

President's Report

TO

Joint Meeting of Council

AND

Board of Governors

August 16, 1921



Salt River Valley Water Users' Ass'n.

PHOENIX, ARIZONA

*PRESIDENT'S REPORT TO JOINT MEET-
ING OF COUNCIL AND BOARD OF
GOVERNORS, SALT RIVER VAL-
LEY WATER USERS' ASSO-
CIATION*

On May 2nd of this year, I submitted a report to this Body covering in a general way what had been accomplished up to that time since I assumed the office of President of your Association. In that report, I made certain estimates and statements for the balance of the season which have now become accomplished facts. And it is with a great amount of pleasure that I report to you today of the condition of your Association.

The Emergency Fund of \$100,000.00 has been again created, and is available at this time for the existing financial emergencies in the Valley.

Prior to the time I became your President there was expended for various purposes \$75,000.00 of the Dry Land Trust Fund. This has now been replaced and is available for such project purposes as the Board of Governors may direct.

There has been expended on the regular construction program voted in 1919 for Drainage, Widening Eastern Canal and for Waste

Ditches the sum of \$224,264.00. This sum has

First—Completed the drainage program for the year.

Second—By the expenditure of an additional \$15,000.00 within the next three months the widening of the Eastern Canal will be completed for 2½ miles or past the danger of a probable serious interruption to the water supply for the South Side.

Third—Waste ditch program for the year one-third completed.

In addition to the above which was covered by the assessment this year, your management has accomplished the following out of revenues and savings effected in the maintenance and operation of the project. The large loan of nearly \$200,000.00 to the Valley Bank has been repaid with interest.

Prior to the time I was elected to this office, approximately \$30,000.00 was expended out of the drainage assessment for other purposes. This sum has been returned to its proper fund from savings.

\$151,639.00 was saved from maintenance and operation and expended for the following important items without additional assessment to the shareholders:

First—The Roosevelt Dam Cutoff Wall was completed.

Second—The Highline Pumping Plant improved and rebuilt.

Third—Complete surveys and plans prepared for future power development.

Fourth—1500 KW of new power was developed at Roosevelt together with other items of less moment.

Our unpaid bills have been reduced from over \$76,000.00 in May, 1919, to a reasonable amount covering current items, of less than \$24,000.00.

We believe that co-existent with these results the service to our shareholders has been improved and maintained at a high standard of excellence. Considering the above and from my knowledge of the general physical condition of the project at this date and the fact that our bank balance this morning is \$196,431.05, I feel free to state to you that in my opinion your Association has never been in such a healthy financial condition. It is this condition which has made possible the running of flood water free of charge and will at this time warrant us in taking steps to extend credit to our hard-pressed shareholders.

I also at this time wish to call your attention to certain statements in my May 2nd report which anticipated various results. These results have been accomplished as follows:

- 1st. The new accounting system then under consideration has now been in successful operation for the past month. A reduction in forces has already resulted and it is believed that a further substantial saving in expense will be made in the near future as

our organization adjusts itself to the new system.

2nd. All statements relative to the Highline Pumping Plant have proved to be true as anticipated last May and the redesigned pumping plant has met all requirements of the shareholders under the Highline without taxing its capacity.

3rd. I mentioned certain possibilities for the building up of our power business. Since that date those possibilities have become accomplished facts. An interchange of power agreement with the Central Arizona Light and Power Company and with the mines at Miami have resulted in a large increase of net power revenue above normal, in spite of a low lake level and consequent lower power capacity.

For the first time in the history of the Association the power revenue during the months of June and July has been sufficient to meet the total cost of operation and maintenance of your entire project.

I credited the accomplishment of all of the above principally to three main items:

1st. The elimination of a large number of sources of financial loss to the Association.

2nd. The increase of our power revenue.

3rd. And mainly to the loyalty, ability, economy and efficiency of the organization which we have created for you.

As an example of this economy and efficiency, I again present a comparison of the

cost of operation and maintenance of the irrigation project for the first ten months of last year and the first ten months of the year just past:

Ten Months Season 1919-1920.....	\$836,737.64
Ten Months Season 1920-1921.....	330,883.35

Difference for ten month period....\$505,854.29

With less than two months to complete the irrigation year the estimate in my report of May 2nd that this year's operation would be accomplished at nearly \$600,000.00 less than last year, now appears to be a certainty.

Knowing the condition of your Association and the necessity of certain improvements your Board of Governors without additional assessment to the shareholders have voted \$50,000.00 for the control of Cave Creek and \$100,000.00 to be expended for drainage in advance of the collection of the Special Assessment due 1921-1922 which was voted in 1919.

In view of our finances and the present financial condition of the Valley, I recommend that this condition be considered an emergency and that we utilize our excellent financial position at this time, by extending credit to our shareholders needing it until October 1, 1921, under the following plan:

- 1st. That all shareholders needing and desiring credit for water service, upon signing an application therefor be extended maximum credit in water service to the extent of \$2.00 per acre from August 15 to October 1, 1921.

2nd. That all shareholders availing themselves of this credit be required to pay a penalty at the rate of 1 per cent per month for the full amount of credit utilized between now and October 1st for the full time from date of first credit extended until October 1, 1921.

I further recommend that from this date a penalty of 1 per cent per month be levied on all unpaid water charges not already carrying a penalty. I wish here to explain the justice and necessity of these penalties. A number of our shareholders have complained of our Association collecting a penalty during these hard times. As a matter of fact, a penalty operates only to distribute the cost of operation and maintenance of the project in a fair and equitable manner. The penalties of 1 per cent per month do not more than cover the interest on the money which other shareholders who pay up on time are entitled to, and the additional cost of carrying charge on our books for those who do not pay on time. Also, as all of these penalties go toward operation and maintenance of the project, a portion of these are returned to the ones who pay them by the reduction of later assessments.

I further recommend that \$2.00 per acre be deducted from Assessment No. 13 for the irrigation season of 1921-1922 on account of the extension of the Government construction charges by the Secretary of the Interior. That the balance of Assessment No. 13, namely \$1.65 for special construction voted in 1919,

and the minimum charge of 9c per acre for two acre feet of water, or a total of \$1.74, be split as follows:

\$0.87 due and payable September 1, 1921,
October 1, 1921.

.87 due March 1, 1922, delinquent April
1, 1922.

Together with the usual penalties.

I have in this, and previous reports emphasized and reiterated certain accomplishments of your present management, because I believe they are of vital significance to this Governing Body and to the Valley at large. This Governing Body is after all, responsible for the efficient management of this project, and what has been accomplished during the past year should and can be continued. The success of this Valley in a large measure, is dependent on the continued efficient operation of our Project and only by eternal vigilance on the part of this Body to see that an efficient organization is maintained, can it be made certain for the future.

F. A. REID,
President.