

Oak Creek Water District

"Serving West Sedona Since 1953"

90 Oak Creek Blvd
Sedona, AZ 86336

Date: July 11, 2025

RE: General Manager Report

Financial

The billing charges for June were \$59,200

Infrequent and one-time major expenses for July:

- \$ 675 Newsletter (Freedom Mailing/Upper Case Printing)

- \$1,416 Fever Enterprises (VFD Panorama)

Infrequent and one-time major revenue for July: None

Operations

- Positive coliforms well 002&003. Shock treatment underway and repeat testing.

- Summit working at tank site and Ross Rd.

- Lead and copper samples coming back in, hope to bring with TC's next month.

- VFD at Panorama: Mission Alerts / Fever Enterprises / APS – 2 Customers share

Management

USDA Grant/Loan Update Summit Construction has started laying temporary service on Ross Road and Ross Circle. Due to the City sewer replacement project, Summit will wait until October to work on Northview Road. They hope to wrap up the Panorama Tank site and small stretch down the driveway by the end of July. Information continues to be supplied for the required USDA grant agreement audit.

Lead and Copper Inventory: After the last letter we finally received ADEQ feedback. ADEQ have now reduced the testing to a random sample of 20% of the unknowns as long as all are the same material and non-lead. One of the two required tests per dwelling can now be a visual inspection of where the water connection enters the building.

Saddlerock Crossing: Design work as begun again per Ardurra. Ardurra was given copies of the tank storage history during the Well 4 pump replacement along with list of top water users. Tom Bourassa was involved in establishing hook-up fees for A.C.C approval

Sedona Lofts: City staff stated it's a slow motion project, 2-3 years before built.

EyeOnWater: We have been stressing to everyone the importance of signing up for this. To date there are only 45 customers signed up.

City of Sedona: Requesting the District goes into an agreement with them in assisting with sewer past due bills. See attached. Up for discussion at the July meeting.

End of FY 2025: See attached summary for the year July 2024 – June 2025.

**Oak Creek Domestic Water Improvement District
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, Arizona
June 17, 2025**

1. Call to order and roll call:

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

Present: Doug Bowen, Paul LeFevre, Creed Ostler, Paul Slevin, Chan Smith

Absent: Bob Bareuther ***A quorum was established."**

2. Call to the Public for Item(s) not on the Agenda:

Members of the public may address the Board regarding items not on the Agenda.

Mr. Jay Rowles: Jay introduced the thought/ possible research for having insurance on major equipment, possibly the pumps, that are necessary for DWID operations.

Mr. John Clifford: John wanted to publicly "Thank" the BOD for the work they do to keep OakCreekDWID in order.

3. Manager's Report:

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

BOD received a thorough history of Well 4 and a recent timeline of pump outage and replacement. The DWID does want to stay proactive and prepared for future needs with pump replacements in our system. How do we conserve water during outages? How do we make the outage as short as possible? How do we prepare financially for the expense?

4. Consent Agenda Items:

A. Approval of April & May Board Meeting minutes

B. Approval of April & May financials.

Motion to accept by Paul LeFevre/ seconded by Paul Slevin. All approved.

5. Regular Agenda Items:

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

B. June Newsletter

6. Executive Sessions:

Executive session 5:00 P.M.

Personnel FY 2026

7. Announcements:

A. Next Regular Board Meeting: July 15, 2025, at 4:30 P.M.

B. Future Board agenda items.

8. Adjournment:

- Motion to adjourn/ 5:23 P.M./ Chan Smith

Respectfully submitted,

Creed Ostler

Secretary, Oak Creek Domestic Water Improvement District

PROPOSED AGREEMENT WITH THE CITY OF SEDONA

(Full document was in a previous email)

Summary of Proposed Agreement With the City of Sedona

2 Mains Points to the Agreement:

1. Supply the City the District's customer water usage monthly
2. Work with City's delinquent sewer bills by disconnecting water until resolved.

Monthly Submittal to the City of:

Customer Name/Address

Account Number

Water Usage

Parcel ID

Meter Size

Meter Serial Number

Class of Service

*Information only for Sewer Service Billing and stated to maintain confidentiality.

Disconnect and Reconnection

1. Sewer Customer must be 90 days delinquent in payment
2. The City must offer a payment plan to the sewer customer
3. The City will notify the customer that the water will be shut off in 10 days.

Reimbursements to the District (would need to be modified)

One-time establishment fee of \$500

Annual administrative fee of \$0.50/customer (\$375, or \$31/month to create the list)

Disconnection Fee of \$100 per customer with an average monthly lost revenue fee.

If reconnection is after 5pm, then the District's \$50 reconnection fee is added.

Termination of the agreement by either party with 60 days written notice.

END OF FY2025
STATE OF THE DISTRICT

Improvements and Implementation

July 2024 – June 2025

Badger Meter / Eye on Water

Currently 80% of the system has a new badger meter with a Wi-Fi endpoint. By the end of the year the District should be close to 100%. This means EyeOnWater will be accessible to everyone. Every customer will be able to view the history of their water usage by the minute. They will also be able to have an alert set that will trigger a text message or email if there has been continuous usage of water (a leak) for 24 hours straight.

USDA Grant/Loan

Now that 60% of the project is complete and some of the new water mains have been active for a year, an annual flushing of hydrants and exercising valves has begun. Prior to this, there were so many inoperable valves and hydrants that this was not possible.

5-Year Rate Plan

After receiving the second grant and loan, a revised rate study was completed to make sure the District's revenue would meet the demands of both loans and increased depreciation of the new improvements. This was implemented in March of 2025.

The grand total of the USDA grant and loan funds is as follows:

Grants	\$11,220,000
Loans	\$ 4,923,000

The loans are at 1.35% and 2.25% interest over 40 years.

Proposed Development (last two remaining large vacant properties in District)

Saddlerock Crossings

Estimated start of construction:	Summer 2026
Owner:	Private Developer
Description:	100 Rooms, 48 MDU, Restaurant, Irrigation
Usage:	Estimated at 27,400 gal/day

Sunset Lofts

Estimated start of Construction:	Summer 2027
Owner:	City of Sedona
Description:	46 Units: 20 one-bedroom, 26 2 two-bedroom
Usage :	Estimated at 11,500 gal/day

**OAK CREEK WATER DISTRICT
APPROVED 2025-2026 BUDGET**

Operations		\$ 133,300.00
Repairs to Plant - Contractor - Mains	\$ 15,000.00	
Repairs to Plant - Contractor - Electrical/Pumps	\$ 12,500.00	
Repairs to Plant - Contractor - Wells	\$ 10,000.00	
Operations: Materials and Supplies	\$ 19,950.00	
Operations: Tools and Shop	\$ 2,000.00	
Power Purchased	\$ 55,000.00	
Aid to Construction	\$ 250.00	
Insurance - Property and Liability	\$ 10,000.00	
Transportation Expenses	\$ 8,600.00	
Office		\$ 111,400.00
Az Sales and City Taxes	\$ 65,000.00	
Advertising - Mailings, Website	\$ 2,750.00	
Billing Expenses	\$ 23,000.00	
Telecommunications	\$ 13,000.00	
Office Utilities	\$ 3,800.00	
Office Supplies/Equipment	\$ 1,450.00	
Officers Insurance	\$ 2,400.00	
Contractual Services		\$ 29,900.00
Contractual Accounting/Auditing	\$ 10,000.00	
Contractual Legal	\$ 10,000.00	
Contractual Lab Testing	\$ 3,700.00	
Contractual Monitoring & Security	\$ 4,200.00	
Contractual Management	\$ 2,000.00	
Personnel		\$ 194,500.00
Salaries and Wages	\$ 166,500.00	
Employer Taxes 8.35% & Unemployment	\$ 15,000.00	
Benefits and IRA	\$ 10,000.00	
Insurance Works Comp	\$ 3,000.00	
Reserves & Debt		\$ 245,900.00
Short/Long Term Reserves USDA Requirement	\$ 71,456.00	
USDA Loan Interest (40 yrs at 1.325%/2.250% Interest)	\$ 174,444.00	
Total Expenses		\$ 715,000.00
Operations Revenue		\$ 715,000.00

<p style="text-align: center;">Public Hearing was 4:30pm on February 18, 2025: Budget Approved Public Comments Prior to Board Voting Comments were sent prior to the meeting at info@oakcreekwater.com</p>
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Reserves As Part of USDA Agreement

Year Due		Debt Service		Short-Lived Asset		
		\$175,000	Date	\$39,300/year	Date	
1	Dec-24	\$ 17,500.00	9/21-12/23	\$ 39,300.00	9/21-12/23	Head Start In Absence of WIFA, NBAZ, USDA Loans
2	Dec-25	\$ 17,500.00	9/21-12/23	\$ 39,300.00	9/21-12/23	
3	Dec-26	\$ 17,500.00	9/21-12/23	\$ 39,300.00	9/21-12/23	
4	Dec-27	\$ 17,500.00	9/21-12/23	\$ 39,300.00	9/21-12/23	
5	Dec-28	\$ 17,500.00	9/21-12/23	\$ 39,300.00	9/21-12/23	
6	Dec-29	\$ 17,500.00	9/21-12/23	\$ 39,300.00	12/31/24	
7	Dec-30	\$ 17,500.00	7/23/2024	\$ 7,241.93		
8	Dec-31	\$ 17,500.00	7/23/2024			
9	Dec-32	\$ 15,000.00	7/23/2024			
10	Dec-33	\$ 20,000.00	12/31/2024			
11	Dec-34					
12	Dec-35					
13	Dec-36					
14	Dec-37					
15	Dec-38					
16	Dec-39					
17	Dec-40					
18	Dec-41					
19	Dec-42					
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36	Dec-59					
37	Dec-60					
38	Dec-61					
39	Dec-62					
40	Dec-63					
		\$ 175,000.00		\$ 1,572,000.00	Required	\$ 1,747,000.00
		\$ 175,000.00		\$ 243,041.93	To Date	\$ 418,041.93

By Dec 2033

By Dec 2063

As of June 30, 2025		
\$ 261,923.72	Flagstar Checking 4.75% Oct.	
\$ 52,346.17	Flagstar CD 5.0% 13 Months	
\$ 106,628.41	Flagstar CD 4.0% 24 months	
\$ 1,504.82	NBAz Saving	
\$ 422,403.12	Total USDA Reserves	
\$ (35,000.00)	Temporary Withdrawl	
	Flagstar Checking 6/18/2025	
\$ 175,000.00	Debt Service	
\$ 247,403.12	Short Term Asset	
\$ 422,403.12		

Out of Normal Expenses This Past 6 Months		
\$ 6,775.00	Feb - 5 Yr Rate Plan	
\$ 6,959.00	Mar - VFDs Wells Pano Tank	
\$ 33,299.00	Apr - Meters and Endpoints	
\$ 4,000.00	May - Liability Ins Increase	
\$ 5,398.00	Jun - Commercial Meters	
\$ 36,095.00	Jun - Well 4 Motor/Pump	
\$ 92,526.00		

BASE RATE QUESTIONS

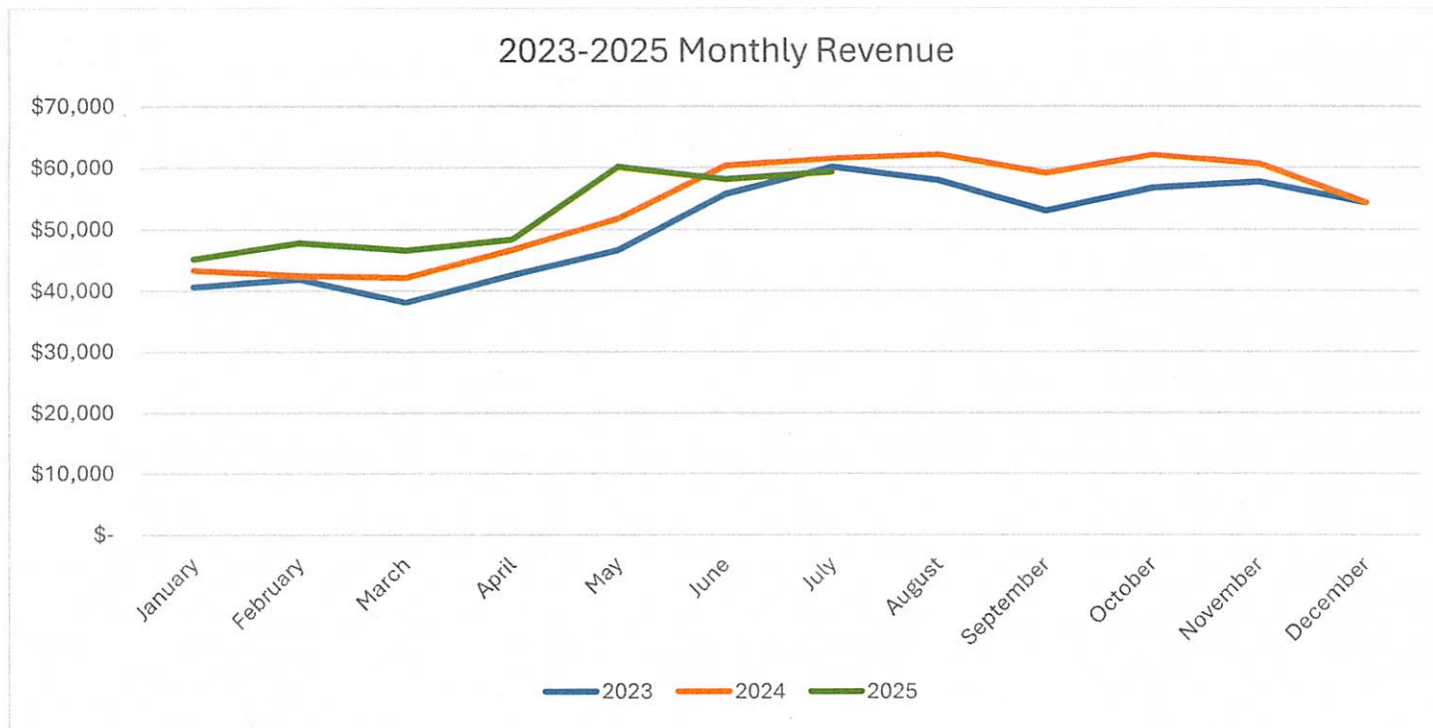
Base Rate and Usage Rate:

The base rate covers fixed costs regardless of usage. This includes maintenance of water lines, storage tanks and treatment systems. It also includes things like regulatory testing, insurance and creating reserves. The usage rate is variable and based on consumption. This includes power, personnel, treatment media, depreciation, etc...

¾-inch Meter (90% of the users)

	<u>Current</u>	<u>Increase</u>	<u>Year</u>	
Oak Creek:	\$21.49	\$23.21	2026	Incremental 5 Year Rate Study, Year 2029 = \$26.30
Big Park:	\$28.71	\$49.20	2026	A.C.C. Submittal Process, Hearings in October
Az Water:	\$37.42	\$53.92	2025	A.C.C. Approval Process, including current surcharges

Monthly Revenue Comparison



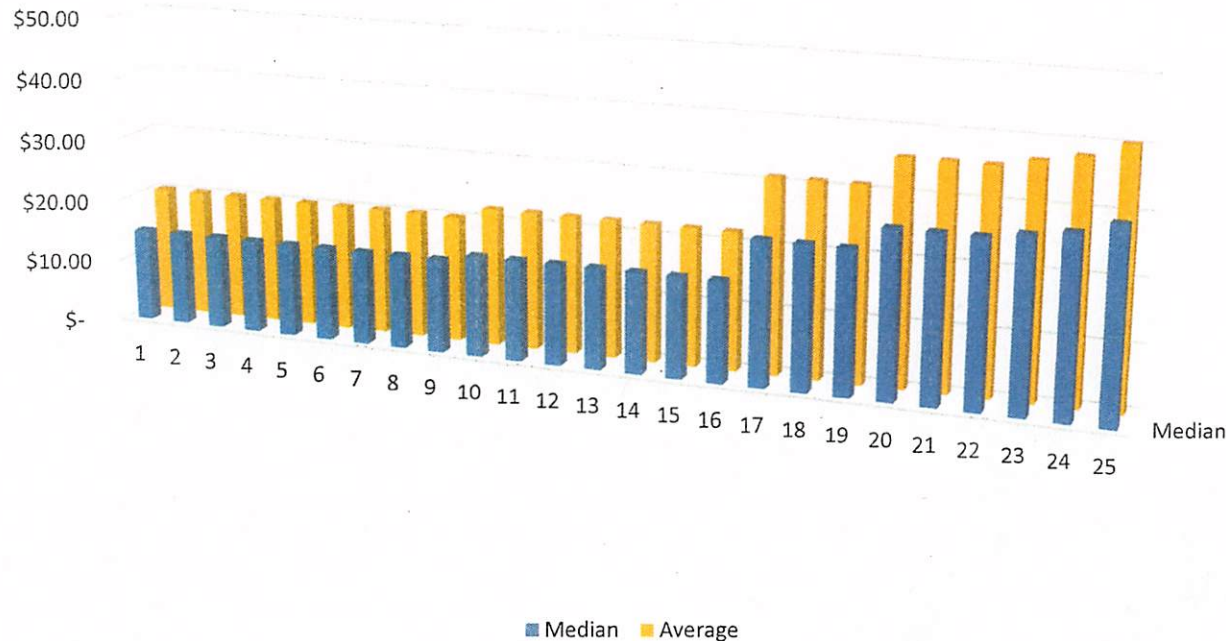
Read Date	Base Rate	Usage
3/25/2025	\$48,200	
4/28/2025	\$ 24,345	\$ 31,117
5/28/2025	\$ 24,304	\$ 27,277
6/25/2025	\$ 24,344	\$ 29,250

June and July the District is below where it has been for the past two years, considering the March, 2025 rate increase.

Rate Increase Charges - Residential 3/4"

		Dec, 2001	Dec, 2008	Dec, 2016	Sept, 2019	Mar, 2022	Mar, 2023	Mar, 2024	Mar, 2025
Base Rate		\$ 7.00	\$ 8.00	\$ 14.55	\$ 17.10	\$ 17.68	\$ 18.26	\$ 19.43	\$ 21.49
0-4000 Gallons		\$ 1.73	\$ 1.73	\$ 1.75	\$ 1.97	\$ 2.05	\$ 2.13	\$ 2.28	\$ 2.59
4001-10,000 Gallons		\$ 2.12	\$ 2.40	\$ 3.20	\$ 3.60	\$ 3.69	\$ 3.78	\$ 3.96	\$ 4.27
Over 10,000 Gallons		\$ 2.39	\$ 2.88	\$ 3.70	\$ 4.16	\$ 4.38	\$ 4.60	\$ 5.05	\$ 5.36
30% of Bills	3500 Gallons	\$ 13.06	\$ 14.06	\$ 20.68	\$ 24.00	\$ 24.86	\$ 25.72	\$ 27.41	\$ 30.56
Median Bill	4500 Gallons	\$ 14.98	\$ 16.12	\$ 23.15	\$ 26.78	\$ 27.73	\$ 28.67	\$ 30.53	\$ 33.99
Average Bill	Ave 7,000 Gallons	\$ 20.28	\$ 22.12	\$ 31.15	\$ 35.78	\$ 36.95	\$ 38.12	\$ 40.43	\$ 44.66
Average Change			\$1.84	\$9.03	\$4.63	\$1.17	\$1.17	\$2.31	\$4.23
			A.C.C.	A.C.C.	A.C.C.	DWID	DWID	DWID	DWID

25 Year Average Bills



Year	Median	Average
2000	\$ 14.98	\$ 20.28
2001	\$ 14.98	\$ 20.28
2002	\$ 14.98	\$ 20.28
2003	\$ 14.98	\$ 20.28
2004	\$ 14.98	\$ 20.28
2005	\$ 14.98	\$ 20.28
2006	\$ 14.98	\$ 20.28
2007	\$ 14.98	\$ 20.28
2008	\$ 14.98	\$ 20.28
2009	\$ 16.12	\$ 22.12
2010	\$ 16.12	\$ 22.12
2011	\$ 16.12	\$ 22.12
2012	\$ 16.12	\$ 22.12
2013	\$ 16.12	\$ 22.12
2014	\$ 16.12	\$ 22.12
2015	\$ 16.12	\$ 22.12
2016	\$ 23.15	\$ 31.15
2017	\$ 23.15	\$ 31.15
2018	\$ 23.15	\$ 31.15
2019	\$ 26.78	\$ 35.78
2020	\$ 26.78	\$ 35.78
2021	\$ 26.78	\$ 35.78
2022	\$ 27.73	\$ 36.95
2023	\$ 28.67	\$ 38.12
2024	\$ 30.53	\$ 40.43
2025	\$ 33.56	\$ 44.66