

Oak Creek Water District

"Serving West Sedona Since 1953"

90 Oak Creek Blvd

Sedona, AZ 86336

Date: August 12, 2023

RE: General Manager Report

Financial

The billing charges for August 2023 were \$57,600.

Infrequent and one-time major expenses in August:

- \$31,300 Envirotech (John Patton) Well 4, VFD, etc

- \$5,190 Rovey – Saddlerock Easements

Infrequent and one-time major revenue for August:

- None

Operations

- Flushing dead end mains, found extras not shown to me by previous operators.

- Walking/bushwacking hidden mainline Forest Circle/need to do airport next.

- High temps due to GFCI fault @004/Patton work is good, outlet faulty.

- Internet outage at office/power off 3 units instead of modem only should suffice next time.

Management

USDA Grant/Loan Update: The arsenic treatment system for Well 4 should be on-line some time before Labor Day. Fann wanted a 4 month time extension to complete Well site 2 and 3. See attached letter to Fann. Waiting for USDA to close the CoBank interim loan. Once completed we will begin making the monthly payments of about \$6,301. Summit Contracting working on required forms before the notice to proceed with the water mains can take place. Interim financing was approved on Friday with RCAC. Now the paperwork begins. See attached drafted letter to the CEO (conversation on phone instead). USDA is still making it difficult for all to award Summit Construction.

Sedona Lofts: The next public hearing for this project was last month. The project was modified with a new roof detail. Construction was delayed a few months due to additional City funds needed. Sent the engineer the estimated tap fees.

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

ADEQ Inspection: Email from ADEQ confirming Wayne as sign up for his test this month..

5-Year Rate Study: Once Ullman & Associates has completed our annual financials, we will submit them to Tom Bourassa so he updates the 5-Year rate plan with the new USDA loan.

Landlord Motion (Previous): Letters are ready to go out. Possible concern, we will not have current tenant information.

**Oak Creek Domestic Water Improvement District
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, AZ
July 20, 2023**

1. Call to order and roll call:

Called to order at 4:30 P.M..

Present: Doug Bowen, Ed Dowling, Paul LeFevre, Creed Ostler, Paul Slevin, Chan Smith
Bob Bareuther (phone)

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

3. Manager's Report:

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

4. Consent Agenda Items:

A. Approval of June 20, 2023, Regular BOD Meeting Minutes.

B. Approval of July 13, 2023, Special BOD Meeting Minutes

C. Approval of June 2023, Financials

Ed Dowling made motion to approve all Consent Agenda Items/ Seconded by Paul Slevan/ All approved.

5. Regular Agenda Items:

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

6. Executive Session Items

Moved into Executive Session at 4:38 P.M.

Personnel

7. Announcements:

A. Next Regular Board Meeting: August 15 , 2023, at 4:30 P.M

8. Adjournment:

- Motion to adjourn/ 4:57 P.M./ Paul Slevin.

Respectfully submitted,

Creed Ostler

Secretary, Oak Creek Domestic Water Improvement District

Oak Creek Water District

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90 Oak Creek Blvd

Sedona, AZ 86336

928 282-3404 - info@oakcreekwater.com

August 5, 2023

**Paul Johnson, Operations Director
Fann Environmental
6708 Corsair Ave., Suite A
Prescott, Arizona 86301**

RE: Substantial Completion Date

Dear Mr. Johnson:

The Arsenic Removal System and Tank Repairs projects is now over 60 days past its revised substantial completion date of May 31, 2023. See attached.

The amended consent order from ADEQ has a complete construction of the arsenic systems date of December 25, 2022. This is now 7 months past their deadline. See attached. Up through April we have been asked for monthly updates. Since April, the request for updates has increased to every two weeks. Going months without an update would not be acceptable.

The EJCDC contract between Oak Creek Water District and Fann Environmental was approved and funded by USDA. Section 10 discussing liquidated damages. See attached.

In Summary, this project needs completed now.

There is a growing concern amongst our residents. The required quarterly arsenic testing by ADEQ for wells 2, 3 and 4 for the 1st and 2nd Quarter of 2023 were 11.0, 11.0, 10.0 and 11.0, 10.0, 8.9 respectfully. We have been holding off doing the 3rd Quarter testing in hopes of having the system running. At every monthly board meeting and by calls at the office we are questioned when the arsenic system will be in place. If you remember during the bidding process our residents insist that we choose a media that does not involve chlorine. They are health oriented and concerned residents.

The current discussion about taking down Wells 2 and 3 for three weeks has been discussed and is not feasible at this time. This has indirectly been addressed with Addendum 2 during the bidding process when questions about the storage tanks being offline for rehab were asked. The answer was "Storage tanks can be taken down for service depending on the time of year and water usage. Coordinate with Oak Creek Water District." If the project was on schedule, then the request for shutting off Wells 2 and 3 for three weeks would have been considered. Like the storage tanks, it could have taken place between November, 2022 and March, 2023.

The current discussion about waiting until November of 2023 has also been discussed and is also not feasible. This would take a second amendment to the ADEQ consent order. If that would be approved the question would still arise with USDA about liquidated damages. It appears the most effective means for completing this project as soon as possible is to isolate Well 2 as SWI has suggested and continue working to complete this project since time has run out on all levels.

Sincerely,



Doug Bowen
Chairman/General Manager

cc: Steve Wene, Moyes, Sellers & Hendricks