

Oak Creek Water District

Serving West Sedona Quality Water Since 1953

January 2022 www.oakcreekwater.org

Public Notice: 2022/2023 Budget, 2023 Rate Increase and 5 Year Rate Study

The District will discuss the above topics at our January 18, 2022 at 4:30PM at 90 Oak Creek Blvd. Included in this newsletter is the proposed budget, summary of the 5-year rate study and proposed rate increase for 2022. After public comments the Board of Directors will vote on a final Budget and Rate Increase at the February 15, 2022 Board meeting. This notice will also be published in the Red Rock News twice as required by the Arizona Revised Statute 48-910. The complete 5-Year Rate Study is posted on the Website.

***** CONSTRUCTION *****

Arsenic Removal System and Tank Rehab: Drawings should be out for bid by the end of this month.

Water Main Replacement: Revised plans, 60% complete, will be on the website soon. Also there are 11 x 17 printed out versions of these plans for viewing in the Office. As stated in the last newsletter, these water mains have been in the ground for over 40 years. Over the past four decades landscaping plants, designer rocks, etc have been planted or naturally grown over these mains that are in the public right-of-way. These will get disturbed during construction. Driveways will be replaced in kind but landscaping plants (cactus, bushes, small trees) along the trench line will not. Mailboxes will be temporarily removed and replaced in sections as the contractor progresses. If you have any concerns, now is the time to get them addressed. There will be temporary water outages throughout next year during constructions. If you haven't sign up for the alerts.



HOUSING: For the past 60 Years we have been fortunate to have our water operator living close when emergencies struck. With increased Airbnb's and increased house prices, this is becoming impossible. We as a District have got to find a way to make this work if we value that 24/7, 20 minute response time. Until we solve this, expect after hours response times to take 60 to 90 minutes. The emergency line will still receive your calls immediately. If any district member knows of any affordable housing or ideas please contact the office. We will be discussing options at the next couple of board meetings. IN THE MEAN TIME, please restrict doing non-emergency water/irrigation projects to Monday thru Thursday. AND make sure your plumber is licensed and calls us before doing ANYTHING.

Arsenic Treatment System and Tank Rehabilitation Project: See attached Arsenic Notice. The arsenic sample results are not back yet from the lab. They are multiple weeks behind. We know our annual average will still be over the 10.0 ppb so we are sending this notice by January 10, 2022 as required by ADEQ. We will update everyone of the actual numbers through the alert system with the January meeting agenda.

2022 PROPOSED RATE INCREASE

Summary:

The proposed rate increase for 2022 is 3.69%. The District's average ¾-inch Residential customer uses 7,200 gallons for a \$36.40 average monthly bill. After the proposed rate increase, this average 7,200 gallon a month bill would increase by \$1.17. The proposed 5-Year Rate Study determining this rate increase is available for viewing on the District's website. It can also be viewed at our office. This includes a breakdown of the rate increase by base rate and by the three water usage tiers for all residential and commercial user classifications. It should be noted that the above ¾-inch residential customer example above was used since 65% of our customers fall under that category.

Board Action/Dates to Remember:

January 18, 2022, Board Meeting

Discussion on the proposed 2022 Rate Increase, the 5-year plan and the proposed budget.

Written comments can be submitted by mail to the Office or by email through the District website.

February 15, 2022, Board Meeting

After discussing all comments received by February 15th, the Board will propose and approve:

A 5-Year Rate Plan, a 2022 Rate Increase and a District's 2022-2023 Budget for submittal to Yavapai County

Background:

In 2020, property owners of Oak Creek Water Company went through the approval process to become Oak Creek Water District. This accomplished two major things. It removed us from under the Arizona Corporation Commission (ACC) and qualified us for more grant opportunities. After obtaining an \$8 Million dollar grant/loan (71%/29%), the District approved the expenditure for a 5-year rate study to determine rates needed to pay for this loan, for building reserves for emergencies (like Christmas Day) and future system needs (well pumps, booster pumps, etc.) along with slowly building a reserve for the facilities built with the grant monies. This rate study was completed by a gentleman that has over 30 years' experience in working for the ACC and working on his own completing rate studies for water utilities all over the State.

The 5-year plan is a guide and has best educated assumptions built into it. To keep a healthy District, the 5-year plan shows increasing our revenue by \$85,000 from its current base rate by the year 2027. This results in distributing a 14.76% increase over a 5-year period (3.69%, 3.69%, 2.46%, 2.46%, 2.46%). It should be noted that each proposed rate increase must be voted by the Board of Directors annually after receiving public comments. The biggest assumptions included in the plan are that materials and labor will go up 3% each year and that we will increase our customer base by approximately 86 EDU's during this period. If these assumptions change then the plan can be adjusted along the way.

For example, the plan included a future growth of 86 EDUs (equivalent dwelling units) starting in 2024 coming from the proposed Sunset Lofts and the Saddlerock Circle Hotel with workforce units. The proposed rate increase in years three through five are lower assuming these units would increase our revenue. If for some reason these developments do not occur the proposed 5-year plan could be altered, if needed.

After applying for the Grant, our neighborhood characteristics have changed. A large portion of our long-term rentals (LTRs) became short term rentals (STRs). The loss of these LTR's will not allow us to qualify as a low to moderate income (LMI) District since we lost a lot of our account holders that had tourist job. The consequence is that future grant to loan ratios will be reduced, and our loan interest rates will increase for future grant submittals. We need to make sure we have the reserves to adjust for this. It should be noted that while obtaining the information for the 5-year study it was discovered that some of the unknown STR's in our District were classified as residential while the rest were classified as commercial. All STR's will now be properly classified as commercial users and this plan creates a separate user classification for this so we can track it better.

The 5-year plan is a guide and we hope each and every customer spends some time reviewing it. Over the past four years it has been stated in previous newsletter: "an education user is the best user". Hopefully more users will start coming to meeting and get involved. Questions? Contact the office. We will be glad to discuss this with you.

**OAK CREEK WATER DISTRICT
PROPOSED 2022-2023 BUDGET**

Operations		\$ 128,350.00
Repairs to Plant - Contractor - Mains	\$ 17,500.00	
Repairs to Plant - Contractor - Electrical/Pumps	\$ 13,500.00	
Repairs to Plant - Contractor - Wells	\$ 6,500.00	
Operations: Materials and Supplies	\$ 21,000.00	
Operations: Tools and Shop	\$ 4,600.00	
Power Purchased	\$ 50,000.00	
Aid to Construction	\$ 500.00	
Insurance - Property and Liability	\$ 8,000.00	
Transportation Expenses	\$ 6,750.00	
Office		\$ 105,735.00
Az Sales Taxes & City Franchise Fees	\$ 60,000.00	
Advertising - Mailings, Website	\$ 2,900.00	
Billing Expenses	\$ 21,950.00	
Telecommunications	\$ 11,400.00	
Office Utilities	\$ 4,085.00	
Office Supplies/Equipment	\$ 3,400.00	
Officers Insurance	\$ 2,000.00	
Contractual Services		\$ 44,900.00
Contractual Accounting/Auditing	\$ 20,000.00	
Contractual Legal	\$ 7,500.00	
Contractual Lab Testing	\$ 5,800.00	
Contractual Monitoring & Security	\$ 3,000.00	
Contractual Management	\$ 3,600.00	
Contractual Arborist	\$ 5,000.00	
Personnel		\$ 244,500.00
Salaries and Wages	\$ 213,000.00	
Employer Taxes 8.35% & Unemployment	\$ 18,000.00	
Benefits and IRA	\$ 10,000.00	
Insurance Liability, Workman	\$ 3,500.00	
Reserves & Debt		\$ 70,700.00
Short Term Reserves (USDA Req. \$20,700)	\$ 20,700.00	
Long Term Reserves	\$ 50,000.00	
Total Expenses		\$ 594,185.00
Operations Revenue		\$ 600,000.00

<p>Public Hearing at 4:30pm on February 15, 2022: Proposed Budget Public Comments Prior to Board Voting Comments can be sent prior to the meeting at info@oakcreekwater.com</p>

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER
OAK CREEK WATER DISTRICT PWS #13041
Has Levels of Arsenic Above Drinking Water Standards

Our water system Oak Creek Water District recently violated a drinking water standard. Although this is not an emergency, as our customers, you have a right to know what happened, what you should do, and what we did (are doing) to correct this situation.

We routinely monitor of the presence of drinking water contaminants. Testing results we receive in January 2022 for the fourth quarter of 2021 will show that our system exceeds the maximum contaminant level (MCL) for arsenic. The MCL for arsenic is 10 parts per billion (ppb). The average level of arsenic over the last year has exceeded the 10 parts per billion (ppb).

What should I do?

You do not need to use an alternative (e.g. bottled) water supply. However, if you have specific health concerns, consult your doctor.

What does this mean?

This is not an immediate risk. If it had been you would have been notified immediately. Some people who drink water containing arsenic in excess of the MCL over many years could experience skin damage or problems with circulatory system, and many have an increased risk of getting cancer.

What is being done?

Drawings for the new Arsenic Treatment system have been approved by ADEQ and are now waiting final approval from USDA. We anticipate construction for this new treatment system to start this coming Spring.

For more information, please contact Doug Bowen, Board of Directors or Brian Bratcher, Operator at 928-282-3404.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by Oak Creek Water District. Public Water System ID#: AZ-04-13041. Date distributed: January 10, 2022.

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