

**ORIGINAL**  
Betty Camargo

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**From:** Sam Schwalm [waterforpinestrawberry@hotmail.com]  
**Sent:** Tuesday, November 25, 2008 7:06 AM  
**To:** Gleason-WebEmail  
**Cc:** Mayes-WebEmail; Mundell-Web; Hatch-WebEmail; Pierce-Web; Pam Mason  
**Subject:** PSWID District Status

Dear Commissioner Gleason,

I would like to comment on your question about whether the PSWID district is a domestic water improvement district or a water improvement district.

We have a situation where both the community and Gila County have believed for the last 12 years that PSWID is what its name says it is, a water improvement district. Then in May of this year, the PSWID board declared that it is a domestic water improvement district.

Part of the justification given for this change rests on letters regarding the status of the district from the point of view of the County's insurance provider. The insurance company indicates that PSWID is a "special district" and that since it is autonomous it does not fall under the County's coverage. Much is made of the fact that in the letter to the board the attorney for the County refers to the PSWID as a domestic water improvement district.

One has to wonder when insurance companies trying to limit their liability exposure became the final word on the status of improvement districts in the state of Arizona. The attorney refers to PSWID as a domestic water improvement district, but why does this one letter have more weight than the many letters from the county that refer to it as a water improvement district? Mrs. Mason supplied the Commissioners with a 2004 letter from the county manager specifically stating that it is a water improvement district and not a domestic water improvement district.

The people of the community signed a petition in 1996 that specifically states that a water improvement district is being formed and the petition referenced Title 48, Chapter 6, Article 1. At the time that the County approved the petition, County Supervisor Ron Christensen made it clear that it was intended to be a water improvement district and not a domestic water improvement district. The resolution that the County Supervisor's approved had a reference to both Article 1 and Article 4. The claim of the board is that the inclusion of Article 4 opens the door to assuming the status of a domestic water improvement district.

It is abundantly clear that the community's intention was to form a water improvement district and that that is what the entire community and the County believed it to be until the board recently announced otherwise. It is clear that the board has made this declaration in order to facilitate their efforts in purchasing the two water companies. The Arizona statutes lay out the process for converting a water improvement district to a domestic water improvement district. The board has chosen to circumvent the lawful steps required for that conversion.

Sam Schwalm

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