

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd

Sedona, AZ 86336

Date: July 19 2022

RE: General Manager Report

## **Financial**

The billing charges for July 2022 was \$50,000.

Infrequent and one-time major expenses in June:

None

Infrequent and one-time major revenue for June:

None

## **Operations**

-Arsenic tank underway form built for footing but must be modified due to storage tank footing having APS power line under it too far and not off to the side as assumed. Multiple meetings for the assessment of new placement, upper corner of lot with other tanks.

-USDA projects Water Mains review and meetings at Doug Berry's property x2. Good findings with city sewer easement.

-APS power outage on westside left only well #4 pumping until 10pm 07/11. Airport remained without power through the night until the next day 07/12 about 11am.

-Leak at airport detected and was getting worse by the day. The issue was fixed with PVC cap and Flange. Line was a dead end with old valves not holding back the tank water. Only lost about 7 feet of water in the older tank. Successful temp. repair made and water was back for the mesa after lunch before dinner.

-Lead and Copper Sampling for 10 customer sites was completed. TC samples negative.

## **Management**

I will be out of the office July 21<sup>st</sup> – July 30<sup>th</sup>.

**USDA Grant/Loan Update:** Fann Contracting has started basic prep work at both Well sites for the Arsenic Removal System. Water main project bids are due July 28<sup>th</sup>. So far there are four potential bidders. Estimate for that project is about \$9 million. Robert at USDA agreed that the Federal Office only works with actual bids and not cost estimates for additional funds. Steve and Yavapai Title are working on the Easement/Right-of-Way forms for USDA completed. Estimate of about \$300 for parcel involved.

**Rowdy Rooter:** Received 2<sup>nd</sup> letter from their attorney. They have reduced their invoice down to \$28,000. Steve has sent a response letter.

**Server Elimination:** KnowIt was here last Friday. Started moving us to the cloud. He is also checking in the means of having better surveillance cameras at our five property sites.

**Sedona Fire Department:** Record request for past year of hydrant flushing. It appears their flushing hydrants program line up with our Airport Mesa outages due to air in the lines. One letter and three calls and nothing yet. After many calls, still no records. I drafted a letter for Steve, he signed it and I dropped it off Thursday.

**Oak Creek Domestic Water Improvement District  
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, AZ  
Tuesday, June 21, 2022**

**1. Call to order and roll call:**

- Called to order at 4:30 P.M.
- Present: Doug Bowen, Bob Bareuther, Paul LeFevre, Creed Ostler, Paul Slevin, Ron Rovey  
Absent: Chan Smith

**2. Call to the Public for Items not on the Agenda:**

- No comments.

**3. Manager's Report:**

- General Manager updated the BOD - See General Manager's attachment.

**4. Consent Agenda Items:**

- A. Approval of May 2022, BOD Meeting Minutes.
- B. Approval of May 2022, Financials.

Paul Slevin made motion to approve all Consent Agenda Items/ seconded by Paul LeFevre/  
ALL approved.

**5. Regular Agenda Items:**

- A. Status Update and Discussion about USDA Grant/ Loan Projects.
- B. Status Update and Discussion about November Board Elections. Information needs to be in the County Offices by July 13th.
- C. Status Update and Discussion about Operator Position.
- D. It is important that customers know the difference between their shut off valve and the District's shut off key valve. It was suggested that this information be included within the website, be part of a future mailing, and the information be given to customers when they sign up for service.
- E. Paul Slevin proposed resolution to approve the assignment of Doug Bowen as the Administrator of QuickBooks financial accounting software and to remove Kristin Wakeman as the current Administrator/ seconded by Ron Rovey/ Approved by Doug Bowen, Chairman; Bob Bareuther, Vice Chairman; Paul Slevin, Treasurer; Creed Ostler, Secretary; Paul LeFevre, member; Ron Rovey, member.

**6. Executive Session Items:**

**7. Announcements:**

- A. Next Board Meeting: July 19, 2022, at 4:30 P.M.
- B. Future Board agenda items.

**8. Adjournment:**

- Motion to adjourn/ 4:53 P.M./ Creed Ostler.

**Respectfully submitted,**

**Creed Ostler**

**Secretary, Oak Creek Domestic Water Improvement District**

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd  
Sedona, AZ 86336

Date: August 12, 2022

RE: General Manager Report

## **Financial**

The billing charges for August was \$48,700. (Shorting Read Period)

Infrequent and one-time major expenses in July:

\$565 Annual Aid to Construction (CVS, Vitamin Cottage)

\$700 Patton Electric – Airport Pump Station

\$350 NAH – Brian Scorpion Bite

Infrequent and one-time major revenue for July: None

## **Operations**

-Arsenic tank footings almost poured at wellsite 4. Drawings ready to go for moving and placement of site 2&3.

-Villas leak on 6" main repaired successfully with Ligon excavation. Inventory replenished.

-Lots of rain and lots of weeds! All attempts at non chemical treatments will be utilized.

-Thought of including the airport tank's plumbing and lines to reduce air ever being introduced and going past the pumps, instead purging through tanks.

-TC samples negative, and well 2 switched to 3.

## **Management**

**USDA Grant/Loan Update:** Fann Contracting has started basic prep work at both Well sites for the Arsenic Removal System. Bids for the water main project resulted in one outrageous \$32 million bid. Contacting other potential bidders, one of them stated they could not obtain a bid bond for \$12 million, the amount they were planning on bidding. Bidding the project in sections is now the game plan opening bids up to a lot more contractors. Conference call Monday to discuss funding and bidding.

**Rowdy Rooter:** Received 2<sup>nd</sup> letter from their attorney. They have reduced their invoice down to \$28,000. Steve sent a response letter also asking for a breakdown of everything. We are now past the six month notice period.

**Sedona Fire Department:** Met with Fire Department and Ed Rose from the Airport about the issue about the quarterly fire hydrant flushing corresponding to our emergency water outages at the airport. Meeting ended with the following plan: The Fire Department will text Wayne when they are flushing hydrants, the District will continue with the grant project which includes placing air release valves along the way and that Kirk Riddell of the SFD will meet with John of SWI to see if anything can be done at the Airport Mesa site.

**Knowlt:** Second visit last week. Finished conversion from being on the server. They are working on security camera options.

**Southwestern Utilities:** Received proposal for there on-call operator services.



August 3, 2022

Dear Doug,

As discussed earlier this week, Southwestern will be able to provide coverage when your field tech is unable to work.

The price breakdown is as follows:

- \$200 a week when Southwestern staff is on call.
- \$75 an hour when staff is called out during normal business hours of 5:30 am to 2:30 pm
- \$85 an hour for after-hours calls
- \$95 an hour for holiday calls

Regards,

Veronica Wene

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd Sedona, AZ 86336  
928-282-3404 info@oakcreekwater.com

August 11, 2022

Dori Booth  
Sedona Fire District  
2860 Southwest Drive  
Sedona, Az 86336

RE: Meeting Summary

Dear Chief Booth:

Thanks for meeting last week at the Airport Mesa storage tank site. The meeting was to discuss the quarterly water outages due to air in the system that occurred on May 14, 2021. November 11, 2021, March 14, 2022 and June 6, 2022 and how they coincided with the scheduled quarterly flushing of our hydrants.

The results of the meeting were as follows:

- SFD will text our operator Wayne Butler when hydrants will next be flushed
- OCWD will continue with its first phase of the USDA grant of upgrading its 6-inch water main to 8-inch along with installing air release valves along the route to the high point of our system, the Airport Mesa. It has been designed in the remaining phases of the grant to replace all existing hydrants with new Mueller hydrants to have consistency in the system.
- John Wesnitzer of SWI Engineering will contact Kirk Riddell from your office to discuss possible systems changes at the Airport Mesa pump station site.

Attached as you requested is our capital improvement plan along with a section of our operations manual that applied to hydrants in our system.

Sincerely,

Doug Bowen  
Chairman/General Manager

cc: Steve Wene, Moyes Sellers & Hendricks



# YAVAPAI COUNTY SPECIAL DISTRICT CANDIDATE FILING REPORT

November 8, 2022 Election



Last Updated: 7/27/2022 8:05AM

	Filed Committee	Filed Petitions	Write-in
<b>Domestic Water Improvement District</b>			
<b>American Ranch DWID</b>			
# Seats Available: 2			
Elizabeth Mahon	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
David Puglia	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Black Canyon City DWID</b>			
# Seats Available: 2			
Jedediah Carter	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
David Moore, Sr	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Diamond Valley Water District</b>			
# Seats Available: 3			
JoAnn Holt	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Kurt Womack	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Highland Pines DWID</b>			
# Seats Available: 2			
Celia Carr	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sandra McClintock	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Mayer DWID</b>			
# Seats Available: 2			
Ed Cocchiola	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Keith Francen	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Shasta Guthrie	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Joseph Mish	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Filed Committee	Filed Petitions	Write-in
<b>Oak Creek DWID</b>			
# Seats Available: 4			
Creed Ostler	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Paul Slevin	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Ponderosa Park DWID</b>			
# Seats Available: 2			
Jacqueline Wheeler	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Quail Ridge DWID</b>			
# Seats Available: 1			
Matt O'Brien	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Fire District</b>			
<b>Ash Fork Volunteer Fire District</b>			
# Seats Available: 2			
Rox Hume	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bill O'Donnell	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Central Yavapai Fire District</b>			
# Seats Available: 2			
Gayle Pickett	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Andrew Reinhardt	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Congress Fire District</b>			
# Seats Available: 2			
William Holloman	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
James Sparks	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd  
Sedona, AZ 86336

Date: September 16, 2022

RE: General Manager Report

## **Financial**

The billing charges for August 2022 was \$71,500.

Infrequent and one-time major expenses in August:

\$1,500 Yavapai County Deposit for Easement Search

\$350 Truck compartment door replacement

Infrequent and one-time major revenue for August:

Meter Readings adjustment bill – See Attachment

## **Operations**

-Emergency break at meter when plumber was fixing leak at 80 park circle.

-Truck got new tires and regular PM work... fixed door.

-Weeds at all sites being managed continuously.

-TC test negative and well #2 switched back from #3.

-Emergency break on private side at 575 Panorama, which caused air in the system and Airport tanks site had to be purged.

-study and test

-Morning Sun and Tanager meter boxes all labeled correctly.

## **Management**

**USDA Grant/Loan Update:** Fann Contracting has started basic prep work at both Well sites for the Arsenic Removal System. Water main project will go out for bids again in October. Working with USDA on the legal wording for bidding sections sequentially. Working with pipe bursting company to see if that route is possible. Determination of additional funding available and if the scope of the project needs adjusting after bids received. Steve and Yavapai Title are working on the Easement/Right-of-Way forms for USDA completed. Estimate of about \$300 for parcel involved.

**Rowdy Rooter:** Still waiting for a response from them. Its approaching a year.

**Surveillance Cameras:** See attached quote from Wired-Up.

**Southwestern Utilities:** Employee was not estimating some meter reads for about three months. See attached letter.

**Current Leaks:** 200 Willow Way to be repaired during construction similar to valve leak at 140 Northview.



Oak Creek Domestic Water Improvement District  
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, AZ  
Tuesday, August 16, 2022

1. Call to order and roll call:
  - Called to order at 4:25 P.M.
  - Present: Doug Bowen, Bob Bareuther, Ron Rovey, Paul Slevin, Chan Smith  
Absent: Creed Ostler, Paul LeFevre
2. Call to the Public for Items not on the Agenda
  - No Comments
3. Manager's Report
  - General Manager updated the Board - See General Manager's attachment
4. Consent Agenda Items:
  - A. Approval of July 2022, Board Meeting Minutes
  - B. Approval of July 2022, FinancialsChan Smith made motion to approve all Consent Agenda Items / seconded by Ron Rovey. ALL Approved.
5. Regular Agenda Items:
  - A. Status Update and Discussion about USDA Grant / Loan Projects.
6. Executive Session Items:
7. Announcements:
  - A. Next Board Meeting : September 20, 2022 , at 4:30 P.M.
  - B. Future Board Agenda Items
8. Adjournment: Motion to Adjourn / 5:02 P.M. / Ron Rovey

Respectfully submitted,  
Paul Slevin  
Treasurer, Oak Creek Domestic Water Improvement District

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd

Sedona, AZ 86336

928-282-3404 [info@oakcreekwater.com](mailto:info@oakcreekwater.com)

August 29, 2022

Dear Water Customer:

RE: August Billing

For the past five years Oak Creek Water District has contracted out its meter reading services. Prior to 2018 the water operator and the financial officer would each have to log the readings. Two years ago, we began utilizing a meter reading company out of Phoenix with a few different meter readers.

Every month we would have about a dozen reads that we would have to re-read internally to verify what appeared to be high or low water usage. This is how we have been able to detect leaks. This month our billing proof report showed over 150 meter reads in question. When we questioned the meter reading company, one of their employees confessed he has been estimating some difficult to get at meters. He was immediately terminated from their office.

The result is that about 100 meters were under read for the past few months creating a larger than normal August bill while about 50 meters were over read resulting in an August credit. For those with under read bills we will be waiving all late fees and allowing until the end of the year to pay in full. For meters that were over-estimated, a credit has been applied to your account.

Oak Creek Water District is in the process of switching over to radio reading utilizing the meter grant we received. In the meantime, we are investigating the cost of the mobile software system for our operator to read the meters until the switch.

Sincerely,

Doug Bowen

Chairman, Board of Directors

# Oak Creek Water District

## "Serving West Sedona Since 1953"

90 Oak Creek Blvd  
Sedona, AZ 86336

Date: October 15, 2022

RE: General Manager Report

### **Financial**

The billing charges for August 2022 was \$61,200.

Infrequent and one-time major expenses in September:

- ADEQ MAPS Sampling \$2,190
- SPMR Meter Reading Setup \$6,422
- Yavapai Title Easement Research Complete \$4,800
- Folding Tables \$610

Infrequent and one-time major revenue for September:

- Meter Estimate issue with Southwestern

### **Operations**

- Concern for on call status sharing, and overall potential part time help?
- supplies n equipment, networking, core n main, kepner, contractors, big park, etc...
- break at 150 oak creek blvd, leaking valve at 260 as a result...
- brush removal 2&3 and panorama
- new meter & box at 60 forest circle
- airport meeting but nothing further yet???

### **Management**

**USDA Grant/Loan Update:** Water Main project is getting closer to re-bidding. Bids should be received before the end of the year. Arsenic change order in the amount of \$170,000 has been reduced to \$34,000. See attached. This will have to go through the USDA review process before processing. Fann's latest pay request included stored materials which is a good sign of progress in getting their orders shipped.

**Rowdy Rooter:** Still waiting for a response from them. Its approaching a year.

**Southwestern Utilities:** September was the last month for utilizing them for meter readings. We still utilize them for the Operator of Record.

**SPMR Meter Read System:** Phone programmed, initial training complete and along with access to the system software.

**Current Leaks:** 200 Willow Way to be repaired during construction similar to valve leak at 140 Northview.

**Oak Creek Domestic Water Improvement District  
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, AZ  
Tuesday, September 20, 2022**

**1. Call to order and roll call:**

- Called to order at 4:30 P.M.
- Present: Bob Bareuther, Doug Bowen, Paul LeFevre, Creed Ostler, Paul Slevin, Chan Smith, Ron Rovey

**2. Call to the Public for Items not on the Agenda:**

- No comments.

**3. Manager's Report:**

- General Manager updated the BOD - See General Manager's attachment.

**4. Consent Agenda Items:**

- A. Approval of August 16, 2022, BOD Meeting Minutes.
- B. Approval of August 16, 2022, Financials.

Ron Rovey made motion to approve all Consent Agenda Items/ seconded by Paul LeFevre./ ALL approved.

**5. Regular Agenda Items:**

- A. Status Update and Discussion about USDA Grant/ Loan Projects
- B. Meter Reading Issue Discovery and Billing Issues

The SPMR Read Smart water meter reading system will cost approximately \$5000 for set-up with the follow-up of \$2100 yearly fee. We are currently paying \$1250 a month for contracted manual meter reading services, during which time we experienced deliberate human error.

Paul LeFevre made motion to purchase SPMR Read Smart meter reading software system which includes the phone necessary to access and use the software./ Seconded by Bob Bareuther./ ALL approved.

Motion made by Ron Rovey to adjust monthly billing for customer living at 85 Saddlerock Lane./ Seconded by Chan Smith/ ALL approved.

- C. Security and Surveillance Cameras.

Wired-up has presented a proposal for security and surveillance camera set-up throughout the properties used by Oak Creek DWID. There was discussion about the necessity of this service. It was asked that we find out from ADEQ if grant money can pay for this and if we use this service does it influence our ratings, good or bad, when we are surveyed. No action taken.

**6. Executive Session Items:**

**7. Announcements:**

- A. Next Board Meeting: October 18, 2022, at 4:30 P.M.
- B. Future Board agenda items.

**8. Adjournment:**

- Motion to adjourn/ 5:21 P.M./ Ron Rovey.

**Respectfully submitted,**

**Creed Ostler**

**Secretary, Oak Creek Domestic Water Improvement District**

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd  
Sedona, AZ 86336

Date: November 11, 2022

RE: General Manager Report

## **Financial**

The billing charges for November 2022 was \$58,000.

Infrequent and one-time major expenses in November:

- \$2,385 Mission Control Annual Fee

- \$3,412 Ullman & Associates Annual Financial Audit

Infrequent and one-time major revenue for November:

- None

## **Operations**

- T1 and D1 Operator
- Start/Stops and developer questions... lots of movement and growth still.
- New meter at 60 Forest Circle / Blue staked empty lot at 65 Sycamore Canyon Dr.
- Reads took longer than I expected, however still seemingly most beneficial.
- Tank rehab at panorama to start
- Failed Total Coliform at office. Set of resamples perfect.
- Inventory done for Ullman Financial audit
- CCR/MAPS begun.
- Arsenic Quarterly samples were taken

## **Management**

**USDA Grant/Loan Update:** Water Main project is getting closer to re-bidding. Bids should be received before the end of the year. Delivery of arsenic treatment components should be delivered to contractor within next couple of months. Storage tanks at Panorama to be drained this month for rehabilitation. An alert will go out to everyone to conserve water.

**Rowdy Rooter:** Email response from them demanding \$28,000 or they will proceed to litigation. Steve is working on the response which will include the 180 notice time limit.

**Meter Readings and Operator Test:** Wayne has passed his second test, now a Distribution I and Operator I !!! Wayne also completed the first set of meter readings in house with less than tenth of the normal re-reads as Southwestern ever had. Becky and Wayne have mastered this with the very first attempt.

**Bank CD Options:** See attached.

**Current Leaks:** 200 Willow Way and 140 Oak Creek Blvd to be repaired during construction similar to valve leak at 140 Northview. Wayne continues to monitor both.

# Oak Creek Water District

## "Serving West Sedona Since 1953"

90 Oak Creek Blvd  
Sedona, AZ 86336

Date: December 16, 2022

RE: General Manager Report

### **Financial**

The billing charges for November 2022 were \$51,000.

Infrequent and one-time major expenses in November:

- \$38,400 Badger Meter (\$21,000 of it will be reimbursed by 2 grants)
- \$3,450 Septic Services (Water break repair on View Drive)
- \$2,145 Ullman & Associates Annual Financial Audit

Infrequent and one-time major revenue for November:

- None

### **Operations**

- 315 view service lateral break. Septic services fixed and Pram paved.
- Panorama tank rehab update... moving forward nicely
- Installed new meter at 65 Sycamore Canyon temporary ¾" until construction begins and a new 1" service connection can be installed on the main.
- Reads, Reads, Reads... Finding leaks for customers and monitoring our side too.
- 325 Rockridge needs better box for frost protection, more in the district I will find as I read.
- Minor repairs and maintenance on office building and sites.

### **Management**

**USDA Grant/Loan Update:** Water Main project is getting closer to re-bidding. Advertising should be sent out by the end of the year. Delivery of arsenic treatment components should be delivered to the contractor within the next two months. Two of the smaller storage tanks at Panorama drained and rehabilitation started. See attached letter to SWI regarding their change order request.

**Rowdy Rooter:** No response from Steve's 11/15/22 letter. Approaching 1 yr. anniversary.

**Bank CDs:** Challenge w/BMO Harris. Representative that deals with government took over.

**Budget and Rate Increase:** See attached. This will be reviewed for comments at the January Meeting with approval at the February Meeting. Ads in January Red Rock News.

**Policy Discussions:** Hookup fees for existing customers  
Backflow requirements for residential irrigation  
Both were Arizona Corporation Commission tariffs that were adopted as a District.  
See attachments.

**Current Leaks:** 200 Willow Way, 140 Oak Creek Blvd, 140 Northview. All being monitored.

# Oak Creek Water District

## "Serving West Sedona Since 1953"

90 Oak Creek Blvd  
Sedona, AZ 86336

Date: January 17, 2023

RE: General Manager Report

### **Financial**

The billing charges for January 2023 were \$39,000.

Infrequent and one-time major expenses in January:

- \$2238 Ullman & Associates - Last of Annual Audit

Infrequent and one-time major revenue for January:

- None

### **Operations**

- Cellular Endpoints, 3 small routes installed.

- Fixed leaking meter/OCW valve at 220 Willow Way.

- 200 Willow Way being monitored & exploratory digging may be sooner than water project

- STS finished with 2 small tanks, switch over this week or next week.

- Enviro Tech to help with the electrical upgrade at Panorama as well (see quote).

### **Management**

**USDA Grant/Loan Update:** Water Main project schedule to be advertised by the end of the month with a prebid planned for February 16<sup>th</sup> and bid opening March 2<sup>nd</sup>. Delivery of arsenic treatment components should be delivered to the contractor within the next two months. Two of the smaller storage tanks at Panorama drained and rehabilitation started. See attached letter to SWI regarding their change order request. A letter was sent to the State Director about USDA support. In person meeting to be scheduled. See attachment.

**Rowdy Rooter:** No response from Steve's 11/15/22 letter. 1 yr. anniversary has passed.

**Bank CDs:** First 12 month CD through BMO has a APY of 4.98% (government rate). The next two CD's will be staggered in April and July. It should be noted that these are the required USDA reserve funds that they require us to save for future improvements.

**Budget and Rate Increase:** See attached. A proposed budget and rate increase will be proposed at the January Meeting with approval at the February Meeting. Notice will be published in the first two weeks of February in the Red Rock News. See attachment.

**Current Leaks:** 200 Willow Way, 140 Oak Creek Blvd, 140 Northview. All being monitored.

**Back Flow Testing:** Annual testing results due by end of the month. A few more to go.

**Shredding:** There are about a dozen boxes of old documents that need to be shredded. Shred It has been contacted.

**Oak Creek Domestic Water Improvement District  
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, AZ  
Tuesday, December 20, 2022**

**1. Call to order and roll call:**

- Called to order at 4:30 P.M.
- Present: Bob Bareuther, Doug Bowen, Paul LeFevre, Creed Ostler, Paul Slevin, Chan Smith (phone), Ron Rovey (All present)

**2. Call to the Public for Items not on the Agenda:**

- No comments.

**3. Manager's Report:**

- General Manager updated the BOD - See General Manager's attachment.
- 

**4. Consent Agenda Items:**

- A. Approval of November 2022, BOD Meeting Minutes.
- B. Approval of November 2022, Financials.  
Ron Rovey made motion to approve all Consent Agenda Items/ seconded by Paul Slevin/  
ALL approved.

**5. Regular Agenda Items:**

- A. Status Update and Discussion about USDA Grant/ Loan Projects.
- B. Discussion and motion of Election Results and Nominations.
  - On August 17, 2022, Paul Slevin and Creed Ostler were duly appointed as members of the board of directors of the Oak Creek Domestic Water Improvement District, by the Yavapai County Board of Supervisors.
  - Paul Slevin made motion to appoint Chan Smith as a member of the board of directors of the Oak Creek Domestic Water Improvement District. Seconded by Ron Rovey/ ALL approved.
- C. Discussion and possible motion in regards to previous adopted A.C.C. tariffs
  - No action taken. Commercial businesses must have back-flow prevention assemblies.
- D. Discussion about the process for the 2023-2023 Budget and rate increase drafted.
  - Budget and rate increase will be reviewed in January with approval at the February meeting.

**6. Executive Session Items:**

**7. Announcements:**

- A. Next Board Meeting: January 17, at 4:30 P.M.
- B. Future Board agenda items.

**8. Adjournment:**

- Motion to adjourn/ 5:21 - P.M./ Ron Rovey.

**Respectfully submitted,  
Creed Ostler**

**Secretary, Oak Creek Domestic Water Improvement District**



# Oak Creek Water District

**“Serving West Sedona Since 1953”**

90 Oak Creek Blvd

Sedona, AZ 86336

928 282-3404 – [info@oakcreekwater.com](mailto:info@oakcreekwater.com)

1953-2020 Oak Creek Water Company

2020-Present Oak Creek Water District

The water company was a not-for-profit company that was owned by its 750+/- account owners. Seven of these owners were board members. The company was under the authority of the Arizona Corporation Commission.

The water district was formed to get away from paying property taxes, be open to grants as a political entity and avoid the expenses of the A.C.C (rate increases cost \$15,000-20,000 to get approval). The board is still operated by seven account owners and now a special district of Yavapai County. All decisions are still based on all 750 user being owners even though technically the assets were transferred into an entity called the District.

Many of our users are City of Sedona tourism workforce. When the company needed emergency funds in 2019 and the A.C.C approved a \$20 surcharge/month for four months, many of these users had difficulty paying these bills. A few of them came in here in tears.

The proposed rates for this year are based on a five-year study. Revenue is based on the actual number of customers in each rate category and their usage habits. Expenses are based on actual past expenditures and predicted future maintenance costs.

## Oak Creek Water District (Proposed 2023)

¾"	Base Rate:	\$18.26	0 gallons to 4,000 gallons	\$2.13/1000gallons	<a href="#">Food Bank</a> \$18.70 average
1"	Base Rate:	\$30.47	0 gallons to 4,000 gallons	\$2.13/1000gallons	

## Arizona Water Corporation (Tariff 2019)

¾"	Base Rate:	\$32.70	0 gallons to 3,000 gallons	\$3.43/1000gallons	\$33.75 estimate
1"	Base Rate:	\$54.50	0 gallons to 3,000 gallons	\$4.97/1000gallons	

The District currently has 13 not-for-profit accounts including the Elks Club, Verde Valley Sanctuary, Sedona Historical Museum Cemetery, Hideaway House and various religious facilities. Any changes to the rate structure for one would have to be changed for all. Any changes to the customer database would require an amendment to the rate study and then the rates redistributed accordingly.

Oak Creek Water District prides itself with the most efficient rates, purest quality of water (no chemicals) and best customer service in Arizona.

**OAK CREEK WATER DISTRICT  
PROPOSED 2023-2024 BUDGET**

---

<b>Operations</b>		<b>\$ 145,000.00</b>
Repairs to Plant - Contractor - Mains	\$ 27,500.00	
Repairs to Plant - Contractor - Electrical/Pumps	\$ 15,000.00	
Repairs to Plant - Contractor - Wells	\$ 10,000.00	
Operations: Materials and Supplies	\$ 22,750.00	
Operations: Tools and Shop	\$ 4,500.00	
Power Purchased	\$ 50,000.00	
Aid to Construction	\$ 500.00	
Insurance - Property and Liability	\$ 8,000.00	
Transportation Expenses	\$ 6,750.00	
<b>Office</b>		<b>\$ 97,500.00</b>
Az Sales Taxes & City Franchise Fees	\$ 60,000.00	
Advertising - Mailings, Website	\$ 3,700.00	
Billing Expenses	\$ 12,600.00	
Telecommunications	\$ 12,500.00	
Office Utilities	\$ 3,800.00	
Office Supplies/Equipment	\$ 2,700.00	
Officers Insurance	\$ 2,200.00	
<b>Contractual Services</b>		<b>\$ 40,000.00</b>
Contractual Accounting/Auditing	\$ 10,000.00	
Contractual Legal	\$ 10,000.00	
Contractual Lab Testing	\$ 4,000.00	
Contractual Monitoring & Security	\$ 3,000.00	
Contractual Management	\$ 10,000.00	
Contractual Arborist	\$ 3,000.00	
<b>Personnel</b>		<b>\$ 268,500.00</b>
Salaries and Wages	\$ 235,000.00	
Employer Taxes 8.35% & Unemployment	\$ 20,000.00	
Benefits and IRA	\$ 10,000.00	
Insurance Liability, Workman	\$ 3,500.00	
<b>Reserves &amp; Debt</b>		<b>\$ 109,000.00</b>
Short Term Reserves (USDA Req. \$20,700)	\$ 20,700.00	
Long Term Reserves	\$ 13,300.00	
Co-Bank Interium Financing	\$ 75,000.00	
<b>Total Expenses</b>		<b>\$ 660,000.00</b>
<b>Operations Revenue</b>		<b>\$ 660,000.00</b>

<p style="text-align: center;"><b>Public Hearing at 4:30pm on February 15, 2022: Proposed Budget</b> <b>Public Comments Prior to Board Voting</b> Comments can be sent prior to the meeting at <a href="mailto:info@oakcreekwater.com">info@oakcreekwater.com</a></p>
---

# Oak Creek Water District

As of March 2023 Billing

Oak Creek Water District held Board Meetings on January 17, 2023 & February 21, 2023 for public comments on adopting a preliminary Budget & Rate Increase. Notification of a Public Hearing was published in two editions of the Red Rock News and posted on both the Yavapai County and Oak Creek Water websites. The Budget & Rates were adopted on February 21, 2023 effective March 2023 billing. This rate increase follows the 5-year Rate Study completed in December 2021.

## MONTHLY USAGE CHARGE\*

Meter Size	Base Rate	Irrigation	Base Rate
3/4"	\$18.26	3/4"	\$18.26
1"	\$30.47	1"	\$30.47
1 1/2"	\$60.77	1 1/2"	\$60.77
2"	\$97.28	2"	\$97.28
3"	\$182.50	3"	\$182.50
4"	\$304.24	4"	\$304.24
6"	\$608.28	6"	\$608.28
8"	\$973.28	8"	\$973.28
10"	\$1,399.25	10"	\$1,399.25
12"	\$2,615.80	12"	\$2,615.80

\*Multi-Unit Monthly Charge is a 3/4" meter charge times number of units

## COMMODITY RATES:

Meter Size	Per 1,000 gallons
<b>3/4" Meter Residential</b>	
0 to 4,000 gallons	\$2.13
4,001 to 10,000 gallons	\$3.78
Over 10,000 gallons	\$4.60
<b>3/4" Commercial, STR's &amp; Irrigation</b>	
0 to 12,000 gallons	\$3.78
Over 12,000 gallons	\$4.60
<b>1" Meter Residential</b>	
0 to 4,000 gallons	\$2.13
4,001 to 15,000 gallons	\$3.78
Over 15,000 gallons	\$4.60
<b>1" Meter Commercial, STR's &amp; Irrigation</b>	
0 to 15,000 gallons	\$3.78
Over 15,000 gallons	\$4.60
<b>1 1/2" Meter Residential</b>	
0 to 4,000 gallons	\$2.13
4,001 to 25,000 gallons	\$3.78
Over 25,000 gallons	\$4.60
<b>1 1/2" Meter Commercial &amp; Irrigation</b>	
0 to 25,000 gallons	\$3.78
Over 25,000 gallons	\$4.60

LAST  
YEAR

# Oak Creek Water District

As of March 2022 Billing

Oak Creek Water District held Board Meetings on January 18, 2022 & February 15, 2022 for public comments on adopting a preliminary Budget & the Increase. Notification of a Public Hearing was published in two editions of the Red Rock News and posted on both the Yavapai County and Oak Creek Water websites. The Budget & Rates were adopted on February 15, 2022 effective March 2022 billing. This rate increase follows the 5-year Rate Study completed in December 2021.

## MONTHLY USAGE CHARGE\*

Meter Size	Base Rate	Irrigation	Base Rate
3/4"	\$17.68	3/4"	\$17.68
1"	\$29.51	1"	\$29.51
1 1/2"	\$58.85	1 1/2"	\$58.85
2"	\$94.20	2"	\$94.20
3"	\$176.73	3"	\$176.73
4"	\$294.62	4"	\$294.62
6"	\$589.02	6"	\$589.02
8"	\$942.51	8"	\$942.51
10"	\$1,355.01	10"	\$1,355.01
12"	\$2,533.22	12"	\$2,533.22

\*Multi-Unit Monthly Charge is a 3/4" meter charge times number of units

## COMMODITY RATES:

Meter Size	Per 1,000 gallons
<b>3/4" Meter Residential</b>	
0 to 4,000 gallons	\$2.05
4,001 to 10,000 gallons	\$3.69
Over 10,000 gallons	\$4.38
<b>3/4" Commercial, STR's &amp; Irrigation</b>	
0 to 12,000 gallons	\$3.69
Over 12,000 gallons	\$4.38
<b>1" Meter Residential</b>	
0 to 4,000 gallons	\$2.05
4,001 to 15,000 gallons	\$3.69
Over 15,000 gallons	\$4.38
<b>1" Meter Commercial, STR's &amp; Irrigation</b>	
0 to 15,000 gallons	\$3.69
Over 15,000 gallons	\$4.38
<b>1 1/2" Meter Residential</b>	
0 to 4,000 gallons	\$2.05
4,001 to 25,000 gallons	\$3.69
Over 25,000 gallons	\$4.38
<b>1 1/2" Meter Commercial &amp; Irrigation</b>	
0 to 25,000 gallons	\$3.69
Over 25,000 gallons	\$4.38

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd  
Sedona, AZ 86336

Date: February 17, 2023 (revised)

RE: General Manager Report

## **Financial**

The billing charges for February 2023 were \$44,300.

Infrequent and one-time major expenses in February:

-Various expenses that are part of grant reimbursement

Infrequent and one-time major revenue for February:

-None

## **Operations**

-Pano tanks switched and drained after electrician installed the transducer in the east tank.

-PRAM successfully pulled out hydro pneumatic tank at PANO.

-Endpoint install going well, waiting on solution from Ferguson for pigtailed between contacts.

-Leak at Well 4 site after backwash tanks were delivered

## **Management**

**USDA Grant/Loan Update:** Water Main project has been advertised for bids. The prebid meeting is set for March 2<sup>nd</sup> at 2pm with the bid opening on March 16<sup>th</sup> at 2pm. So far two original contractors and two new contractors have taken out plans. Delivery of arsenic treatment components should be delivered to the contractor within the next few weeks. The backflow tank has been installed at Well 2/3 site. The last storage tank at the Panorama site has been drained and being rehabbed. This has to be improved and back on line prior to spring break. We met with USDA at the Prescott regional office. Some issues got accomplished. Others got their attention.

**Rowdy Rooter:** No response from Steve's 11/15/22 letter. 1 yr. anniversary has passed.

**Budget and Rate Increase:** See attached. The proposed budget and rate increase was proposed at the January Meeting. Approval at the February Meeting. Notice was published the Red Rock News for two weeks.

**Current Leaks:** 200 Willow Way, 140 Oak Creek Blvd, 140 Northview. All being monitored.

**Back Flow Testing:** Annual testing past due. A few more to go.

**Customer Shut Offs:** There has been an ongoing issue with one resident paying their bills. To be discussed.

**Badger Meter/Beacon Training:** Update from Becky and Wayne



**Oak Creek Domestic Water Improvement District  
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, AZ  
Tuesday, January 17, 2023.**

**1. Call to order and roll call:**

- Called to order at 4:30 P.M.
- Present: Bob Bareuther, Doug Bowen, Paul LeFevre, Creed Ostler, Paul Slevin, Chan Smith.

**2. Call to the Public for Items not on the Agenda:**

- Jay Rowles asked the BOD to consider the purchase of driveway gravel for neighboring homes that allow Oak Creek DWID Office building parking.
- Ed Dowling provided BOD with a letter of interest for becoming an Oak Creek DWID Board Member.

**3. Manager's Report:**

- General Manager updated the BOD - See General Manager's attachment.
- 

**4. Consent Agenda Items:**

- A. Approval of December 2022, BOD Meeting Minutes.
- B. Approval of December 2022, Financials.  
Paul Slevin made motion to approve all Consent Agenda Items/ Seconded by Paul LeFevre/  
ALL approved.

**5. Regular Agenda Items:**

- A. Sedona Food Bank Presentation. Sedona Food Bank has purchased and moving into the property on 30 Inspiration Drive. Jane Tusso, President of Sedona Food Bank, and Brian Dunn, Food Bank Board Member, spoke to the BOD concerning their non-profit efforts and asked for BOD consideration concerning possible changes in their charges for water usage. No Board action taken.
- B. Status Update and Discussion about USDA Grant/ Loan Projects.
- C. Discussion and propose a 2023-2024 Budget and March 2023 Rate Increase
  - a. Post in 3 locations in District
  - b. Mail notice to Yavapai County Board of Supervisors
  - c. Publish twice in Red Rock News
  - d. Public Hearing - Public has an opportunity to discuss the proposed Budget and Rate Increase

Paul Slevin made motion to move forward with the steps necessary for completion for BOD final voting and acceptance of the proposed 2023-2024 Budget and March 2023 Rate Increase. Final voting will take place at the February BOD meeting./ Seconded by Chan Smith/ ALL approved.

**6. Executive Session Items:**

**7. Announcements:**

- A. Next Board Meeting: March 21, 2023, at 4:30 P.M.
- B. Future Board agenda items.

**8. Adjournment:**

- Motion to adjourn/ 5:13 P.M./ Chan Smith.

**Respectfully submitted,  
Creed Ostler  
Secretary, Oak Creek Domestic Water Improvement District**

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd  
Sedona, AZ 86336

Date: March 17, 2023

RE: General Manager Report

## **Financial**

The billing charges for March 2023 were \$37,000

Infrequent and one-time major expenses in March:

- \$2,625 Badger Meter Training
- \$1,900 Patton Electric - Panorama Tank Site
- \$4,200 Industrial Inspection – Panorama Tank Rehab Inspection
- USDA project contractor and engineer pay requests

Infrequent and one-time major revenue for March:

- None

## **Operations**

- ADEQ Inspection Visit...
- Willow emergency leak repair, finished to be paved.
- Leak @ wellsite 4 was Morning Sun's Fire Line.
- John Patton getting parts for PANO, also upgraded Mission Board @ airport tanks.
- Discovery of meter issues at a few places.

## **Management**

**USDA Grant/Loan Update:** Water Main project has been advertised for bids. Bids are Due March 28<sup>th</sup> at 2pm. Four contractors have taken out plans. Delivery of arsenic treatment components should be delivered to the contractor within the next few weeks. All storage tanks back on-line. External painting is all that remains. 75% of the documents needed for the Letter of Conditions have been submitted. The remaining 25% should be completed soon. Waiting on Steve to finish the right-of-way forms.

**Rowdy Rooter:** No response from Steve's 11/15/22 letter. 1 yr. anniversary has passed.

**Current Leaks:** 200 Willow Way, 140 Oak Creek Blvd, 140 Northview. All being monitored.

**ADEQ Inspection:** ADEQ was out last week to inspect our system. Inspection takes place once every three years. Only one issue this year, a tree limb. Thank you, Wayne! See attached inspection report.

**Oak Creek Domestic Water Improvement District  
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, AZ  
Tuesday, February 21, 2023.**

**1. Call to order and roll call:**

- Called to order at 4:30 P.M.
- Present: Bob Bareuther, Doug Bowen, Paul LeFevre, Creed Ostler, Paul Slevin, Chan Smith, Ed Dowling.

**2. Call to the Public for Items not on the Agenda:**

**3. Manager's Report:**

- General Manager updated the BOD - See General Manager's attachment.

**4. Consent Agenda Items:**

- A. Approval of January 2023, BOD Meeting Minutes.
- B. Approval of January 2023, Financials.  
Paul Slevn made motion to approve all Consent Agenda Items/ Seconded by Paul LeFevre/  
ALL approved.

**5. Regular Agenda Items:**

- A. Paul Slevin made motion to approve, Ed Dowling, to the 4-year position as a Director with the Oak Creek Domestic Water Improvement District. Seconded by Chan Smith/ ALL approved.
- B. Ed Dowling made motion requiring all OCWID accounts be in the OCWID Member's name and the responsibility of that property owner or landlord. Seconded by Chan Smith/ ALL approved.
- C. Chan Smith made motion to approve the 2023-2024 Budget and accept the March 1, 2023, rate increase. Seconded by Paul Slevin/ ALL approved.
- D. Status Update and Discussion about USDA Grant/ Loan Projects.

**6. Executive Session Items:**

**7. Announcements:**

- A. Next Board Meeting: April 18, 2023, at 4:30 P.M.
- B. Future Board agenda items.

**8. Adjournment:**

- Motion to adjourn/ 5:15 P.M./ Paul Slevin. .

**Respectfully submitted,  
Creed Ostler  
Secretary, Oak Creek Domestic Water Improvement District**



# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd  
Sedona, AZ 86336

Date: April 14, 2023

RE: General Manager Report

## **Financial**

The billing charges for April 2023 was \$42,000. The raining season with no irrigation needed and reduced tourism has reduced the average for April this year.

Infrequent and one-time major expenses in April:

- \$154 Annual AZ Underground 811
- \$647 Freedom Mailing/Upper Case Printing
- \$11,700 Patton Electric – New Control Panel at Panorama Tanks

Infrequent and one-time major revenue for April:

- None

## **Operations**

- Received layout for the Sunset Lofts (20 one bedroom, 24 two bedrooms)
- Received layout for Airport Residences Utilities (Corner 89A and Airport Road)
- Completed Fire Flow test with Jason on Sunset, confirmed similar numbers as to what Brian provided the lofts architect previously in early 2022.
- Installed additional transmitters. About 20% of the system installed !!!
- Saturation issues district wide from the heavy rain event, including at office.
- Tree trimming broken limbs from storms at office, well sites, and tanks.

## **Management**

**USDA Grant/Loan Update:** Received water main bids. Lowest was \$12.5 Million, way less than last years \$32 Million. USDA is still questioning the amount of the bids. Its been two weeks of zoom meetings, calls, and letter writing. See attached. Arsenic treatment components delivered to the contractor. He should be installing on site next week. within the next few weeks. All storage tanks back on-line. External painting is all that remains. 75% of the documents needed for the Letter of Conditions have been submitted. The remaining 25% should be completed soon. Waiting on Steve to finish the right-of-way forms.

**Rowdy Rooter:** No response from Steve's 11/15/22 letter. 1 yr. anniversary has passed.

**Current Leaks:** 200 Willow Way, 140 Oak Creek Blvd, 140 Northview. All being monitored.

**ADEQ Inspection:** ADEQ sent a notice of violation letter after their 3-year inspection. Two items: a tree limb and our operator needs his Water Distribution 2 licenses. Another section of ADEQ is not allowing Wayne to take his test three months early causing conflict. See attached letter.

**Oak Creek Domestic Water Improvement District  
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, AZ  
Tuesday, March 21, 2023.**

**1. Call to order and roll call:**

- Called to order at 4:30 P.M.
- Present: Bob Bareuther, Doug Bowen, Paul LeFevre, Creed Ostler, Paul Slevin, Chan Smith, Ed Dowling.

**2. Call to the Public for Items not on the Agenda:**

**3. Manager's Report:**

- General Manager updated the BOD - See General Manager's attachment.

**4. Consent Agenda Items:**

**A. Approval of January 2023, BOD Meeting Minutes.**

January minutes include the following amended motion (Regular Agenda Items, Letter B):

"Ed Dowling made motion that by January 2024, all residential OCDWID accounts will be in the homeowner's name and the homeowner/ landlord is then responsible for all monthly water billing and payments. Seconded by Chan Smith/ All Approved."

**B. Approval of January 2023, Financials.**

Ed Dowling made motion, with amended minutes, to approve all Consent Agenda Items/ Seconded by Paul LeFevre/ ALL approved.

**5. Regular Agenda Items:**

- A. Status Update and Discussion about USDA Grant/ Loan Projects.**

**6. Executive Session Items:**

**7. Announcements:**

- A. Next Board Meeting: April 18, 2023, at 4:30 P.M.**  
**B. Future Board agenda items.**

**8. Adjournment:**

- Motion to adjourn/ 5:20 P.M./ Paul Slevin.

**Respectfully submitted,**

**Creed Ostler**

**Secretary, Oak Creek Domestic Water Improvement District**

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd

Sedona, AZ 86336

928 282-3404 – [info@oakcreekwater.com](mailto:info@oakcreekwater.com)

April 4, 2023

Charlene Fernandez  
Rural Development State Director  
230 North First Ave, Suite 206  
Phoenix, Arizona 85003-1706

RE: Grant/Loan Project Progress

The District is writing concerning our current \$8 million project and the need for additional funds. We are asking for guidance in what steps need to be completed next since Jeff Hayes has resigned.

In August 2022, the District received bids for our water main project. The estimate was \$10 million and the District only received one bid, \$32 million. One bidder stated he was going to submit a bid for \$11.5 million but did not have the bonding needed. After discussions with Jeff Hayes and Lam Ho we were directed to re-bid the project and break it up into three sections. Section A would be close to the amount of funds remaining and we would open it up to more bidders by only requesting a bid bond for this section. Sections B and C would be required as part of the bid but would need additional funds. I was told USDA could not request additional funds without a bid.

The project was rebid after the plans and specifications were modified to break it down into sections and with suggestions from potential bidders. This cost the District an additional \$52,515 from the engineer. The District received the bids last week. Two bids were obtained both utilizing pipe bursting. One \$12.4 million and one for \$19.9 million. A third bid missed the deadline for submitting it \$13.2 million bid utilizing excavation.

We have done everything USDA has requested from us and we are now asking for guidance. I have attached the last correspondence with Jeff Hayes along with the two bid results.

Sincerely,



Doug Bowen

Chairman/General Manager

(928) 554-5963 [dbowen@oakcreekwater.com](mailto:dbowen@oakcreekwater.com)

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd

Sedona, AZ 86336

928 282-3404 – [info@oakcreekwater.com](mailto:info@oakcreekwater.com)

April 14, 2023

Michael Dean  
Community Program Director  
8841 E. Florentine, Suite A  
Prescott Valley, Az 86314

Dear Mr. Dean:

As you know, we have rebid the remaining portion of the project after spending 6 months making adjustments per last summer's discussions with Jeff Hays and Lam Ho. Whether we make further adjustments is yet to be seen but obvious additional funding is needed based on inflation over the past three years since the agreement was approved along with the shortage of materials partially due to COVID.

We are officially making a request for additional funds. There maybe only funds available to complete Sections A and Section B (\$4 Million). The remaining part of the project would have to be completed by reapplying with a new agreement. We will not know until we make the request. We are requesting this to be completed prior to the loan portion of our current agreement is reached. Any new agreement will be at a higher interest rate and even one-half a percentage would cost the District dearly.

I have enclosed copies of letters from the District's Board of Directors and our operations manager that were sent to the National office in D.C. and to the State office in Phoenix in support of this request. I have also enclosed the most recent rebid analysis from our engineering firm Ardurra.

I have the utmost confidence after meeting you twice in person that you will be our advocate like Robert Landford and Jeff Hays were when they pieced together a couple of grant funds back in 2020 to make this project a reality. USDA is a topic at every one of our monthly public meetings and every resident appreciates your efforts.

Sincerely



Doug Bowen  
Chairman/General Manager

cc: Charlene Fernandez, State Director

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd  
Sedona, AZ 86336

Date: May 15  
, 2023

RE: General Manager Report

## **Financial**

The billing charges for May 2023 was \$46,500.

Infrequent and one-time major expenses in May:

- \$2,100 Industrial Inspection Group – Tanks can be reimbursed
- \$10,119 Crest Insurance Group – General Liability
- \$443 Sedona Rock and Material (parking at 100 Oak Creek Blvd)

Infrequent and one-time major revenue for May:

- None

## **Operations**

- Installed additional transmitters. Morning Sun finished, Saddlerock started.
- Leak repaired at 240 Oak Creek.
- STS finished coatings at Panorama Storage Tanks. PRV leaked, working on with Jason.
- Weeds at sites and office, truck maintenance and washing, housekeeping at tanks and wells.

## **Management**

**USDA Grant/Loan Update:** Received water main bids. Lowest was \$12.5 Million, way less than last years \$32 Million. After researching current bids results from other counties and exploring cost saving options, USDA has now agreed to submit our project to the national office for additional funding. The grant loan ratio will be based on funds remaining. See attached fact sheet. Arsenic treatment components delivered to the contractor. He should be installing on site next week. within the next few weeks. All storage tanks back on-line. Waiting on Steve to finish the right-of-way forms.

**Sedona Lofts:** Received preliminary drawings. Sent the engineer the estimated tap fees. See attached letter to the Sefton Engineering.

**Rowdy Rooter:** Steve stated they are willing to accept the \$16,870. Where is the check?

**Current Leaks:** 200 Willow Way, 140 Oak Creek Blvd, 140 Northview. All being monitored.

**ADEQ Inspection:** ADEQ sent a notice of violation letter after their 3-year inspection. Two items: a tree limb and our operator needs his Water Distribution 2 licenses. Tree limb issue solved and documentation sent. Another section of ADEQ is not allowing Wayne to take his test three months early causing conflict. A zoom meeting between ADEQ and Wayne is scheduled for this week.

**Oak Creek Domestic Water Improvement District  
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, AZ  
Tuesday, April 18, 2023.**

**1. Call to order and roll call:**

- Called to order at 4:30 P.M.
- Present: Bob Bareuther, Doug Bowen, Ed Dowling, Creed Ostler, Paul Slevin, Chan Smith..... Paul LeFevre (absent)

**2. Call to the Public for Items not on the Agenda:**

- Several residents inquired about the Arsenic Treatment Tanks that are being installed at the well sites. Neighboring residents would like to work cooperatively with OCDWID to landscape and create vegetation that will obstruct the obtrusiveness of these tanks. Residents were also assured that there would be no hazardous wastes created in the arsenic removal process.

**3. Manager's Report:**

- General Manager updated the BOD - See General Manager's attachment.

**4. Consent Agenda Items:**

- A. Approval of March 2023, BOD Meeting Minutes.
- B. Approval of March 2023, Financials.  
Paul Slevin made motion to approve all Consent Agenda Items/ Seconded by Ed Dowling/  
ALL approved.

**5. Regular Agenda Items:**

- A. Status Update and Discussion about USDA Grant/ Loan Projects  
Doug emphasized the importance of getting as many letters of support, for requesting additional funding, as possible.

**6. Executive Session Items:**

- A. Employee evaluations, salaries, benefits.

**7. Announcements:**

- A. Next Board Meeting: May 16, 2023, at 4:30 P.M.
- B. Future Board agenda items.

**8. Adjournment:**

- Motion to adjourn/ 5:22 P.M./ Ed Dowling.

**Respectfully submitted,**

**Creed Ostler**

**Secretary, Oak Creek Domestic Water Improvement District**



8880 Koch Field Rd  
Flagstaff, AZ 86005

May 10, 2023

Re: Oak Creek Water District – Waterline Replacement Project

Mr. Bowen, we would like to clarify and document a few items in regard to the Waterline Replacement Project that Summit Construction Company bid on. We have been asked to address any pricing increases due to new project requirements related to "Buy American". The original bid included "Buy American" steel products per the bid solicitation, but not "Buy American" on all materials. The following are the pricing increases for this additional requirement for each project section:

Section A: \$18,850 for materials plus \$1,275 for sales tax  
Section B: \$12,000 for materials plus \$811 for sales tax  
Section C: \$14,000 for materials plus \$946 for sales tax

These can be added to the contract via new contract line item or we could add the material cost to mobilization. The additional sales tax would be added to the Sales Tax contract item.

It should also be noted that adding the "Buy American" requirement to all materials on the project may result in longer lead times on some items. This could result in schedule impacts and Summit CC will work diligently to mitigate any schedule impacts this may cause. However, additional Contract Time may be necessary to accommodate this issue. These schedule impacts can't be determined until orders are placed.

Furthermore, if the "Bid Acceptance" period (60 days) expires, Summit Construction shall grant an extension of that period for up to 30 additional days, if necessary. This would extend the "Bid Acceptance" period to June 29<sup>th</sup>, 2023.

Respectfully,

A handwritten signature in black ink, appearing to read "Michael Herlihy". The signature is written in a cursive, flowing style.

Michael Herlihy, PE

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd

Sedona, AZ 86336

928 282-3404 – [info@oakcreekwater.com](mailto:info@oakcreekwater.com)

April 24, 2023

David Nicolella  
Sefton Engineering's Land Planner  
40 Stutz Bearcat Drive  
Sedona, Arizona 86336

RE: Sedona Lofts

Dear Mr. Nicolella:

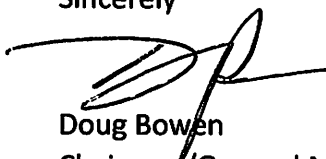
Attached are the estimated costs to make two 4-inch taps including two 4-inch meters. These are based on current estimates we received from contractors. We will require a deposit then give you a final bill with the actual invoices. If the developer decides to utilize their contractor, we can utilize them.

Badge 4-inch meter	\$3,200 each	\$ 6,400
Tapping Contractor Two 4-inch taps		\$ 1,500
Excavator (most likely 4-hour, used 8-hour estimate)		\$ 1,200
OCW Materials		\$ 4,000
Tax and Administrative (0.19725)		<u>\$ 2,585</u>
		\$ 15,685

Hook up Fee	\$ 40,000
-------------	-----------

The hook-up fee was a tariff established decades ago by the Arizona Corporation Commission when we were under their authority. When we became a District in 2020, we incorporated most of their policies as a base for moving forward.

Sincerely



Doug Bowen  
Chairman/General Manager



# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd

Sedona, AZ 86336

928 282-3404 – [info@oakcreekwater.com](mailto:info@oakcreekwater.com)

Date May 5, 2023 (3<sup>rd</sup> update)

To: Documentation for File

From: DB

RE: Water Main Bid History

## Summary

Next week USDA is to contact the National Office to "discuss moving forward with funding vs. pursuing additional cost saving measures". The district and the engineer have worked with USDA for 9 months spending \$70,000 in engineering fees pursuing additional cost savings measures that USDA has requested. Every continued delay is currently costing the users of the system \$10,000 a month in interim interest, none of which is paying off the loan. This amount will only increase. USDA has recently suggested breaking the project up into even smaller parts. The idea of bidding this project in 12 or more smaller projects could extend the life of the project an additional three to five years, putting an additional financial burden on the residents and small family run businesses in our community due to inflation and extend interim interest payments. Neither are cost-saving measures.

## History

The project was first advertised for bids in June of 2022 with a revised bid opening on August 1, 2022. There were four plan holders. Tiffany was the only contractor to submit a bid in the amount of \$32.2 Million, over three times the original engineers estimate. The plan holders that did not bid were contacted. It was discovered that smaller contractors could not get the bonding for such a large project. The bid was rejected.

For those that deny that this project was advertised properly, Draw Request Number 7 was approved on July 23, 2022, by Jeff Hays, USDA-RD, which included the full-page advertisement notice that was published in the Red Rock News in June of 2023. If there was something wrong with the procedure, why would this invoice be paid and why wouldn't someone from USDA let the engineer know about an issue prior to the bid opening?

The district and the engineer then proposed to USDA to rebid the project in three sections, each estimated around \$5 Million, only requiring bonding for the first section, which was agreed upon by USDA. After getting the wording approved, it was advertised in February of 2023 with a revised bid opening on March 31, 2023. There were six plan holders. The lowest bidder was from Summit at \$12.4 Million using pipe bursting. This was about one million below the revised engineer's estimate. Next bidder was at \$19.8 million using pipe bursting. A third bidder stated he missed the deadline by ten minutes. Their bid was going to be \$13.2 million utilizing excavation. This rebid process from August 2022 to February 2023 cost the district additional \$60,000 in engineering fees.

USDA was not happy with the bid results, comparing it to one project in the Payson area which is very different than our tourist town. USDA began requesting for more meetings to find ways to cut costs on this project. During an April 10, 2023 team meeting, USDA required the engineer to value-engineer the project, investigate if there could be any cost savings, and find out why other contractors did not bid on our project. A suggestion of breaking up the three project sections into smaller \$1.0 million to \$1.5 million size projects was to be investigated.

The engineer contacted all potential bidders and smaller local contractors to get their view of the project. The district worked with the engineer to create a thorough report of contractor's comments plus an analysis of costs for recent water main projects that have been bid and awarded throughout the state. On April 14, 2023, the District and the Engineer provided their report to USDA at another meeting. USDA recommended removing unnecessary parts of the project, however the district's waterline replacement project is for a complete system replacement because all of its lines, hydrants, and valves are failing. There is no fluff in this project, so no cost saving in terms of removing portions of the project. That was not accepted by USDA.

The engineer also searched known projects they worked on or ones they knew about. The district researched recently bid projects for water systems in cities throughout the state with similar population zones. Twelve projects were found and the average price per foot was far exceeding the Summit bid price from our March bidding. This report was rejected by USDA and continues to be based on one bid in the Payson area. Five thousand dollars later and another week wasted, the engineer was now required to look at "slip lining" as an option, based on a recommendation from USDA.

The engineer asked USDA for slip lining references. The response was they were in New Mexico and would be too hard to contact. The engineer spent a week researching and contacting local and national contractors about it. At the following April 27, 2023 meeting, the Engineer presented their next report on slip lining. All contractors contacted stated it is a good technology for sewer and transmission water mains but not for distribution water mains with numerous service connections which is what we have. So none of these contractors would bid on our project. So another two weeks have gone by with an additional five thousand dollars in engineering fees that the users of the district must pay for.

The next meeting was set for May 3, 2023 after USDA discussed the project with their administrator named Pete that was off the rest of the week. An hour before our scheduled meeting, USDA cancelled stating that they needed to discuss the project with the National Office in terms of moving forward with funding versus pursuing additional cost savings. What additional cost savings?

The engineer and the district engineer have a combined 75 years of experience. You would think that the engineering reports presented would have some merit over one out of the norm bid received from Payson. If the current PER and the engineer's estimates were to be revised for a new agreement, the current Summit bid and the recent research on current bid results would be utilized for their engineers estimate and would not rely on one chosen bid. So why are these numbers not being accepted now?

The district's project has now been bid twice and is ready for construction. We need additional funds to complete this project correctly. These two factors along with its original agreement scoring should place

this project at the top of the list for additional federal funding. Yet no one will submit it. The district and engineer have done what USDA has repeatedly asked. The district has spent over \$70,000 on additional engineering fees and each month this is being dragged out, so we are spending an additional \$10,000 in interest that is not being utilized to pay off the loan. Breaking the project down into 12 projects and extending the completion date out by three or four years would cost the district due to inflation and due to the extra years of interim loan interest.

**Bid Tab Comparison - Cost/LF Waterline Replacement in Representative Communities**

**Total Project Cost / Length of 6" to 8" Waterline Replaced**

<b>Project</b>	<b>City</b>	<b>EOPC Cost/LF</b>	<b>Bid A Cost/LF</b>	<b>Bid B Cost/LF</b>	<b>Bid C Cost/LF</b>	<b>Notes:</b>
<b>OCWD Waterline Bid A, B, C</b>	<b>Sedona</b>	<b>\$378</b>	<b>\$326</b>	<b>\$518</b>	<b>\$346</b>	<b>Highly Representative, 3 bids, Mar 2023, Bidder C not qualified.</b>
Mile High Park Waterline	Prescott	\$449	\$563	\$565	\$626	Highly Representative, 5 bidders, Jun 2020
Pipe Bursting Project, TT Technologies	Eureka, CA		\$352	\$445	\$452	Highly Representative, 3 bidders, Nov 2020, pipe bursting bid won. 25% savings over excavating
Juniper Vista Project (Juniper & Karen Dr)	Prescott	\$346	\$623	\$785		Highly Representative, 2 bidders, July 2022, similar neighborhood and rock to our project
Rocky Dells Water Main Replacement	Prescott	\$403	\$482	\$595	\$659	Highly Representative, 3 bidders, Dec 2021
Cathedral Rock Rd (VOC)	Sedona	BPW	\$314			Highly Representative, No rock, installed by Big Park, 6" replacement, +20% if bid (\$261/LF in-house)
City of Lake Havasu Water Main	Lake Havasu	\$559	\$590	\$641	\$666	3 bidders, 2022 bid tab, costly area to install; potentially higher than Sedona
Mohave County Procurement Waterline	Lake Havasu City		\$217	\$229	\$241	4 bidders, 16 mailboxes compared to 46, large houses spaced out w/ random trees, unlike here, 4/23
8" Waterline Replacement ENG-17-0058	Kingman		\$245			No bidding, used a job order contractor, Sept 2021
USDA Project in Payson	Pine/ Strawberry	\$149	\$152	\$170	\$175	Payson, (USDA), 2023, wide streets, rural, little to no traffic control required.
USDA Project in Flagstaff	Flagstaff		\$207			Mountain High Excavating (USDA), 2023, do not know specifics of project to compare traffic, roads, area
	<b>Average Cost/LF</b>		<b>\$370</b>			
	<b>Average Cost/LF</b>		<b>\$443</b>			Average of highly representative projects

**Construction Costs have more than doubled since 2020.**

**Shipping of Materials is averaging 6 months**

**Shortage of Contractors so they can they can pick and choose projects**

**Possibility if we wait we could get a lower cost but our new loan interest rate will be higher and no guarantee of grant/loan ratio.**

**Our current interim loan interest payments are \$10,000 a month so need to do something.**

**Interim loan interest started at 1.65% in September of 2021 and is currently at 6.35%.**

**Again the current USDA loan is 1.325% and the currently monthly payment after utilizing the original \$8 million is funds will be \$6,301**





## Water & Waste Disposal Loan & Grant Program

**NOTE:** Please ensure that your state is selected in the dropdown menu above to find the [state office contact information](#), and speak to a program specialist before attempting to fill out any forms or applications. This will save you time in completing your application.

Interest Rates:

Current interest rates for 3rd quarter FY2023, effective April 1, 2023.

**Poverty:** 2.250%

**Intermediate:** 3.000%

**Market:** 3.750%

The above was cut & pasted from the following website for printing purposing: <https://www.rd.usda.gov/programs-services/water-environmental-programs/water-waste-disposal-loan-grant-program#to-apply>

\*\*\*\*\*

### Additional Information

4<sup>th</sup> quarter FY2023 interest rates will be published and be effective July 1, 2023.

Oak Creek Water Current agreement:

Interest Rate: 1.325% for 40-year term

Grant to Loan Ratio: 75:25

Summary of Conference Call with USDA on May 9, 2023:

USDA reviewed everything and presented it to the National Office and they decided to move forward with subsequent funding. USDA stated if they don't fund this anytime soon, there is a chance it won't be funded anytime this year. There is a chance OCWD will not get 75%. It's based on the ratios they use and how much funding they have available in terms of grant and loan money. USDA stated they hit a wall in terms of timing and everything else and have to move forward. USDA stated they want the project to move forward, it is whether or not we can do it without costing the users too much in what they pay for water rates. USDA stated, obviously, they can't give OCWD \$8 million in loan and also, they can't subsidize the whole thing so there is a balance. The USDA representative stated he was going to go through the underwriting; he is going to try to minimize the loan but at the same time I can only do so much.

Interest on \$1 Million over 40 years based on interest rates.

1.325%	\$288,800		
2.250%	\$517,500	difference	\$228,700
3.250%	\$788,200	difference	\$499,400

Oak Creek Water District (April 2022)  
Rate Study Scenario Summary: Additional Grant/Loan Funds

<u>Scenario</u>	Overall <u>Revenue Incr.</u>	% Increase <u>Over TY 2021</u>	Average 5-yr <u>OM</u>	*Preliminary 5-year Avg. 3/4 Inch Res. <u>Bill Impact</u>	*Preliminary 5-year Avg. 3/4 Inch Res. <u>Bill Impact %</u>
Original	\$ 85,000	14.72%	16.97%	\$4.68	12.86%
Addnl \$3MM Grant/\$1MM Loan	\$ 125,000	21.65%	16.47%	\$7.61	20.91%
Addnl \$2MM Grant/\$2MM Loan	\$ 160,000	27.71%	16.00%	\$10.08	27.70%
Addnl \$0MM Grant/\$4MM Loan	\$ 240,000	41.57%	16.71%	\$15.97	43.88%

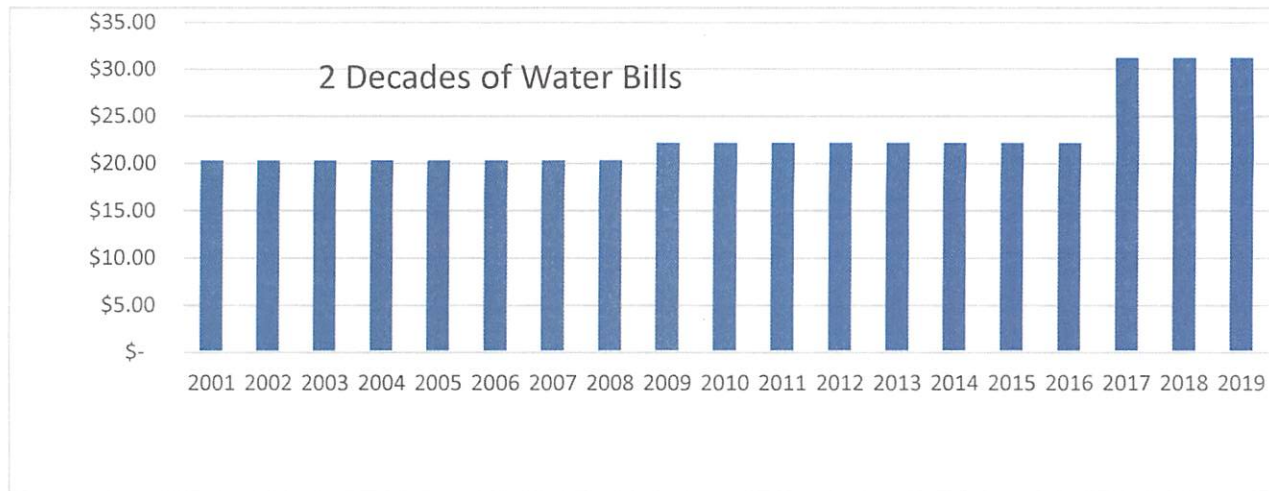
<u>Previous Rate Increases</u>			Base Rate	Change
ACC Rate Increase 2001	12/1/2001	N/A	\$7.00	
ACC Rate Increase 2008	12/1/2008	15%	\$8.00	\$1.00
ACC Rate Increase 2016	12/1/2016	82%	\$14.55	\$6.55
ACC Rate Increase 2020 (DWID)	9/1/2020	14%	\$17.10	\$2.55
5-Year Plan to meet USDA Req	3/1/2022	3.69%	\$17.68	\$0.58
5-Year Plan to meet USDA Req	3/1/2023	3.69%	\$18.26	\$0.58

### Rate Increase Charges - Residential 3/4"

	Dec, 2001	Dec, 2008	Dec, 2016	
Base Rate	\$ 7.00	\$ 8.00	\$ 14.55	
0-4000 Gallons	\$ 1.73	\$ 1.73	\$ 1.75	
4001-10,000 Gallons	\$ 2.12	\$ 2.40	\$ 3.20	
Over 10,000 Gallons	\$ 2.39	\$ 2.88	\$ 3.70	
3500 Gallons	\$ 13.06	\$ 14.06	\$ 20.68	30% of the Bills
Ave 7,000 Gallons	\$ 20.28	\$ 22.12	\$ 31.15	Average
WIFA Dashboard 7500 Gallons			\$ 32.75	
State Average of Equal Systems			\$ 40.00	

In 16 Years the Average  
Water Bill went up \$2.00

2001	\$ 20.28
2002	\$ 20.28
2003	\$ 20.28
2004	\$ 20.28
2005	\$ 20.28
2006	\$ 20.28
2007	\$ 20.28
2008	\$ 20.28
2009	\$ 22.12
2010	\$ 22.12
2011	\$ 22.12
2012	\$ 22.12
2013	\$ 22.12
2014	\$ 22.12
2015	\$ 22.12
2016	\$ 22.12
2017	\$ 31.15
2018	\$ 31.15
2019	\$ 31.15



Average Monthly Revenue: \$43,200  
 Known Monthly Expenditures: \$38,600  
 Four months of the year the revenue is less than the required expenditures

Annual Balance for Emergencies and Capital Improvements: \$54,000

**Oak Creek Domestic Water Improvement District**

**Special Public Meeting** - held at 90 Oak Creek Boulevard, Sedona, AZ

**Monday, June 5, 2023.**

**1. Call to order and roll call:**

- Called to order at 6:30 P.M.
- Present: Bob Bareuther (absent), Doug Bowen, Ed Dowling, Paul LeFevre, Creed Ostler, Paul Slevin, Chan Smith

**2. Call to the Public for Items not on the Agenda:**

**3. Manager's Report:**

**4. Consent Agenda Items:**

**5. Regular Agenda Items:**

**A. Status Update and Discussion about USDA Grant/ Loan Projects**

This meeting is only an informational meeting concerning USDA and its approval of subsequent Grant/ Loan funding for Oak Creek Water District. Doug presented the Board members and residents with a Water Main Bid History and provided possible scenarios of USDA Grant/ Loan funding. In summary there is a need for an additional \$8,160,000 in funds to complete this project. USDA's request to the National Office would be for \$5,563,000 in additional grants and \$2,597,000 in an additional loan, approximately a 66.4% (grant) to a 33.6% (loan) ratio. It was estimated a rate increase of 7.8% for the next three years would be needed. A modified 5-year rate increase study will be completed once the final numbers are obtained from USDA.

Both Board members and residents in the audience asked general questions. There were no objections to the request for additional funds; only compliments on finding \$11.2 Million in grant funds and the remaining \$4.9 Million loan at a low interest rate of 1.325%.

**6. Executive Session Items**

**7. Announcements:**

- A. Next Regular Board Meeting: June 20, 2023, at 4:30 P.M

**8. Adjournment:**

- Motion to adjourn/ 7:04 P.M./ Ed Dowling.

**Respectfully submitted,**

**Creed Ostler**

**Secretary, Oak Creek Domestic Water Improvement District**



## USDA Loan Rates & Grant Percentage

### Oak Creek Water District's Current Agreement:

Interest Rate: 1.325% for 40-year term  
Grant to Loan Ratio: 75% Grant 25% Loan

### Summary of Conference Call with USDA on May 9, 2023:

USDA reviewed everything and presented it to the National Office, and they decided to move forward with subsequent funding. USDA stated if they don't fund this anytime soon, there is a chance it won't be funded anytime this year. There is a chance OCWD will not get a 75% grant. It's based on the ratios they use and the funds they have available. USDA stated they hit a wall in terms of timing and everything else and agreed to move forward. USDA stated they want the project to move forward, it is whether we can do it without costing the users too much in water rates. USDA stated, obviously, they can't give OCWD \$8 million in loan and, they can't subsidize the whole thing so there is a balance. The USDA representative stated he was going to go through the underwriting; he is going to try to minimize the loan but at the same time he can only do so much.

### To put things in context: Interest on \$1 Million over 40 years based on various interest rates.

1.325%	\$288,800	current agreement	
2.250%	\$517,500	difference	\$228,700
3.250%	\$788,200	difference	\$499,400

Additional funds obtained now would follow under the existing contract. By waiting, the loan interest rate will be higher and there is no guarantee we will still fall under the poverty category due to the workforce rentals becoming short-term rentals.

3<sup>rd</sup> Quarter FY2023 interest rates - see bottom of page.

4<sup>th</sup> Quarter FY2023 interest rates will be published and be effective July 1, 2023.

\*\*\*\*\*



## **Water & Waste Disposal Loan & Grant Program**

**NOTE:** Please ensure that your state is selected in the dropdown menu above to find the [state office contact information](#), and speak to a program specialist before attempting to fill out any forms or applications. This will save you time in completing your application.

Interest Rates:

Current interest rates for 3<sup>rd</sup> quarter FY2023, effective April 1, 2023.

**Poverty:** 2.250%  
**Intermediate:** 3.000%  
**Market:** 3.750%

The above was cut & pasted from the following website for printing purposing: <https://www.rd.usda.gov/programs-services/water-environmental-programs/water-waste-disposal-loan-grant-program#to-apply>

# Oak Creek Water District

## "Serving West Sedona Since 1953"

90 Oak Creek Blvd. Sedona, AZ 86336  
928 282-3404 – [info@oakcreekwater.com](mailto:info@oakcreekwater.com)

Date May 22, 2023

From: Doug Bowen

RE: **USDA Project History**

To: Documentation for File

- The Engineering Report utilized to obtain the USDA funding was created prior to COVID, the shortage of materials/labor and inflation. Construction prices have doubled requiring additional funding.
- Bids for the arsenic removal system and rehabilitation of the five storage tanks were opened on March 28, 2022. Four bids were received. Fann Environmental was the lowest bidder at \$1.66 Million, twice the engineers estimate. The project was awarded and is 85% complete.
- Bids for the water main project were opened on August 1, 2022. Only one \$32.2 million bid was received, three times the engineers estimate. The contractors that did not bid stated they could not get the bonding for such a large project. The bid was rejected.
- The project was modified by cutting a few things and broken down into three sections. Three bids were received on March 31, 2023. The lowest bidder was Summit Construction of Flagstaff at \$12.4 Million utilizing pipe bursting. This was about one million below the revised engineer's estimate. Pipe bursting instead of excavation eliminates a lot of pavement and landscaping disturbance.
- USDA stated the bids were too high, comparing it to one project in Payson. USDA required the engineer to value-engineer the project, investigate if there could be any cost savings, and find out why other contractors did not bid on our project. The district and the engineer researched recently bid projects throughout the state. Twelve projects of various sizes were found and the average price per foot far exceeding the current bid price received from Summit Construction.
- USDA recommended removing unnecessary parts of the project, however the district's waterline replacement project is 100% replacement of mains, hydrants, and valves that are failing. There is no fluff in the project.,
- USDA recommended breaking the project down into \$1.0 million bids. Bidding this project in 12 or more smaller projects could extend the life of the project by an additional three to five years, putting an additional financial burden on the residents and small family run businesses in our community due to inflation and extend interim interest payments. Neither are cost-saving measures.
- The district's water project has now been bid twice, has been valve engineered and is ready for construction. We need additional funds to complete this project. USDA has finally agreed to complete their underwriting and submit our project to Washington D.C. for additional funds. Those that sent letters of support, thank you. Every bit helped during this stressful process.

**Bid Tab Comparison - Cost/LF Waterline Replacement in Representative Communities**  
**Total Project Cost / Length of 6" to 8" Waterline Replaced**

<u>Project</u>	<u>City</u>	<u>Engineer</u>	<u>Bid A</u>	<u>Bid B</u>	<u>Bid C</u>	<u>Notes:</u>
		<u>Estimate</u> <u>Cost/LF</u>	<u>Cost/LF</u>	<u>Cost/LF</u>	<u>Cost/LF</u>	
<b>OCWD Waterline Bid A, B, C</b>	<b>Sedona</b>	<b>\$378</b>	<b>\$326</b>	<b>\$518</b>	<b>\$346</b>	<b>Highly Representative, 3 bids, Mar 2023, Bidder C late with bid</b>
Mile High Park Waterline	Prescott	\$449	<b>\$563</b>	\$565	\$626	Highly Representative, 5 bidders, Jun 2020
Pipe Bursting Project, TT Technologies	Eureka, CA		<b>\$352</b>	\$445	\$452	Highly Representative, 3 bidders, Nov 2020, pipe burst 25% savings over excavating
Juniper Vista Project (Juniper & Karen Dr)	Prescott	\$346	<b>\$623</b>	\$785		Highly Representative, 2 bidders, July 2022, similar neighborhood and rock
Rocky Dells Water Main Replacement	<u>Prescott</u>	\$403	<b>\$482</b>	\$595	\$659	Highly Representative, 3 bidders, Dec 2021
Cathedral Rock Rd (VOC)	Sedona	<i>BPW</i>	<b>\$314</b>			Highly Representative, No rock, installed by Big Park, +20% if bid (\$261/LF in-house)
City of Lake Havasu Water Main	Lake Havasu	\$559	<b>\$590</b>	\$641	\$666	3 bidders, 2022 bid tab, costly area to install; potentially higher than Sedona
Mohave County Procurement Waterline	Lake Havasu		<b>\$217</b>	\$229	\$241	4 bidders, 16 mailboxes vs. our 46, houses spaced out w/ random trees, April 2023
8" Waterline Replacement ENG-17-0058	Kingman		<b>\$245</b>			No bidding, used a job order contractor, Sept 2021
USDA Project in Payson	Straw/Pine	\$149	<b>\$152</b>	\$170	\$175	Payson, (USDA), 2023, wide streets, rural, little to no traffic control required.
USDA Project in Flagstaff	Flagstaff		<b>\$207</b>			Mountain High Excavating (USDA), 2023, no project comparison
	<b>Average Cost/LF</b>		<b>\$370</b>			
	<b>Average Cost/LF</b>		<b>\$443</b>			<b>Average of highly representative projects</b>

Construction Costs have more than doubled since 2020.

Shipping of Materials is averaging 6 months

Shortage of Contractors so they can they can pick and choose projects

**USDA READY TO SUBMIT TO NATIONAL OFFICE**

<b>USDA Initial Proposal*</b>	\$8,467,000 Funds	33.6% Loan	\$2,842,000
<b>OCW with \$50K contingency</b>	\$7,859,000 Funds		
<b>OCW Estimate \$300K contingency</b>	<b>\$8,160,000 Funds</b>	<b>33.6% Loan</b>	<b>\$2,597,000</b>

\*Must use up loan first then get the grant. Excess funds...lose grant.



Oak Creek Water District (Based on TB April 2022 Info)  
Rate Study Scenario Summary: Additional Grant/Loan Funds

Scenario	Overall	% Increase	*Preliminary	*Preliminary	Total % Incr.	Total % Incr.	Estimate	\$	577,241.00	TY Adjust Revenue
	Revenue Incr.	Over TY 2021	5-year	5-year	2 of 5 Years	Years 3-5	Base Rate +			
			Avg. 3/4 Inch Res.	Avg. 3/4 Inch Res.	Bill Impact %	Bill Impact %	per yrs 3-5			
			Bill Impact	Bill Impact %			Base Impact			
Original	\$ 85,000	14.72%	\$4.68	12.86%				\$	85,000.00	Original Increase
Addnl \$7M Grant/\$1M Loan	\$ 125,000	21.65%	\$7.61	20.91%	7.89%	4.59%	\$0.75	\$	3,325,000.00	\$ 121,559.14
Addnl \$6M Grant/\$2M Loan	\$ 160,000	27.71%	\$10.08	27.70%	7.89%	6.61%	\$1.07	\$	4,325,000.00	\$ 158,118.28
Addnl \$5.5M Grant/\$2.5 Loan	\$ 180,000	31.18%	\$11.56	31.74%	7.89%	7.76%	\$1.26	\$	4,825,000.00	\$ 176,397.85
Addnl \$5M Grant/\$3M Loan	\$ 200,000	34.65%	\$13.03	35.79%	7.89%	8.92%	\$1.45	\$	5,325,000.00	\$ 194,677.42
Addnl \$4M Grant/\$4M Loan	\$ 240,000	41.57%	\$15.97	43.88%	7.89%	11.23%	\$1.83	\$	6,325,000.00	\$ 231,236.56

Previous Rate Increases			Base Rate	Base Change	
ACC Rate Increase 2001	12/1/2001	N/A	\$7.00		4.05%
ACC Rate Increase 2008	12/1/2008	15%	\$8.00	\$1.00	
ACC Rate Increase 2016	12/1/2016	82%	\$14.55	\$6.55	31.74%
ACC Rate Increase 2020 (DWID)	9/1/2020	14%	\$17.10	\$2.55	
5-Year Plan to meet USDA Req	3/1/2022	3.69%	\$17.68	\$0.58	1st Yr
5-Year Plan to meet USDA Req	3/1/2023	3.69%	\$18.26	\$0.58	2nd Yr

Borrowing 2 Million Scenerio

Last 3-Yrs of 5 Yr Plan*				
5-Year Plan to meet USDA Req	3/1/2024	6.61%	\$19.47	\$1.21
5-Year Plan to meet USDA Req	3/1/2025	6.61%	\$20.75	\$1.29
5-Year Plan to meet USDA Req	3/1/2026	6.61%	\$22.13	\$1.37

\*These are estimated. Breaking this down over four years could be an alternative.

Borrowing 2.5 Million Scenerio

Last 3-Yrs of 5 Yr Plan*				
5-Year Plan to meet USDA Req	3/1/2024	7.76%	\$19.68	\$1.42
5-Year Plan to meet USDA Req	3/1/2025	7.76%	\$21.20	\$1.53
5-Year Plan to meet USDA Req	3/1/2026	7.76%	\$22.85	\$1.65

\*These are estimated. Breaking this down over four years could be an alternative.

Borrowing 3 Million Scenerio

Last 3-Yrs of 5 Yr Plan*				
5-Year Plan to meet USDA Req	3/1/2024	8.92%	\$19.89	\$1.63
5-Year Plan to meet USDA Req	3/1/2025	8.92%	\$21.66	\$1.77
5-Year Plan to meet USDA Req	3/1/2026	8.92%	\$23.60	\$1.93

\*These are estimated. Breaking this down over four years could be an alternative.

**Becky Lisle**

---

**From:** OAK CREEK WATER DISTRICT <no-reply@ruralwaterimpact.com>  
**Sent:** Thursday, June 1, 2023 12:42 PM  
**To:** Jody Moreno  
**Subject:** Alert from OAK CREEK WATER DISTRICT  
  
**Importance:** High

## **Alert from OAK CREEK WATER DISTRICT: Important Public Meeting June 5, 2023**

Date: Jun 01, 2023

Important Public Meeting. [Click here](#) for Agenda

For details, visit: [ <https://rw1.co/44CC1> ]

---

To unsubscribe: <https://oakcreekwater.org/unsubscribe.html?i=201635&e=jmoreno@oakcreekwater.com> .

# Oak Creek Water District

**"Serving West Sedona Since 1953"**

90 Oak Creek Blvd  
Sedona, AZ 86336

Date: June 15, 2023

RE: General Manager Report

## **Financial**

The billing charges for June 2023 was \$55,600.

Infrequent and one-time major expenses in May:

- \$5,841 Acuity Auto Workman Comp Insurance
- \$2,010 QuickBooks Annual

Infrequent and one-time major revenue for May:

- None

## **Operations**

- Installed additional transmitters.
- Patton: Airport tanks, new pump system proposal, air in system
- Patton & KP Venture: new motor, pump and VFD at Well 4
- Willow Way repair
- CCR annual report and arsenic quarterly notice sent out

## **Management**

**Well 4 Down and Water Restriction:** Well 4 motor and pump had to be replaced. The last two replacements were in 2003 and 2013. Some resistance to the water restriction alert. We should not have had to make 80 calls to the top water users. The new meters will be able to tell who is using water at any time. Adopt a fine schedule with a warning?

**USDA Grant/Loan Update:** The arsenic treatment system should be on-line some time in July. We should hear back from the USDA National office about additional funding any day now. Two additional easements were signed for the main water main coming from the Panorama Tanks to Saddlerock. Waiting on Steve to finish the right-of-way forms.

**Sedona Lofts:** Received preliminary drawings. Sent the engineer the estimated tap fees. See attached letter to the Sefton Engineering.

**Rowdy Rooter:** Reissued check and it has been cashed.

**Current Leaks:** 200 Willow Way, 140 Oak Creek Blvd, 140 Northview. All being monitored.

**ADEQ Inspection:** Zoom meeting was held with ADEQ in regard to allowing Wayne to take his Water Distribution 2 test early. It's been about a month since the call and no response.

**5-Year Rate Study:** As soon as we hear from USDA in regard to the additional funds a request will go to Tom Bourassa to revise our 5-year rate study.

**Oak Creek Domestic Water Improvement District  
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, AZ  
Tuesday, May 16, 2023.**

**1. Call to order and roll call:**

- Called to order at 4:30 P.M.
- Present: Bob Bareuther, Doug Bowen, Ed Dowling, Creed Ostler, Paul Slevin,  
Chan Smith..... Paul LeFevre (absent)

**2. Call to the Public for Items not on the Agenda:**

- A set of questions was presented to the Board concerning the Arsenic Treatment Plants. These questions will be formally answered.

**3. Manager's Report:**

- General Manager updated the BOD - See General Manager's attachment.

**4. Consent Agenda Items:**

- A. Approval of April 2023, BOD Meeting Minutes.
- B. Approval of April 2023, Financials.  
Ed Dowling made motion to approve all Consent Agenda Items/ Seconded by Chan Smith/  
ALL approved.

**5. Regular Agenda Items:**

- A. Status Update and Discussion about USDA Grant/ Loan Projects  
Oak Creek Water District has been In compliance with USDA requests to research savings options. USDA has now agreed to submit our project to the national office for additional funding.

**6. Executive Session Items**

**7. Announcements:**

- A. Next Board Meeting: June 20, 2023, at 4:30 P.M.
- B. Future Board agenda items.

**8. Adjournment:**

- Motion to adjourn/ 5:10 P.M./ Ed Dowling.

**Respectfully submitted,**

**Creed Ostler**

**Secretary, Oak Creek Domestic Water Improvement District**

**Oak Creek Domestic Water Improvement District  
Special Public Meeting - held at 90 Oak Creek Boulevard, Sedona, AZ  
Monday, June 5, 2023.**

**1. Call to order and roll call:**

- Called to order at 6:30 P.M.
- Present: Bob Bareuther (absent), Doug Bowen, Ed Dowling, Paul LeFevre, Creed Ostler, Paul Slevin, Chan Smith

**2. Call to the Public for Items not on the Agenda:**

**3. Manager's Report:**

**4. Consent Agenda Items:**

**5. Regular Agenda Items:**

**A. Status Update and Discussion about USDA Grant/ Loan Projects**

This meeting is only an informational meeting concerning USDA and its approval of subsequent Grant/ Loan funding for Oak Creek Water District. Doug presented the Board members and residents with a Water Main Bid History and provided possible scenarios of USDA Grant/ Loan funding. In summary there is a need for an additional \$8,160,000 in funds to complete this project. USDA's request to the National Office would be for \$5,563,000 in additional grants and \$2,597,000 in an additional loan, approximately a 66.4% (grant) to a 33.6% (loan) ratio. It was estimated a rate increase of 7.8% for the next three years would be needed. A modified 5-year rate increase study will be completed once the final numbers are obtained from USDA.

Both Board members and residents in the audience asked general questions. There were no objections to the request for additional funds; only compliments on finding \$11.2 Million in grant funds and the remaining \$4.9 Million loan at a low interest rate of 1.325%.

**6. Executive Session Items**

**7. Announcements:**

- A. Next Regular Board Meeting: June 20, 2023, at 4:30 P.M

**8. Adjournment:**

- Motion to adjourn/ 7:04 P.M./ Ed Dowling.

**Respectfully submitted,**

**Creed Ostler**

**Secretary, Oak Creek Domestic Water Improvement District**





United States Department of Agriculture

---

Rural Development

June 20, 2023

State Office

230 N. 1<sup>st</sup> Avenue  
#206  
Phoenix, AZ 85003

Voice 602-280-8701  
Fax 855-699-8035  
TDD 602-280-8705

President and Board Members  
Oak Creek Water Co. No. 1  
90 Oak Creek Blvd.  
Sedona, AZ 86336

via email

SUBJECT: Amendment No. 1 to Letter of Conditions dated May 14, 2020 – Oak Creek Water Co. No. 1 (Applicant) Water Treatment, Storage and Distribution  
CFDA NUMBER – 10.760

Dear Mr. Bowen:

This letter amends the Letter of Conditions dated May 14, 2020, to include subsequent loan and grant funding associated with this project. The amendments are as follows:

Specifically:

Page 2 – Section I (2): Project Funding is amended as follows:

**Previously Funded: 7,985,000**

Loan: \$2,325,000  
Grant \$1,500,500  
SECD grant \$4,130,000  
SEARCH grant \$ 29,500  
Applicant: \$ - 0 -  
Other Funding: \$ - 0 -

**Subsequent Funding: 8,290,000**

Loan: \$2,598,000  
Grant \$5,562,000  
Applicant: \$130,000

**TOTAL PROJECT COST - \$16,275,000**

This funding is offered based on the amounts stated above. Prior to loan closing, any increase in non-Agency funding will be applied first as a reduction to Agency grant

funds, up to the total amount of the grant, and then as a reduction to Agency loan funds.

Any changes in funding sources following obligation of Agency funds must be reported to the processing official. Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. If actual project costs exceed the project cost estimates, an additional contribution by the Owner may be necessary. Prior to advertisement for construction bids, you must provide evidence of applicant contributions and approval of other funding sources. This evidence should include a copy of the commitment letter. Agency funds will not be used to pre-finance funds committed to the project from other sources.

Page 3 Section I (3) Project Budget is amended as follows:

Funding from all sources has been budgeted for the estimated expenditures as follows:

<b><u>Project Costs:</u></b>	<b><u>Total Budgeted:</u></b>
Development / Construction – Priorities 1-7	5,626,210
Development USBR Meters match	75,000
Contingency Construction	553,920
Engineering Fees	
Pre-Development (SEARCH)	\$29,500
Design	324,100
Construction Administration	
Resident Project Rep. (Inspection)	707,000
Additional Services	183,100
Legal	55,000
Interest - Interim	116,000
Refinance National Bank of AZ & WIFA	315,170
<b>Subsequent Funding (Cost Overrun)</b>	<b>8,160,000</b>
<b>Interest – Interim (appl cont.)</b>	<b>130,000</b>
 TOTAL	 16,275,000

Obligated loan or grant funds not needed to complete the proposed project will be de-obligated prior to start of construction. Any reduction will be applied to grant funds first. An amended letter of conditions will be issued for any changes to the total project budget.

Page 3 Section II (4). Repayment is amended as follows:

The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, unless you request otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount.

Your loan will be scheduled for repayment over a period of [40] years will be equal monthly amortized installments, beginning one month after the date of loan closing. For planning purposes, use a 1.375 interest rate for the previously funded portion, which provides for a monthly payment of \$6,301.00; for the subsequent funding use 2.25 interest rate, with an approximate

monthly payment of \$8,236.00. The precise payment amount will be based on the interest rate at which the loan is closed and may be different than the one above.

The payment due date will be established as the day that the loan closes. Due dates falling on the 29th, 30th, and 31st day of the month will be avoided.

Page 5 Section II (9). Reserves is amended as follows:

Reserves must be properly budgeted to maintain the financial viability and sustainability of any operation. Reserves are important to fund unanticipated emergency maintenance and repairs and assist with debt service should the need arise. The following reserves are required to be established as a condition of this loan:

- a. **Debt Service Reserve** – As a part of this Agency loan proposal, you must establish a debt service reserve fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for ten years or until the balance is equal to one annual loan payment. Ten percent of the proposed loan installment would equal **\$1,453.70 per month**; this amount should be deposited monthly until a total of **\$174,444.00** has accumulated. Prior written concurrence from the Agency must be obtained before funds may be withdrawn from this account during the life of the loan. When funds are withdrawn during the life of the loan, deposits will continue as designated above until the fully funded amount is reached.
- b. **Short-Lived Asset Reserve** – In addition to the debt service reserve fund, you must establish a short-lived asset reserve fund. Based on the preliminary engineering report, you must deposit at least **\$39,300** into the short-lived asset reserve fund annually for the life of the loan to pay for repairs and/or replacement of major system assets. It is your responsibility to assess your facility's short-lived asset needs on a regular basis and adjust the amount deposited to meet those needs.

Current assets can also be used to establish and maintain reserves for expected expenses, including but not limited to operation and maintenance, deferred interest during the construction period, and an asset management program.

Page 10 Section III 24. Build America, Buy America (BABAA) Requirements are added:

Recipients of an award of Federal financial assistance from a program for infrastructure are hereby notified that none of the funds provided under this award may be used for a project for infrastructure unless:

- a. all iron and steel permanently installed in the project are produced in the United States—this means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;
- b. all manufactured products permanently installed in the project are produced in the United States—this means the manufactured product was manufactured in the United

## Doug Bowen

---

**From:** Dean, Michael - RD, AZ <michael.dean2@usda.gov>  
**Sent:** Tuesday, June 20, 2023 8:20 AM  
**To:** Doug Bowen  
**Subject:** RE: [External Email]Oak Creek Water

Good morning –

I submitted your subsequent loan to our National Office last week, they reviewed and concurred with my recommendation for approval pending availability of funds. We're waiting for our National Office to transfer over the funds to our state accounts. As of Friday afternoon, we hadn't yet received any funding or notification. I'm checking with them today to verify it is in the process. Once I find out if funding is available, I will send out the Letter of Conditions, Intent to Meet Conditions, and Notification of Funding for you to review and sign.

Thank you,

### Michael Dean

Community Programs Director  
Prescott Valley Field Office, Rural Development  
United States Department of Agriculture  
3274 Bob Drive, Ste. C  
Prescott Valley, AZ 86314  
Phone: 928.910.4471 | Fax: 855.699.8036  
[www.rd.usda.gov](http://www.rd.usda.gov)

"Together, America Prospers"

Stay Connected with USDA:



USDA is an equal opportunity provider, employer, and lender.

---

**From:** Doug Bowen <dbowen@oakcreekwater.com>  
**Sent:** Monday, June 19, 2023 5:51 AM  
**To:** Dean, Michael - RD, AZ <michael.dean2@usda.gov>  
**Subject:** [External Email]Oak Creek Water

---

#### [External Email]

If this message comes from an **unexpected sender** or references a **vague/unexpected topic**;  
Use caution before clicking links or opening attachments.  
Please send any concerns or suspicious messages to: [Spam.Abuse@usda.gov](mailto:Spam.Abuse@usda.gov)

---

Any status update on funding?  
Monthly Board meeting tomorrow.

Thanks,  
Doug

Sent from my Verizon, Samsung Galaxy smartphone  
Get [Outlook for Android](#)