

To: All PSWID Property Owners  
From: PSWID Chairman, Gary Lovetro  
Date: January 08, 2011  
Re: PSWID Update

As Chairman of the PSWID Board I want to provide an update to the public regarding the current status of the District. It's important to clarify recent achievements and milestones, and silence the rumor mill.

In My last update I failed to mention one of the most important achievements that this District has accomplished. At the October 21<sup>st</sup> meeting the Board voted to remove all meter moratoriums. Anyone that wants a water meter now can apply and pay for one and will not be put on a waiting list, they will receive one without delay.

I have owned my home in Pine since 1991. As long as I can remember there has always been a concern re water for the Pine/Strawberry area and a waiting list to obtain a water meter. I waited over 5 years for a meter at my business location. This water concern has always been a burden on the property values and the real estate market. We are in a depressed real estate market now but when the market turns up as it always does in Arizona the fact that there is no restrictions on water will benefit all who live and own property in the Pine/Strawberry communities.

With regard to deep wells, the acquisition of the SH3 Well is now complete. The SH3 well is connected to the PSWID system. This well is now providing water to the system and we have been able to turn off the pipeline from Strawberry to Pine. We have also been able to lower the production of some of the smaller wells. This is saving the District a great deal of money in electricity and well sharing costs.

The Milk Ranch Well 30 day testing procedure has been completed and the results are very promising. We have received the final reports from our Engineer and Hydrologist. We will be discussing the Milk Ranch Well at the next board meeting.

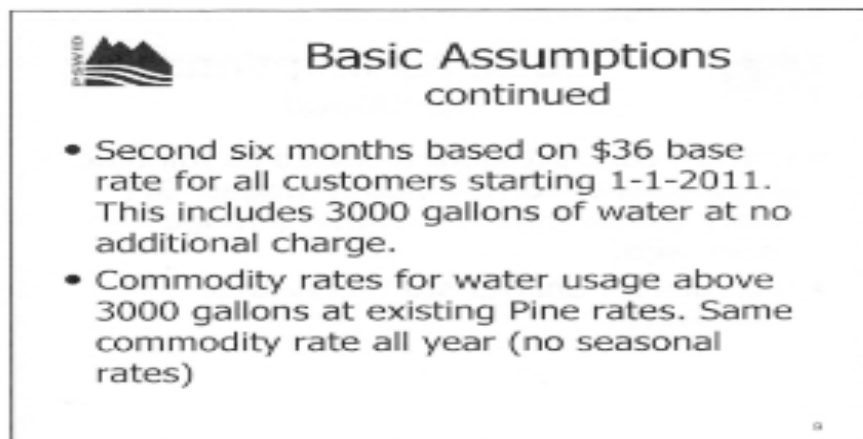
The next Board meeting will be on Thursday January 20<sup>th</sup> at the District Office at 6306 W Hardscrabble Road. The District office was running out of space and at the end of December Sunny Mountain Reality vacated the building. The Districts management has decided to occupy the entire space. This will provide additional office space, conference room and a location to conduct the Board meetings. The additional expense is minimal and is paid for within the District Managers discretionary spending budget.

As of December 1<sup>st</sup> CH2MHill has provided complete management of the District and services such as Safety Programs, Employee Training, Asset Management and Maintenance Plan, extensive resource pool for problem solving, and a much broader employee benefit package all within the PSWID FY '10-'11 Budget. They have implemented the transition in a very smooth way and are providing many services to the District that we have

not benefited from in the past. The board is very happy with the way CH2M Hill has completed the transition process.

I want to address a major concern in the community and that is the Rate increase. There have been many concerns and complaints as to how the rate increase has been applied. Before I address this I want to remind the community that Water is not free and that there are many costs to providing water without restrictions. I want to remind all that the District is non-profit and that 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. As a Board we must meet budget and maintain a positive cash flow.

Back in the summer months this Board held workshops and hearings for the proposed rate increases and proposed budget. At all these meetings for the proposed budget and rate increase it was stated that new rates would apply commencing with the January rates. They did not state that the meters would be read at the new rates starting in January. They stated that the new rates would be applied starting with the January bills. Please see the below slide from a presentation made by Harry Jones to the public on My 26, 2010. This slide was from the Budget workshop held at the fire station. The complete presentation is on our web site under documents, presentations. [Budget Presentation by Harry Jones 05/26/2010](#)



I will repeat what the Slide reads:

**Second six months based on \$36 base rate for all customers starting 1-1-2011. This includes 3000 gallons of water at no additional charge.**

Again I reiterate that all the Board discussions and meetings with the public state the rates and income will increase January 1<sup>st</sup> 2011. The board has a fiduciary responsibility to meet budget. All 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 1<sup>st</sup> 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.

I want to assure the community that the District's Attorney David Davis has reviewed this rate increase and he can defend the decision. David reviews all the Boards Contractual and legal issues.

In most cases for customers that use 3000 gallons or more rates have gone down. Here is a chart, which the David Davis the Districts Attorney sent to the Payson roundup.

Did you know that for most usage categories the rates went down on January 1?

Water Usage	August 1, 2010	January 1, 2011	Savings for Jan 1, rate	Savings for Aug 1, rat
1,000	\$ 24.45	\$ 36		\$11.55
2'000	\$ 30.45	\$ 36		\$ 5.55
3,000	\$ 37.45	\$ 36	\$1.45	
4,000	\$ 44.45	\$ 43	\$1.55	
5,000	\$ 51.45	\$ 50	\$1.55	
6,000	\$ 58.45	\$ 57	\$1.55	
7,000	\$ 66.45	\$ 65	\$1.55	
8,000	\$ 74.45	\$ 73	\$1.55	
9,000	\$ 82.45	\$ 81	\$1.55	
10,000	\$ 90.45	\$ 89	\$1.55	
11,000	\$ 98.45	\$ 97	\$1.55	
12,000	\$ 106.45	\$ 105	\$1.55	
13,000	\$ 114.45	\$ 113	\$1.55	
14,000	\$ 120.45	\$ 120	\$1.55	
15,000	\$ 128.45	\$ 128	\$1.55	
16,000	\$ 136.45	\$ 136	\$1.55	
17,000	\$ 144.45	\$ 144	\$1.55	

Max, did you even know that for most of the user amounts the rates go down in January. Anyone who uses 65 gallons a day saves money with the new rates compared to the old rates.

Max Foster and the editor of the Payson Round Up for not responding to their questions have criticized me several times in the paper. I have had previous correspondence with Max Foster after the election and I will share with you the details and the reason why I will not respond to Max. Also because Max brought up the Attorney General I felt it was appropriate for David Davis the District's Attorney respond to the paper. Please read the below emails between Max and myself.

On Nov 16, 2010, at 5:18 PM, gary lovetro wrote:

Max,

I appreciate your article re the election. Again your numbers and facts are not correct see below. You and I need to talk so I can give you the actual info re the Milk Ranch Well and other things going on in the District. I would like to talk to you if you feel you can be fair and objective. Is it ever possible for you to write an article re the PSWID without digging up the old worn out negative info that you repeat time after time and add to all your articles? It is now time for new positive reporting from you re the PSWID. The community has spoken with

**Pine/Strawberry Water Improvement District**  
P.O. Box 134, Pine, Arizona 85544-0134  
www.pswid.org

their vote of what this Board is doing so I would appreciate if you would open your mind and stop digging up what you think is negative--the community does not want to here this nor do they agree with you.

On the PSWID web site I have a letter from the Chairman updating the community I think you should read it. I have also attached a copy.

We hired one of the most professional companies in the business to operate the District and in a past article buried in the paper you gave it a few sentences and made them sound like they were a foreign company from overseas when the fact is they manage over 300 water Districts in the US. They are also one of the largest and most respected water management companies in the US. We also lifted the water meter moratorium a very big event for this district and you gave it a little blur in the paper. I do not know how you reported on two of the biggest events in the history of the PSWID and you were not even at the meeting??

How about you and I move forward in a positive way for the good of the community? If you cannot be fair with you're reporting I will ask your editor to assign someone else to cover the District. I understand at one time you did some great reporting re the PSWID when you did not have such a prejudice view, can we get back to that Max?

Gary Lovetro  
Chairman, PSWID

## Max's response to me

Know that your bullying threats and personal attacks of two phone messages and this e-mail do not intimidate me.

If there is someone on the board more rational, I would be happy to meet with them.

Max Foster

**From:** Gary lovetro

**Date:** November 18, 2010 12:04:20 PM

**To:** Max Foster <mfoster@payson.com>,tbrossart@payson.com,jnaughton@payson.com,abechman@payson.com

**Subject:** Re: Election article PSWID

Max,

My email to you was not meant to bully you or attack you. It is obvious to the Board and I that you have no intention of being objective with your reporting of the PSWID. I sent you the email to ask you to move forward in a non-partisan way. I do not think that you want to.

Per the District guidelines as Chairman I am the official spokesman for the PSWID whether you like it or not.

I can see that you have no intention nor are you going to make an effort to put your negative feelings behind you and try to report in an objective way re this Board.

I will have no further discussion with you re Board business so in fairness to the community I am asking your editor to assign Alexis Bechman to cover future Board business. She wrote one article about the Board and she did a very good report in a fair and non-bias way unlike your reporting. She is a true journalist.

I have never met you nor do I now care to. I have done nothing to you other than represent a different faction of the board which you personally disagree with and this is very obvious in your past reporting. I do not know what happened to true journalism with you it is a thing of the past. I guess you inter-pit the facts as bullying. I would think as a true reporter you would have a bit thicker skin!

Gary Lovetro  
Chairman, PSWID

I also find it very hypocritical that the Paper would quote the former Chairman Bill Haney. I want to remind the community that Bill Haney was the Boards Chairman who chaired all the meetings where the rate and budgets were reviewed, voted for and approved. The slide presentations were approved by Bill and presented by Harry Jones the interim District Manager. **Everyone** was aware that the rates would be increased and applied starting with the January billings. I hope this clarifies any confusion re the rate increases.

I want everyone to know that the severe weather that we had over the holidays has caused many problems within the District. The major problem has been with pipes freezing and breaking within customer's homes. We have had many low-pressure situations that were caused by these breaks. There has been much water pouring into the streets and the District crews have been chasing down all the leaks and turning off water at the meters. Please turn off your water at your homes if you are not going to be here for any length of time. It will save you and the district a great deal of expense.

I do know that the majority of the community understands and approves of what the Board is doing and that we have your support. I also know that there is a disgruntled few that will always complain no matter what this Board does for the good of the community. In spite of all the negative comments of a few as a Board we are moving forward seeking out new water sources and providing **unrestricted** water at a reasonable rate.

I sincerely want to thank the community for their confidence and support, and strongly encourage your input to become part of the solution of preserving and managing the water resources of our community.

The PSWID Board holds meetings on the 3<sup>rd</sup> Thursday every other month at the Pine District office. The open meetings allow for public input into the process of solving our water development and distribution issues. For timely information, complete reports, and meeting notices, please continue to visit the District's website at [www.pswid.org](http://www.pswid.org).

For the PSWID Board  
Chairman, Gary Lovetro