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BY: A KNICKERBOCKER

L. Richard Mabery, Esq.
L. RICHARD MABERY, P.C.
234 North Montezuma Street
Prescott, Arizona 86301
(928) 778-1116
maberypc@cableone.net

State Bar I.D. No. 005188
Attorney for Verde Ditch Company

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF YAVAPAI

GEORGE W. HANCE, et al.,)	No. P-1300CV4772
)	
Plaintiffs,)	Division 1
vs.)	
)	PETITION FOR AUTHORIZATION FOR
WALES ARNOLD, et ex., et al.,)	THE VERDE DITCH COMMISSIONERS
In the matter of the VERDE DITCH)	TO EXPLORE GRANTS AND OTHER
COMPANY)	FUNDING SOURCES FOR CAPITAL
)	IMPROVEMENT
Defendants.)	
_____)	(Ex Parte)

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Prescott, Arizona 86301-3008
(928) 778-1116

John Teague, Vernon Hilbers, Albert Dupuy, Jr., Jeff Cochrane and David Myers, Commissioners of the Verde Ditch Company, pursuant to the *Rules and Regulations for the Operation of the Verde Ditch, dated October 17, 1989*, request that they be authorized to obtain estimates for the costs of several capital improvements projects and seek possible funding sources.

BACKGROUND

1. The Rules and Regulations of the Verde Ditch Company do not provide that the Commissioners may seek, accept or implement grants or other potential funding sources. The Verde

Ditch Company has been working with various agencies and organizations to explore funding sources for several large scale capital improvements to increase the efficiency and safety of the Verde Ditch, improve water delivery for all shareholders and implement improved water management practices.

2. Currently, the Verde Ditch Company has been advised that funding sources may exist to allow:

a. Engineering, construction and replacement of approximately 500 feet of existing pipeline that was installed previously near the Windy Point/Salt Mine Road portion of the Ditch. Windy Point is an area of limited access to the Ditch and is historically unstable. As a result, the Verde Ditch previously built a pipeline around a portion of Windy Point. Unfortunately the pipeline has become a source of leakage, restricted and reduced flows and a point of continuing maintenance.

b. Replacement of the existing pipeline will allow the water flows in the Verde Ditch to reach the lower portions of the Ditch that are currently restricted by the diameter of the existing pipeline. While total costs are unknown, the estimated costs to remove the existing pipeline and replace with an engineered pipeline of sufficient capacity is estimated to be in excess of available funds from the normal operating assessments of the Verde Ditch Company.

3. The Verde Ditch has utilized a large capacity pump located on a bluff above the Verde River to augment ditch flows during periods of peak demand and decreased flows in the Verde

Ditch, (typically April to August). The pump and pump works are based upon technologies and practices that are less efficient and more costly to operate than newer pumps and systems. While the current system is operational, it is unduly expensive to operate and requires constant monitoring to remove the intake pipe during high flows in the Verde River and reset the intake pipe when the Verde River flows are low to provide a sufficient pool of water in the Verde River at the induction site. Each summer requires the Verde Ditch Company to assess low water flows in the Verde River and make necessary adjustments in the pooling of the Verde River. Using currently available engineering, technology and regional cooperation with interested federal, state and local agencies and entities, it is believed that a redesigned system can be developed that will increase the amount of water available to the lower shareholders, reduce the costs of pumpage, improve the safety of the pump operation and impose less impact on the river flows.

4. The total estimated cost to engineer, construct, permit and implement both projects has been approximated to be \$200,000 - \$250,000.

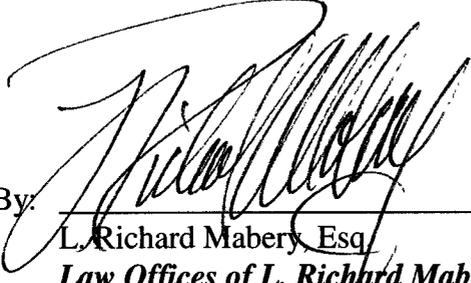
5. If the Verde Ditch Company is successful obtaining grants or other funding which the Commissioners determine to be viable for the stated purposes, the Verde Ditch Company will file a report which outlines the funding sources determined and seek approval by the Court of the grant applications.

6. The Forest Service Grant obtained last year has become a catalyst to encourage exploring of additional funding that provides financial sources to undertake capital improvements which the Verde Ditch Company is unable to fund without significant increases in the assessments paid by the shareholders.

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RESPECTFULLY SUBMITTED this 29th day of August, 2013.

L. RICHARD MABERY, P.C.

By: 
L. Richard Mabery, Esq.
Law Offices of L. Richard Mabery, P.C.
234 North Montezuma Street
Prescott, Arizona 86301
Attorney for Verde Ditch Company

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