

Verde Ditch Company
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December 18, 1990

The Honorable Richard Anderson
Master of the Verde Ditch
Yavapai County Courthouse
Prescott, Arizona 86301

FILED
9:00 O'Clock, A M
JAN 2 1991
By Ethel Bouton, Clerk
Deputy

Dear Judge Anderson:

We, the Board of Commissioners for the Verde Ditch Company have given our attention and thoughts to the possible reorganization of the Verde Ditch.

We feel that the management structure of this board is good and worked together in a positive fashion and has made many many improvements to our ditch. These improvements will be enjoyed by the shareholders for years in the future.

With the water adjudication still not settled, we all feel that it is very important to stay under the Superior Court of Arizona.

We would like to suggest, that with our Rules and Regulations calling for a five member board, and now that the board has been cut to three, the two vacant positions could be used as advisors. The two members would sit with the board, would not be paid positions, but would be used for public relations. The two positions would be elected by the shareholders and their terms would also be staggered.

Staggered terms for the commissioners position is a good suggestion, but the most important factor here is getting qualified people. We would like to suggest that any person interested in the position send a complete resume to the Master of the Ditch, then, after a complete back ground check, the names of only the qualified people would be placed on a ballot. At this time any other business that would require a vote could also be placed on the same ballot. The ballot would be sent to each shareholder and returned to the ditch office for counting. This would all be done through the mail. The counting would be done by the ditch secretary with the board

present. The results would be posted as well as advertised in the local papers.

The board is in full agreement that the time has come that a Zan Jero position is needed. When a metering system is required three positions will need to be filled. Attached is a projected cost of such positions.

This board, for many years, has hired L. Richard Mabery, who is known as a water law expert. He has always kept us informed and well advised as to the water rights and adjudication process. Therefore, this board is very active in any action that would affect the Verde Ditch shareholders and their water rights.

Windy Point has and will probably continue to be a problem. Very little money, in the past several years, has been spent on the Windy Point pipe line, but has to be watched constantly. As long as Windy Point Hill moves and shifts the problem will not subside.

The diversion dam has always been a topic of discussion for people who do not understand or who have been misinformed. There are many Federal as well as State agencies which prohibit any type of permanent structure. If a permanent structure could be placed in the Verde River the cost alone would be in excess of one million dollars. This board is not sure what the examiners are stating under long term objectives, number 3. This board would not want to be involved in any flood control structure on the Verde River.

This board has always welcomed new ideas and suggestions, but the most important factor is usually forgotten, finances. Due to the length of this ditch, eighteen miles, and the acreage it services, it can't pay for itself.

Of recent date, this board had the opportunity to price some pipe that would be suitable in our ditch. The cost of the pipe alone was \$19.00 per foot. For one mile of pipe line it would cost \$ 100,320.00 just for the pipe. The estimated cost of one mile of completed pipe line would be in excess of \$200,000.00. If it were possible to cost share on such a project, the Verde Ditch Company could not pay it's share. This board has always tried to keep the expenses down in order to keep the irrigation affordable to the shareholders.

This board feels that it has a very good set of rules and regulations. If these rules and regulations were followed and enforced the problems surrounding the Verde Ditch Company would diminish.

Verde Ditch Company
Projected Costs of Possible Employment of Zan Jero(s)

	<u>Per Week</u>	<u>Per Month</u>	<u>Per Year</u>
\$7.00 per hour, 40 hours a week:			
<u>One Zan Jero</u>			
Wages	\$ 280.00	\$ 1,120.00	\$ 14,560.00
Fica Expense	21.42	85.68	1,113.84
State Unemployment	7.56	30.24	393.12
Federal Unemployment	2.24	8.96	116.48
Industrial Insurance	<u>12.35</u>	<u>49.39</u>	<u>642.20</u>
Total Costs	<u>\$ 323.57</u>	<u>\$ 1,294.27</u>	<u>\$ 16,825.64</u>

Two Zan Jeros

Wages	\$ 560.00	\$ 2,240.00	\$ 29,120.00
Fica Expense	42.84	171.36	2,227.68
State Unemployment	15.12	60.48	786.24
Federal Unemployment	4.48	17.92	232.96
Industrial Insurance	<u>24.70</u>	<u>98.78</u>	<u>1,284.40</u>
Total Costs	<u>\$ 647.14</u>	<u>\$ 2,588.54</u>	<u>\$ 33,651.28</u>

Three Zan Jeros

Wages	\$ 840.00	\$ 3,360.00	\$ 43,680.00
Fica Expense	64.26	257.04	3,341.52
State Unemployment	22.68	90.72	1,179.36
Federal Unemployment	6.72	26.88	349.44
Industrial Insurance	<u>37.05</u>	<u>148.17</u>	<u>1,926.60</u>
Total Costs	<u>\$ 970.71</u>	<u>\$ 3,882.81</u>	<u>\$ 50,476.92</u>

- 7.65 % Gross Wages - Fica Expense
- 2.70 % Gross Wages - State Unemployment (up to \$7,000.00)
- .008 % Gross Wages - Federal Unemployment (up to \$7,000.00)
- 4.41 % Gross Wages - Industrial Insurance