

**TOWN COUNCIL MEETING
6401 E. LINCOLN DRIVE
PARADISE VALLEY, ARIZONA 85253**

**SUMMARIZED MINUTES
JANUARY 25, 2008**

CALL TO ORDER

Mayor Winkler called to order the Town Council Special Meeting of the Town of Paradise Valley, Arizona, held at Town Hall 6401 E. Lincoln Drive, on Friday, January 25, 2008 at 10:10 a.m.

COUNCIL MEMBERS PRESENT

Mayor Ed Winkler
Vice Mayor Scott LeMarr
Council Member Ron Clarke
Council Member Brian Cooney
Council Member Mary Hamway
Council Member Dan Schweiker
Council Member Virginia "Jini" Simpson

STAFF MEMBERS PRESENT

Town Manager James C. Bacon, Jr
Town Attorney Andrew Miller
Town Clerk Duncan Miller
Town Engineer William Mead
Chief of Police John D. Wintersteen
Public Works Director Andrew Cooper

ARIZONA AMERICAN WATER COMPANY

Paul Townsley, President Arizona American Water
Troy Day, Vice President for Operations, Arizona American Water
Jeff Stuck, Director of Operations for Eastern Arizona, Arizona American Water

DISCUSSION ITEMS

Discussion of Arizona-American Water Company and Review of the Events of January 15-19, 2008

Paul Townsley, President of Arizona American Water Company stated that last Tuesday night a failure occurred at the Miller Road treatment facility. The facility is not staffed at night and the automated warning systems did not notify the on-call operator. Wednesday morning when

employees arrived at work the failure was detected and the facility was shut down. Arizona American also stopped drawing water from the effected well known as PCX1. Water samples were taken immediately; not only at the facility but throughout the discharge system. The company then began notifying regulators and customers of the failure. The facility is still down and will remain offline until regulators authorize the plant to begin operating again. Customers are being served with water from other wells. There has been no reduction in water pressure. Also, on Wednesday, Arizona American began distributing approximately 100,000 bottles of water at Town Hall and the facility on Cattletrack.

On Thursday, Arizona American began flushing the system to remove the contaminants from the system. Authority to do so was given from the Arizona Department of Environmental Quality. Additional samples were taken and tested twice a day.

On Friday, a second notice was issued to customers that the tap water ban was still in effect. On Saturday, more water samples were tested. It was learned that the water was no longer contaminated on Friday but the lag in test results delayed the ability to lift the ban.

Arizona American attempted numerous methods to notice customers in addition to those required by ADEQ. He said the Reverse-911 system was used for the first time but did not work as well as hoped.

He said Arizona American requested ADEQ and EPA to release a statement on Saturday about the health implications of the TCE release. It stated that the maximum level of TCE in the system reached 23 parts per billion. Given those levels and that exposure was limited to 16 hours, there are no health effects for adults or children.

He reported that the Miller Road facility was design and built by Motorola as a result of superfund decree. Motorola and other polluters are required to treat the water. The plant must be operated and maintained so that the TCE plume does not further migrate. Arizona American has an interest in the facility operating properly so that the plume does not affect other wells in their system.

Mr. Townsley stated that Arizona American Water has begun an investigation and will meet with their regulators and Motorola on long-term solutions so that this does not happen again. The investigation will focus on what failed and why, the customer notification process, and future use of the Miller Treatment facility and the effected well.

Mayor Winkler thanked Mr. Townsley for his comments.

The Mayor and Council provided a short list of questions and observations for Arizona American to consider and requested that they provide responses to all customers as soon as possible.

- What is the risk to those who were exposed to the TCE?

- What should be done with the existing water in the system and what should be done with water storage tanks, swimming pools, and hot water heaters?
- Notification to customers must be immediate and must be accurate. Notification was insufficient for schools, churches and resorts.
- The Call Center information was not accurate, not coordinated, and caused some residents to panic.
- Arizona American's website was not helpful.
- Is there a disaster recover plan for the Miller Road treatment facility?
- Many people were not aware that there is TCE in the system. Customers should be better informed regarding the health implications of TCE.
- Arizona American should provide more information to customers on the Superfund site, including who inspects it and how often it is inspected. Is there a third party audit of the equipment?
- Residents should be notified when the plant is brought back online.
- Customers need to be assured that this will not happen again.
- It was suggested that the facility be manned 24/7
- Is it better to flush the system into the sewer system or on to the ground?
- Arizona American should conduct disaster drills to identify weaknesses.

Mr. Townsley responded that providing safe drinking waster is Arizona American's highest commitment. The Company will take steps so that this does not happen again. He agreed that in the future they must do a better job communicating with customers in a timely manner. Every Arizona American customer will receive a letter within the next week providing information about incident and details from ADEQ about any health implications.

He stated that the EPA has regulatory authority over the treatment facility and they will conduct their own investigation and audit.

ADJOURNMENT

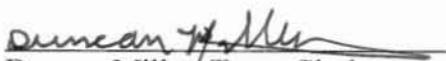
Motion and vote – Councilmember Schweiker moved to adjourn. Councilmember Simpson seconded the motion which passed unanimously.

Mayor Winkler adjourned the meeting at 11:25 a.m.



Ed Winkler, Mayor

ATTEST:



Duncan Miller, Town Clerk