

Oak Creek Water District

"Serving West Sedona Since 1953"

90 Oak Creek Blvd
Sedona, AZ 86336

Date: December 12, 2025

RE: General Manager Report

Financial

The billing charges for November were \$50,000

Infrequent and one-time major expenses for November:

\$319 ADOT Truck Registration

\$ Three Payrolls This Month/Transition Employee Pay

Infrequent and one-time major revenue for November:

None

Operations

Working on rerouting the meter read routes to make more efficient

Working on excel spread sheet for hydrant flushing, valve exercise program

With the government shut down and then the holiday, little activity from Summit.

Transition and welcome to Joe Davis as new Operations Manager.

Management

USDA Grant/Loan Update Summit Construction still working on Ross Circle. Ross Road passed all testing, and customers have been switched over. Panorama area is close to completion. It appears they switched effort into other jobs when government shutdown. They should be back and working on Northview this month.

Budget/5Year Rate Plan

See attached draft Budget. The Board will be proposing the budget/rate increase at the January meeting and approving one at the February meeting. Most vendors and utilities have raised prices on the District this year. We might have to bump up the 5-year rate plan using FY 2028 numbers instead of calculated FY 2027 (July26-June27) numbers.

Lead and Copper Inventory The new inventory requirements being modified with each street Summit Construction completes. 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 has 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. Discussions need to take place with the developer about system improvements since they will contribute an additional 10% usage to the system. 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 it will be built.

Southwestern Utilities: Jason Long making regular visits as Operator of Record.

**Oak Creek Domestic Water Improvement District
Public Meeting - held at 90 Oak Creek Boulevard, Sedona, Arizona
November 18, 2025**

1. Call to order and roll call:

Called to order at 4:30 P.M. *A quorum was established."

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

Absent: Camille LeFevre

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

3. Managers' Reports:

General Manager and Operations Manager updated the BOD - See attachment

4. Consent Agenda Items:

A. Approval of October 2025 Board Meeting minutes

B. Approval of October 2025 financials.

Motion to accept by Paul LeFevre/ Seconded by Bob Bareuther, All approved.

5. Regular Agenda Items:

The Board may discuss, consider, and act on these matters separately.

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

Ross Road completed.

6. Executive Session:

The Board may vote to go into Executive Session for reasons set forth in A.R.S. 38-431.03.

4:54 P.M. - Personnel

7. Announcements:

A. Next Regular Board Meeting: December 16, at 4:30 P.M.

B. Future Board agenda items.

8. Adjournment:

- 5:27P.M./ Motion to adjourn/ Chan Smith

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

SUMMARY OF PROPOSED BUDGET AND RATE INCREASE

Schedule:

Board of Directors propose a budget including a rate increase at the January meeting.

Board of Directors approves a budget including a rate increase at the February meeting.

Customers notified by newsletter and two ads in the Red Rock News the beginning of January.

Rates would take effect with the March's bills, end of February Meter Readings

Budget is submitted to Yavapai County by June 1, 2026.

Attached is the following:

-Excerpt pages from December 2024 5-year rate study

-Rate comparison of current FY25 Oak Creek Water rates to Arizona Water Company rates

-Rates comparison of proposed increases using either FY27 or FY28 numbers.

-Proposed budget currently based on revenue from FY27 rate increase numbers.

Summary of Rate Comparison (Based on ¾-residential users, the bulk of our customer base.)

-The 5-Year Rate study documents the median and average usage is 3,500 gallons and 6,000 gallons respectfully.

-The median of 3,500 gallons means 50% use more and 50% use less than the 3,500 gallons.

-The average of 6,000 gallons means OCWD has a lot of high-end users that don't believe in conservation.

-OCWD average usage water bill is 50% less than AWC.

-Based on the median, 50% of OCWD users bills are less than one-third that of an average AWC user.

Summary of Proposed Rate Increase Options:

-Using FY27 rates, the median and average customer bills go up \$2.89 and \$3.61 respectfully per month

-Using FY28 rates, the median and average customer bills go up \$4.60 and \$5.73 respectfully per month.

-Using FY28 rates, would combine two rate increase years from the rate study.

-Using FY27 rates would give an increase annual revenue of \$45,000.

-Using FY28 rates would give an increase annual revenue of \$45,000 + \$27,000 totaling \$72,000

Budget Concerns Based on using FY27 rates:

-Biggest mystery every year is field operations: unknown of water breaks, well pump replacement, etc.

-There is currently \$55,000 set aside for this. Some years its way below, this year it was over \$102,600.

-The \$102,600 consisted for Well 3 motor/pump, Well 4 motor/pump and 2 VFD's at Panorama.

-A smaller unknown is personnel salaries. We are now working with one FT and two PT employees.

-Any funds left go into USDA reserves. Any deficient pulls from the reserves.

-The proposed budget has \$10,000 allocated toward reserves. In 2025 we had to pull \$35,000 from the funds.

-Based on this year's economy all vendor bills have gone up (\$10,000 insurance, \$2,500 IT, etc...).

-APS 10% commercial/small business rate increase pending A.C.C. would increase OCWD by \$5,000.

Out of the Norm Expenses for 2025

KP Ventures (6/23/25)	Well 4 pump and motor replacement	\$36,095
Fever Controls (9/17/25)	Panorama Pump VFD replacement	\$12,468
Fever Controls (9/24/25)	Panorama Pump VFD replacement	\$11,377
Willing Drilling (11/26/25)	Well 3 pump, motor, steel column	\$41,722
Prop/Gen Liability Ins	Annual Increase	\$10,000
Personnel	Bus & Op Manager Transition	\$ 7,500

Most Services made Monthly Increases

Know IT	Increase in monthly rates (yr. total)	\$ 2,200
ADEQ MAPS Testing	Monitoring Assistance doubled rates	\$ 1,950
Caselle	Increase in monthly rates (yr. total)	\$ 730
Badger	Increase in monthly rates (yr. total)	\$ 300
USPS	Post Card Postage (400/month)	\$ 240
Optimum	Increase in monthly rates (yr. total)	\$ 120
Rural Impact Website	Increase in monthly rates (yr. total)	\$ 48
APS	10% increase with A.C.C. for approval	