**Leeds Domestic Waterusers Association**

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**January 2, 2013**

***Happy New Year Shareholders,***

This past year has been a productive one for LDWA. Please take a few minutes to read the progress of our shareholder-owned non-profit culinary water company. The LDWA Board and Staff continually work proactively taking preventative measures to eliminate the need for water rate increases by (1) streamlining LDWA's overhead expenditures; (2) improving the safety/security our culinary water delivery system; (3) increasing water conservation with installation of new infrastructure; and (4) strengthening LDWA's standing as a viable and successful culinary water company in southern Utah, serving all LDWA shareholders and water users.

**WATER QUALITY AND SANITATION.**

In September of 2012, the Division of Drinking Water/Department of Environmental Quality (DDW/DEQ) completed their comprehensive Sanitary Survey of LDWA's system required every three years. We are proud to report that LDWA earned the highest rating in its history. Results of the Sanitary Survey are posted on our website at http://www.ldwautah.org/WATER-QUALITY-REPORTS.html.

We are equally pleased to report that LDWA has consistently passed its monthly Back-T water quality tests required by the DDW/DEQ for the past 16 months and counting.

**DDW/DEQ LOAN (PROJECT UPGRADE): WATER SUPPLY, SECURITY, PROTECTION, SAFETY, CONSERVATION.**

Through the DDW/DEQ Loan funding Project Upgrade, water pipelines were installed and looped to provide a consistent water supply to Main Street and downtown, significantly improving resident's water pressure. All fire were replaced or upgraded, and now consistently meet hydrant water flow and flush requirements as was tested and proven during the real-time emergency of last summer's wild-land brush fire.

During the Project construction, crews found a significant amount of water lost to the frequent and unexpected overflows of our water storage tanks, putting water into the abandoned man-made ditch once used by the Leeds [Irrigation] Water Company, and into Leeds Creek. In addition to water conservation concerns, the DDW/DEQ deemed the overflow to be a potential safety hazard to people and structures along the path of the overflows. LDWA successfully completed installation of new infrastructure preventing any unplanned water overflow and eliminating loss of our culinary water.

At about the time the project pipeline construction and meter installation was completed in summer 2011, LDWA began to experience numerous counts of vandalism in the area of the storage tanks. Well housing, in-ground pressure reducing valves and padlocks were tampered with, damaged, or destroyed. LDWA immediately contacted the proper authorities and expeditiously completed necessary repairs and/or replacements of equipment to protect LDWA's water supply. Proactive steps were then taken to secure our water supply and prevent future vandalism, including installation of security fencing around the water wells, their pump housings and storage tanks. All padlocks were replaced or re-keyed, with implementation of tight procedural controls for access to keys to the system, as recommended by US Homeland Security Guidelines.

The past year there was an increase in the number of squatters who entered Oak Grove, pitched tents in our water source areas, and openly used the surface waters for their personal needs. LDWA contacted the Division of Forestry, owners of Oak Grove and Campgrounds. Learning of the potential for drinking water contamination the Forestry installed a security gate at the Road's entrance. This has successfully deterred squatters from moving in, significantly reducing chances of water contamination.

The valving for control of the water flows at the storage tanks has been completely refigured. Abandoned pipelines and valves were identified and removed. New streamlined valving is clearly identified and mapped, eliminating the guesswork for providing a consistent water supply to shareholders.

We are in the process of mapping LDWA's water system to assess future needs. The system will provide LDWA the ability to 'plug in' numbers and provide accurate calculations for water supply and production required to meet future growth.

**THIRD WATER SOURCE SUPPLY.**

Approval of the DDW/DEQ Loan included a requirement to secure an additional water source. After two failed drillings in the winter of 2011 at a cost exceeding $170,000 paid for with DDW/DEQ Loan, there were no guarantees that drilling a third hole would be productive. The Board determined it would be cost-prohibitive to continue drilling and moreover, would require an increase to the principle of the original loan DDW/DEQ loan amount.

Shortly thereafter, LDWA confirmed that the Point of Diversion (POD) for the water rights gained through the acquisition of the El Dorado Mutual Water Co. remained at the El Dorado Well. Shareholders may recall that the El Dorado Well was previously closed down and abandoned over a decade ago because it was believed to produce only 20 to 40 gallons per minute (gpm) during peak hours and failed to meet the DDW/DEQ minimum requirements.

This year the Board voted to use a portion of the remaining DDW/DEQ loan funds to perform an investigative analysis of the El Dorado Well and its infrastructure. The initial production test results to bring the water from that well back online were 160 gpm. By updating the 10-HP motor and replacing the deteriorated lines, the well now produces 220 gpm and its water will be stored in the tank and used fire mitigation or other emergencies.

**THE 2013 ANNUAL SHAREHOLDER'S MEETING** will be held at 7:00pm on Tuesday, February 5, 2013 at Leeds Town Hall, 218 North Main Street and doors will open at 6:30pm. This year two board seats will become open. Elliott Sheltman, LDWA President and Jim Vasquez, Vice President have agreed to run for re-election continuing to volunteer their time and services to LDWA for another two years.

Shareholders will also vote to amend the Bylaws, Article III, Meeting of Shareholders, to amend the start-time for the annual meetings from 8:00pm to 7:00pm. While LDWA has routinely convened the annual meetings at 7:00pm for more than two decades, the bylaws have not reflected the earlier start-time. ***Voting Eligibility*** is defined in LDWA Bylaws online at http://www.ldwautah.org/ELECTION VOTING BLYAWS.html. Please note to be eligible to vote, the balance of your account due as of December 30, 2012 must be paid in full by January 5, 2013 and shareholders must be present to vote.

We hope to see you at the LDWA Annual Shareholder Meeting. Sincerely on behalf of LDWA,



*Karen Markovich, Corporate Secretary/Administrative Manager*