended to cover all properties within the Area Plan upon submission of a Master Concept Plan in accordance with Section 3.10.B.4 of the Mohave County Land Division Regulations, as amended, or an equivalent plan.
3. Access improvements on Highway 93 shall be in accordance with any adopted ADOT Access Management Plan approved by the Mohave County Board of Supervisors for implementation.
4. The Mohave County 208 Water Quality Management Plan will be amended to include wastewater treatment provisions for each phase of development as necessary.
5. The proponent will prepare a Natural Resource Management Plan (NRMP) addressing: wildlife conservation and habitat enhancement, waste reduction and management, energy efficiency, water conservation, water quality management, and pesticide management.
6. The proponent will prepare a Master Concept Plan or equivalent in accordance with Section 3.10.B.4 of the Mohave County Land Division Regulations, as amended, with the submittal of the first preliminary plat.

RESOLUTION NO. 2005-608**PAGE 3**

7. Outside agency comments will be addressed as each phase of development proceeds.
8. Development of the Area Plan shall show sufficient progress by the next decennial update of the General Plan. Sufficient progress is the development of a single Village or Unit. Without such progress, the Area Plan will be recommended for reduction in scope or rescission.

WHEREAS, the notice of hearing was published in The Kingman Daily Miner, a newspaper of general circulation in Kingman, Mohave County, Arizona, November 6, 2005, and posted November 4, 2005, as required by Arizona Revised Statutes and the Mohave County Zoning Regulations, and

WHEREAS, upon taking testimony at their November 21, 2005 meeting, the Board of Supervisors continued this proposal to their December 5, 2005 meeting, and

WHEREAS, upon taking testimony at their December 5, 2005 meeting and considering the need for available, adequate infrastructure in growing areas, without additional cost to county residents, the Board of Supervisors recommended APPROVAL for the Major General Plan Amendment subject to the following:

1. The proponent will demonstrate that an adequate water supply exists for the population anticipated within The Villages at White Hills upon the submittal of the first Village or Unit. If the water supply proves inadequate, the Area Plan will be scaled back to accommodate the water supply and/or the developer shall establish a comprehensive water conservation plan.
2. The Urban "Building" Overlay Zone will be extended to cover all properties within the Area Plan upon submission of a Master Concept Plan in accordance with Section 3.10.B.4 of the Mohave County Land Division Regulations, as amended, or an equivalent plan.
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6. The proponent will prepare a Master Concept Plan or equivalent in accordance with Section 3.10.B.4 of the Mohave County Land Division Regulations, as amended, with the submittal of the first preliminary plat.
7. Outside agency comments will be addressed as each phase of development proceeds.

PAGE 4 OF 5
BK 8042 PG 808 FEE#2006001237**RESOLUTION NO. 2005-608****PAGE 4**

8. Development of the Area Plan shall show sufficient progress by the next decennial update of the General Plan. Sufficient progress is the development of a single Village or Unit. Without such progress, the Area Plan will be recommended for reduction in scope or rescission.
9. Prior to further approvals being granted, the Developer must establish to the Board's satisfaction that adequate infrastructure is in place or programmed and to be completed at each stage of the development without cost to the County, and to the fullest extent permitted by law.

WHEREAS, A.R.S. 11-823.B states that the Board, after holding a public hearing and considering "protests and objections to the plan, may change or alter any portion of the County plan including the zoning regulations. However, before any change is made, that portion of the plan proposed to be changed shall be re-referred to the Commission for their recommendation, which may be accepted or rejected by the Board,"and

WHEREAS, the notice of hearing was published in The Kingman Daily Miner, a newspaper of general circulation in Kingman, Mohave County, Arizona, November 27, 2005, and posted November 29, 2005, as required by Arizona Revised Statutes and the Mohave County Zoning Regulations, and

WHEREAS, at the public hearing before the Mohave County Planning and Zoning Commission begun on December 14, 2005, and continued to December 19, 2005, the Commission concurred with the Board of Supervisors and recommended APPROVAL for the Major General Plan Amendment subject to the following:

1. The proponent will demonstrate that an adequate water supply exists for the population anticipated within The Villages at White Hills upon the submittal of the first Village or Unit. If the water supply proves inadequate, the Area Plan will be scaled back to accommodate the water supply and/or the developer shall establish a comprehensive water conservation plan.
2. The Urban "Building" Overlay Zone will be extended to cover all properties within the Area Plan upon submission of a Master Concept Plan in accordance with Section 3.10.B.4 of the Mohave County Land Division Regulations, as amended, or an equivalent plan.
3. Access improvements on Highway 93 shall be in accordance with any adopted ADOT Access Management Plan approved by the Mohave County Board of Supervisors for implementation.
4. The Mohave County 208 Water Quality Management Plan will be amended to include wastewater treatment provisions for each phase of development as necessary.
5. The proponent will prepare a Natural Resource Management Plan (NRMP) addressing: wildlife conservation and habitat enhancement, waste reduction and management, energy efficiency, water conservation, water quality management, and pesticide management.

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- 6. The proponent will prepare a Master Concept Plan or equivalent in accordance with Section 3.10.B.4 of the Mohave County Land Division Regulations, as amended, with the submittal of the first preliminary plat.
- 7. Outside agency comments will be addressed as each phase of development proceeds.
- 8. Development of the Area Plan shall show sufficient progress by the next decennial update of the General Plan. Sufficient progress is the development of a single Village or Unit. Without such progress, the Area Plan will be recommended for reduction in scope or rescission.
- 9. Prior to further approvals being granted, the Developer must establish to the Board's satisfaction that adequate infrastructure is in place or programmed and to be completed at each stage of the development without cost to the County, and to the fullest extent permitted by law.

NOW THEREFORE BE IT RESOLVED, that the Board of Supervisors, at a special meeting on Thursday, December 29, 2005, APPROVED this Area Plan as recommended by the Mohave County Planning and Zoning Commission and outlined herein.

MOHAVE COUNTY BOARD OF SUPERVISORS

ATTEST:

Barbara Bracken
Barbara Bracken, Clerk

Tom Sockwell
Tom Sockwell, Chairman



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 OFFICIAL RECORDS OF MOHAVE COUNTY
 JOAN MC CALL, MOHAVE COUNTY RECORDER
 01/05/2006 02:09P PAGE 1 OF 5
 MOHAVE COUNTY BOARD OF SUPERVISORS
 RECORDING FEE 0.00

RESOLUTION NO. 2005-616

A RESOLUTION SETTING FORTH THE GOLDEN VALLEY SOUTH AREA PLAN, CONSISTING OF PROPERTIES LOCATED IN A PORTION OF SECTION 34, TOWNSHIP 21 NORTH, RANGE 18 WEST AND SECTIONS 3, 4, 8, 9, 10, 11, 16, AND PORTIONS OF SECTIONS 2 AND 14, TOWNSHIP 20 NORTH, RANGE 18 WEST FOR A NEW URBAN CENTER COMPRISED OF COMMERCIAL, INDUSTRIAL, RECREATIONAL, MULTI-FAMILY AND SINGLE-FAMILY LAND USES ON APPROXIMATELY 9.5 SQUARE MILES IN THE GOLDEN VALLEY AREA, MOHAVE COUNTY, ARIZONA.

WHEREAS, at a special meeting of the Mohave County Board of Supervisors held on December 29, 2005, a public hearing was conducted to determine whether approval should be granted to the Golden Valley South Area Plan consisting of the above-described property as requested by Rhodes Homes of Las Vegas, Nevada, and

WHEREAS, the area to be amended covers some 5,750 acres of contiguous, private land surrounded by other private holdings many of which have been subdivided into acre-plus lots by subdivision plats dating from the 1950's. The site lies south of Shinarump Drive and west of Historic Route 66 and Interstate-40. The planning area's terrain is generally flat, sloping slightly south along the drainage of the Sacramento Wash, and

WHEREAS, the Golden Valley South Area Plan provides elements for Community Development, Natural Resources, and Public Infrastructure and Facilities. The Mohave County General Plan designates the Planning Area as an Urban Development Area with several land use subcategories, and

WHEREAS, the Golden Valley South Area Plan designates 3,700 acres for 11,410 low, 12,842 medium and 9,010 high-density residential units of which approximately fifty percent will be for active adults. In addition, commercial and office park uses will utilize 600 acres. Parks, open space, two school sites, two man-made lakes and three golf courses will comprise 640 acres. Golden Valley South has been planned as a self-sustaining environment uniting an active retiree community and an interconnected community with all age groups, the latter finding employment in the Bullhead/Laughlin and Kingman areas, and

WHEREAS, the property is presently covered under Unisource and Frontier Communications franchises for electric and telephone service. There is no organized water or public sewer facilities in the area. The roads in the area are comprised of one paved road (Shinarump Drive) and several unimproved, native material roadways. The Valley Pioneer Water Company operates a municipal water system on the north adjacent sections, and

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WHEREAS, a review of various FEMA FIRM Panels indicates that the Area Plan contains various flood hazard areas, including tributaries of the Sacramento and Holy Moses Washes, and

WHEREAS, the following described Findings of Fact are for the above-captioned item:

- a. All notices have been advertised and posted according to regulations.
- b. The Rhodes Homes development team held a public meeting on May 25, 2005 at the Mohave Community College.
- c. Notification for these meetings were done via mailed invitation based on the Mohave County Tax Assessor's data records. Mailings were sent to those living in the surrounding area.
- d. Approximately 50 people attended the public meeting.
- c. The proposed land uses will be consistent with the planned and the existing, surrounding land uses and the Mohave County General Plan pending the finding of an adequate water supply to support the project.
- f. The area has multiple forms of legal access.
- g. Significant environmental features affecting the planning area include the above named washes and groundwater reserves.

WHEREAS, at the public hearing before the Mohave County Planning and Zoning Commission on September 21, 2005, the Commission recommended APPROVAL for the Area Plan subject to the following:

1. The proponent will demonstrate that an adequate water supply exists for the population anticipated within Golden Valley South upon the submittal of the first Village or Unit. If the water supply proves inadequate, the Area Plan will be scaled back to accommodate the water supply and/or the developer shall establish a comprehensive water conservation plan.
2. The Urban "Building" Overlay Zone will be extended to cover all properties within the Area Plan no later than upon submission of a Master Concept Plan in accordance with Section 3.10.B.4 of the Mohave County Land Division Regulations, as amended, or an equivalent plan.
3. Access improvements on Interstate-40, State Route 68 and Historic Route 66 shall be in accordance with any adopted ADOT Access Management Plan approved by the Mohave County Board of Supervisors for implementation.
4. The Mohave County 208 Water Quality Management Plan will be amended to include wastewater treatment provisions for each phase of development as necessary.
5. The proponent will prepare a Natural Resource Management Plan (NRMP) addressing: wildlife conservation and habitat enhancement, waste reduction and management, energy efficiency, water conservation, water quality management, and pesticide management.

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6. The proponent will prepare a Master Concept Plan in accordance with Section 3.10.B.4 of the Mohave County Land Division Regulations, as amended, with the submittal of the first preliminary plat.
7. Outside agency comments will be addressed as each phase of development proceeds.
8. Development of the Area Plan shall show sufficient progress by the next decennial update of the General Plan. Sufficient progress is the development of a single Village or Unit. Without such progress, the Area Plan will be recommended for reduction in scope or rescission.

WHEREAS, the notice of hearing was published in The Kingman Daily Miner, a newspaper of general circulation in Kingman, Mohave County, Arizona, November 6, 2005, and posted November 4, 2005, as required by Arizona Revised Statutes and the Mohave County Zoning Regulations, and

WHEREAS, upon taking testimony at their November 21, 2005 meeting, the Board of Supervisors continued this proposal to their December 5, 2005 meeting, and

WHEREAS, upon taking testimony at their December 5, 2005 meeting and considering the need for available, adequate infrastructure in growing areas, without additional cost to county residents, the Board of Supervisors recommended **APPROVAL** for the Major General Plan Amendment subject to the following:

1. The proponent will demonstrate that an adequate water supply exists for the population anticipated within Golden Valley South upon the submittal of the first Village or Unit. If the water supply proves inadequate, the Area Plan will be scaled back to accommodate the water supply and/or the developer shall establish a comprehensive water conservation plan.
2. The Urban "Building" Overlay Zone will be extended to cover all properties within the Area Plan no later than upon submission of a Master Concept Plan in accordance with Section 3.10.B.4 of the Mohave County Land Division Regulations, as amended, or an equivalent plan.
3. Access improvements on Interstate-40, State Route 68 and Historic Route 66 shall be in accordance with any adopted ADOT Access Management Plan approved by the Mohave County Board of Supervisors for implementation.
4. The Mohave County 208 Water Quality Management Plan will be amended to include wastewater treatment provisions for each phase of development as necessary.
5. The proponent will prepare a Natural Resource Management Plan (NRMP) addressing: wildlife conservation and habitat enhancement, waste reduction and management, energy efficiency, water conservation, water quality management, and pesticide management.

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6. The proponent will prepare a Master Concept Plan in accordance with Section 3.10.B.4 of the Mohave County Land Division Regulations, as amended, with the submittal of the first preliminary plat.
7. Outside agency comments will be addressed as each phase of development proceeds.
8. Development of the Area Plan shall show sufficient progress by the next decennial update of the General Plan. Sufficient progress is the development of a single Village or Unit. Without such progress, the Area Plan will be recommended for reduction in scope or rescission.
9. No road corridors will be realigned (from existing alignments) without Board of Supervisor approval.
10. Prior to further approvals being granted, the Developer must establish to the Board's satisfaction that adequate infrastructure is in place or programmed and to be completed at each stage of the development without cost to the County, and to the fullest extent permitted by law.

WHEREAS, A.R.S. 11-823.B states that the Board, after holding a public hearing and considering "protests and objections to the plan, may change or alter any portion of the County plan including the zoning regulations. However, before any change is made, that portion of the plan proposed to be changed shall be re-referred to the Commission for their recommendation, which may be accepted or rejected by the Board," and

WHEREAS, the notice of hearing was published in The Kingman Daily Miner, a newspaper of general circulation in Kingman, Mohave County, Arizona, November 27, 2005, and posted November 29, 2005, as required by Arizona Revised Statutes and the Mohave County Zoning Regulations, and

WHEREAS, at the public hearing before the Mohave County Planning and Zoning Commission begun on December 14, 2005, and continued to December 19, 2005, the Commission concurred with the Board of Supervisors and recommended APPROVAL for the Major General Plan Amendment subject to the following:

1. The proponent will demonstrate that an adequate water supply exists for the population anticipated within Golden Valley South upon the submittal of the first Village or Unit. If the water supply proves inadequate, the Area Plan will be scaled back to accommodate the water supply and/or the developer shall establish a comprehensive water conservation plan.
2. The Urban "Building" Overlay Zone will be extended to cover all properties within the Area Plan no later than upon submission of a Master Concept Plan in accordance with Section 3.10.B.4 of the Mohave County Land Division Regulations, as amended, or an equivalent plan.

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3. Access improvements on Interstate-40, State Route 68 and Historic Route 66 shall be in accordance with any adopted ADOT Access Management Plan approved by the Mohave County Board of Supervisors for implementation.
4. The Mohave County 208 Water Quality Management Plan will be amended to include wastewater treatment provisions for each phase of development as necessary.
5. The proponent will prepare a Natural Resource Management Plan (NRMP) addressing: wildlife conservation and habitat enhancement, waste reduction and management, energy efficiency, water conservation, water quality management, and pesticide management.
6. The proponent will prepare a Master Concept Plan in accordance with Section 3.10.B.4 of the Mohave County Land Division Regulations, as amended, with the submittal of the first preliminary plat.
7. Outside agency comments will be addressed as each phase of development proceeds.
8. Development of the Area Plan shall show sufficient progress by the next decennial update of the General Plan. Sufficient progress is the development of a single Village or Unit. Without such progress, the Area Plan will be recommended for reduction in scope or rescission.
9. No road corridors will be realigned (from existing alignments) without Board of Supervisor approval.
10. Prior to further approvals being granted, the Developer must establish to the Board's satisfaction that adequate infrastructure is in place or programmed and to be completed at each stage of the development without cost to the County, and to the fullest extent permitted by law.

NOW THEREFORE BE IT RESOLVED, that the Board of Supervisors, at a special meeting on Thursday, December 29, 2005, **APPROVED** this Area Plan as recommended by the Mohave County Planning and Zoning Commission and outlined herein.

MOHAVE COUNTY BOARD OF SUPERVISORS

ATTEST:

Barbara Brackett
Barbara Brackett, Clerk



Tom Sockwell
Tom Sockwell, Chairman