

Hello Neighbor,

There has been quite a ruckus started over the timing of the new rate increase. In addition, the board has gone into bunker mode and the district's attorney has taken on the role of speaking for the board.

In the Payson there is an article and an editorial on the subject, The article can be found here:

<http://www.paysonroundup.com/news/2011/jan/07/using-2011-water-rates-2010-bills-questioned-p-s-r/>. The editorial can be found here:

<http://www.paysonroundup.com/news/2011/jan/07/pine-water-district-muddies-water/>

Comment: There is a myth that the board has been promoting that gets used in the editorial. As the second letter to the editor below shows, it is being used to try and deflect criticism over the rate increase. The myth is that the board stopped water hauling charges. The reality is that the last two summers that Brooke operated the system there were no water hauling charges and the first summer that the board operated the system there wasn't a hauling charge. The district has the authority to add a surcharge to water bills if there is hauling, just like Brooke did. It is correct to say that the district has reduced the chance that water hauling will be required by adding additional water supplies. On the other hand, the new rate structure which encourages people to use more water may cancel those new supplies out. The district has also lost several water sharing agreements, so that balances against the new supplies as well.

Several letters to the editor on the subject have also been published:

- <http://www.paysonroundup.com/news/2011/jan/07/rate-increase-went-effect-early-pine/>
- <http://www.paysonroundup.com/news/2011/jan/11/shocked-doubled-cost-water-vacant-lot-strawberry/>

Reminder: The January PSWID meeting is this Thursday at 7:30 PM, the 20th, at the PSWID offices on Hardscrabble Rd.

The chairman of the district, Mr. Gary Lovetro, sent out a response to the PSWID mailing list and on the PSWID website. That can be found here:

<http://www.waterforpinestrawberry.com/data%20pages/BudgetDocs.htm> .

It is important to remember is that there are two separate issues here. The first is the use of the bill delinquent date to define when the rate change applies and the second is the rate change itself.

Mr. Lovetro's letter contains an extensive attack on the Payson Roundup and their reporter Mr. Max Foster. In his letter, Mr. Lovetro includes portions of email exchanges between himself and the Payson Roundup. Mr Lovetro does not find the coverage of the district to his liking. He

demands that Mr. Foster be removed from covering PSWID. Mr. Lovetro states that he will no longer speak with Mr. Foster.

- a. It is very inappropriate for a government official to use his public position and public communication assets (email list, public meetings, and website) to try and pressure the press into providing the coverage that he desires. If Mr. Lovetro feels that there are clarifications needed of information provided by the newspaper, it is acceptable to request that the paper provide him an opportunity to provide those clarifications and to use the communication assets of PSWID to make the public aware. To try and browbeat the local paper into only publishing articles that Mr. Lovetro finds acceptable borders on government censorship.
- b. The district has taken a change in course and handed over their public relations to their attorney, Mr. David Davis. All questions to the board are now being routed to him. Mr. Davis's background is as a trial lawyer. He is trying to learn the ropes of being a municipal lawyer. One has to question the wisdom of putting Mr. Davis in charge of speaking for the district. The instincts of a trial lawyer aren't suited for dealing with the public and it makes one wonder why the board is so insecure in explaining what they have done and plan to do. Have they determined that there is information, that if made public, would lead to legal liability on their part? Who knows, but Mr. Davis is actively trying to prevent a full understanding of what the board has done and is doing.

There are several misleading statements in Mr. Lovetro's letter:

1. The claim is made that the water rates for someone using 3000 gallons per month go down by \$1.45 with the January rate increase. This misleading in several ways:
 - a. First, there is a subtraction error in the table included in Mr. Lovetro's letter. The savings, \$1.45, is right for the 3000 gallon row, but all the following rows show \$1.55 in savings. This is incorrect, they should all say \$1.45. I guess that's what happens when lawyers do math.
 - b. Second, that drop is from the rate increase that became effective in August (see table below). For the fiscal year, the people in Strawberry have seen a \$7.35 (25.7%) increase after that reduction of \$1.45. For the people of Pine, the August rate increase eliminated the lower winter rates. While the \$36.00 rate is a drop from the summer rates, it is a \$4.69 (15.0%) increase for the winter months. Blending the five months of summer rates and seven months of winter rates together, the average monthly bill for using 3000 gallons of water is \$33.86. So on average, Pine residents see an increase of \$2.14 (6.3%).
2. Mr. Lovetro states that: "The board has a fiduciary responsibility to meet budget. All of the budget planning that the board has done has been based on the increased revenue starting with January 1, 2011. If we would apply the increased rates with water reads starting January 1st the District would not start seeing the increased revenue till late

February or March and the District would fall short of the budget presented, reviewed, and approved by the Public and the Board.”

- a. At the October meeting, Mr. Greer presented a projection for the current year that showed a \$295,750 surplus as a result of hiring CH2M Hill. So why would the board need to fiddle with the dates so that they can get an extra month of increased revenue if that is the case? Could it be that the surplus number isn't correct? That will be a discussion in a future email.
 - b. The district reads about 25% of the meters each week (at least, this is what has been stated in board meetings). My meter read is in the first week of the month. My January bill has a meter read date of 1/7/2011 and was post marked 1/11/2011 and the due date is 1/26/2011. So there is a bit less than a three week lag between when they read the meter and will have received the money. This means they would see all of January's revenue by the second or third week in February. The bulk of it would be received before then since many people don't wait until the due date to pay. The claim that they would not have seen any revenue from the rate increase until late February or March is nonsense.
 - c. The district might want to look at Article IV, Section 3.8 of the PSWID Rules and Regulations document. It says the “Bills are due when rendered and delinquent 30 days thereafter”. If they are due when rendered, how can a bill that is rendered in December carry a January rate? In addition, the current billing practices have the late fee being applied well before that 30 days is up.
 - d. It is reasonable and customary to expect that the effective date of increased rates apply when some part of the service provided occurs after that effective date. While it is perhaps legal for Mr. Lovetro to declare the delinquent date as the effective date, it is a violation of the community's trust and expectation that PSWID conduct itself in an open and fair manner.
 - e. There was no Public approval of the budget. Approval is done by the board.
3. Mr. Lovetro states: “I want to remind all that the District is non-profit and that the money the District collects stays in the District and is used to pay bills and to repair and maintain the water infrastructure. We are not a private company and nobody gains from any money collected by the District.”
- a. While no one personally financially gains, the customer loses financially. In a sense the board does gain in that they avoid the embarrassment of having to go back and publicly acknowledge that they didn't plan properly. However, since it didn't go unnoticed, they just transferred that embarrassment.
 - b. While the words are strictly true, they are being used to justify the idea that it is okay to fleece the customers of the district by accelerating the rate increase for because we're the government and it is for a “good” cause.

4. Mr. Lovetro finds it hypocritical that the Roundup would quote Mr. Bill Haney, the former PSWID chairman, in the article linked to above, because Mr. Haney presided over the rate increases that were enacted in July.
 - a. Mr. Lovetro confuses the two issues. Mr. Haney only spoke about the misapplication of the rate to the December billings, not about the rates themselves.

	Pine		Strawberry (E&R Rate Set)
	Summer	Winter	All
July 1, 2010	\$37.45	\$31.31	\$28.65
August 1, 2010	\$37.45		\$37.45
January 1, 2011	\$36.00		\$36.00

This email is from the group Water For Pine Strawberry. We will be sending out an email after each of the PSWID meetings with a summary of what the board did, additional facts that are relevant to what went on, and some commentary. Please forward this email to friends and neighbors that are interested in the local water issues. If you would like to be added to or removed from the list for these emails, please reply to WaterForPineStrawberry@hotmail.com. Emails on earlier meetings are available on our website: www.WaterForPineStrawberry.com.

Water For Pine Strawberry is a group of residents who are concerned about the community's water issues and how they can best be resolved. Visit our web site, www.WaterForPineStrawberry.com, for more information. The website for PSWID is www.pswid.org.

Clarifications can be submitted by anyone who is explicitly named, implicitly identifiable, or a board member to items in this email. Clarifications will be posted on our website. We reserve the right to post a response. Clarifications must deal with the topics discussed in the email that relate to the individual or the board. They must be in family friendly language and be non-abusive. When the clarification is accepted, it will be posted to the website and notice of that posting will be added to the next email.