

## RE: Questions About PSWID Cash Flow Analysis

From: **Sam Schwalm** (waterforpinestrawberry@hotmail.com)  
Sent: Thu 12/11/08 7:45 PM  
To: Harry Jones (harryjoneshdj@msn.com)  
Dan Jackson (djackson@economists.com); WILLIAM HANEY (wfhaney@cox.net); DONALD L. SMITH (dlsdds@msn.com); Michael Greer (hatcreekelectric@qwestoffice.net); Terry Schleizer (tschleizer@hotmail.com); Ron Calderon (ron@newworldaz.com); Richard Dickinson (rbdickinson@msn.com); Tom Weeks (pineice1@gmail.com);  
Cc: ombuds@azoca.gov; dflores@co.gila.az.us; jsanchez@co.gila.az.us; tmartin@co.gila.az.us; Shirley Dawson (sdawson@co.gila.az.us); tbrossart@payson.com; jkeyworth@rimcountrygazette.com; Carol LaValley (editor@rimcountrygazette.com); danhaapala@hotmail.com

Mr. Jones,

Thank you for putting what is the board's current informal policy in writing. The board hasn't responded to a question of mine in over four months. I expect to see this policy posted on the PSWID website and be applied equally to all members of the community.

With regards to the communication with Mr. Jackson, I included Mr. Haney on all of the emails that I sent. I had expected him to stop the conversation at the first email, but I thought it only fair to Mr. Jackson to give him a chance to respond to the problems in his analysis before I put out a corrected version. It is clear from the amount of detail that he responded with and the fact that it was posted to the PSWID website with the claim that his response showed there were no issues, that his efforts were authorized by the board and were not at my direction.

The fact that Mr. Jackson's responses actually confirmed that there are serious problems with the cash flow analysis is the reason why there is to be no further communication or questions answered, not cost. There are four major problems with the cash flow analysis:

- Water usage has been over-stated by 10% because the 2006 numbers that Mr. Jackson started from were not corrected for the water transfers between Strawberry and Pine. In addition, revenue needs to be adjusted to reflect those transfers.
- Sales tax receipts have been counted as revenue
- The water usage rates of Pine and Strawberry have been merged incorrectly
- Errors introduced to compensate for other errors in 2009-2010 timeframes are not removed in 2011 when the errors they are correcting for go away.

We now have the situation where the board is making claims to the public about the cost of their activities based on a report that they know is substantially incorrect. The board is saying that they will take no questions and have made no effort to correct what they know to be wrong. Whether that rises to the level of perpetrating a fraud on the public or just politicians being politicians I will leave to others to decide.

The board owes this community an honest assessment of the potential costs and rate impacts for what they are proposing. If the board feels that the issues I listed above are not valid, then they should explain to the public why. I may disagree with their reasons, but at least both sides will have presented their viewpoints and then the public can decide. Shutting off discussion just serves to confirm that I am right about these issues.

I would urge the board to reconsider where their own best interests are in this situation, as well as those of the community. A corrected report would be something that both sides could stand behind and it would do a lot to reduce the controversy in the community over the board's actions.

Sam Schwalm

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From: harryjoneshdj@msn.com  
To: waterforpinestrawberry@hotmail.com  
CC: djackson@economists.com; wfhaney@cox.net; dlsdds@msn.com;  
hatcreekelectric@qwestoffice.net; tschleizer@hotmail.com; ron@newworldaz.com;  
rbdickinson@msn.com; pineice1@gmail.com  
Subject: Re: Questions About PSWID Cash Flow Analysis  
Date: Mon, 8 Dec 2008 22:30:19 -0700

Sam:

After discussing with the Board members the time demands and costs related to the continuous stream of questions, comments, suggestions, and opinions (both in writing and in person at meetings) from you and others, I am taking the time to reply to your questions below. You will receive no further response from Dan Jackson. Your communications with Dan Jackson, Coe and Van Loo, etc. are not appropriate. These consultants work for the Board, not for you. Basically, the District cannot afford to continue to pay me or our outside consultants, our legal counsel, or others to reply to individuals who choose to overburden the District with frequent and oftentimes meaningless, irrelevant, and de-focusing questions, comments, suggestions, and opinions.

The Board appreciates well thought out questions, suggestions, comments and constructive criticism that you and other property owners might offer; however, in the future we need to have you and others direct questions, comments, or suggestions to me or to individual Board members who will then decide if further action is required. If we deem a communication to be helpful, well thought out, relevant, timely, etc., and not an attempt to micro-manage, micro-discuss, or micro-criticize the District's fact collection, analysis, and decision making process, we will take that communication into consideration sometime in the future when we decide it is appropriate to move forward with further consideration of the matter. If the Board needs me or our outside consultants to be brought into the discussion of a matter, we will do that at a time we deem appropriate.

Also, in the future, if you need documents in the District's possession, please submit a properly executed Freedom of Information Request form to the District's mailbox.

Harry D. Jones  
HDJ Management LLC

[harryjoneshdj@msn.com](mailto:harryjoneshdj@msn.com)

(928) 595-1111

----- Original Message -----

**From:** [Sam Schwalm](#)

**To:** [Dan Jackson](#)

**Cc:** [Board Chairman](#) ; [Harry Jones](#)

**Sent:** Monday, December 08, 2008 4:30 PM

**Subject:** RE: Questions About PSWID Cash Flow Analysis

Hello Mr. Jackson,

I haven't heard from you in a while and am wondering if you intend to address the issues that I have brought forward. Would a phone call be more conducive to discussing these issues?

Sam Schwalm