

## **Yarnell Water Improvement Association**

### **Asociación de mejora del agua de Yarnell**

#### **President's Report**

**Steve Kremer**

**March 28, 2026**

#### **Introduction: "When business becomes the primary or sole motivation...decisions are no longer based on human dignity." Pope Leo XIV**

There are many dark and destructive forces present in our world today, and it has never been more important to remain positive and forward looking. Our neighboring community, Peoples Valley, is in the process of adjusting to a 179% rate increase for the water that serves their homes and families. This rate increase was approved by the elected officials that serve on the Arizona Corporation Commission (ACC), but the actual decision to increase the rates was made by a profit driven corporation that is headquartered thousands of miles from Arizona.

Yarnell is fortunate to maintain community control of the production, distribution and pricing of our water because of the dedication and volunteer spirit of generations of Boards of Directors. We remain a community owned and operated non-profit water utility. Our primary focus has never been to profit off of the people and families of Yarnell. Decisions are made in the best interest of our community and with respect to the human dignity of our residents.

This past year we have experienced considerable challenges and have responded to these challenges with a tradition of duty and commitment to serving the community of Yarnell. YWIA has entered into the 6<sup>th</sup> decade of providing water for our desert community stronger and more resilient than ever before. Our company's history has indeed had many moments of being on the perilous brink of collapse, but while other small community owned Arizona water companies have failed and succumbed to outside control, we have endured. We believe that we are an example of the success that is possible when a small water company is "of the people, by the people, and for the people."

## **Numbers to Know about YWIA**

- **46 ft. The static level of our wells. We have a hearty supply of water.**
- **1 Number of low level shut offs at well site. We do not have an unlimited supply of water.**
- **28% The percentage of our customers that are not full-time residents.**
- **2 The net number of new customer accounts.**
- **\$554,522 Long term debt of the company. Although our debt to revenue ratio has improved, this is a critical context for the company.**
- **70% The percentage of water that Scottsdale gets from the Colorado River.**
- **2758 The House Bill before the Arizona State Legislature that would allow for the movement of groundwater within the state.**

Above are numbers that measure YWIA and describe the situation of our company. The static level of water in our wells identifies the depth at which water appears from the ground level. We are a blessed with a plentiful supply of water from an aquifer that is advantageously located in the underground geography of Arizona. But our water supply is not unlimited. This past year we experienced our first low level shut off of a well. We suspect that the main variable that created this situation was agricultural usage, and we are continuing to investigate this situation.

One of our biggest challenges is that we have very little growth in our customer base, and a relatively high percentage (28% estimation) of our customers are not full-time residents of Yarnell. The non-resident customers are reliable bill payers, but lower our overall sale of water.

An emerging challenge is the growing threat that the Arizona State Legislature may allow for the transportation of water from one basin to another to meet the growing demand for water elsewhere in the state. There is currently proposed legislation to permit this activity. If the negotiations do not go well for obtaining Arizona's share of water provided by the Colorado River, this threat could become more imminent in the near future.

## **YWIA Goals for 2025**

- **Investigate opportunities for revenue growth.**
- **Create durable digital records management system.**
- **Increase Security at Well Site**
- **Fire mitigation around storage tanks.**
- **Implement the new SCADA system.**

During the past year we have met all of the company goals that we had set out to achieve in 2025. Individual directors took the lead in specific areas. Notably, Director David Green has created a durable digital records management system for our company as well as increasing the security at our well site with the installation of remote cameras and motion activated lighting. Director Radu Bogdan has taken the lead on the implementation of a new SCADA (system control and data acquisition) system. This system is an essential element of how we are able to conduct our daily business of producing and delivering water.

## **2025 Challenges and Accomplishments**

**“There is a lot to learn from wastin’ time.” Neil Young 1978**

- **Lead Service Line Inventory and Customer Notifications**
- **Transmission Line Break**
- **Development of New CIP**
- **New service agreement and termination policy**
- **New Pumps and Valves at Well Site**
- **ARPA Grants Under Construction**
- **CAWAG Initiative**
- **Veterans Housing Proposal**
- **Young Lane**
- **ADEQ 5 Year Facilities Inspection**

There were many proactive accomplishments during 2025, but there was also a good number of opportunities for YWIA to respond to challenges that presented themselves as surprises. One of the most significant challenges occurred on September 13<sup>th</sup> when we experienced a break in our transmission line. We lost over 125,000 gallons of water in less than an hour as the water drained from our storage tanks. As is often the case, Fletch Wiles our Facilities Operator saved the day and worked throughout the night to restore our system. We are immensely fortunate to have Fletch Wiles as a member of our Yarnell community. There is no one that knows more about our infrastructure and is more dedicated to sustaining our water system than Fletch.

2025 was the year that YWIA began to fully implement our American Rescue Plan Act grants. There is no way to overstate the complexity and daily demand that this endeavor has created for the company. With terrific patience and grace, Treasurer Sherri Fagan has shouldered this work for our company. She has dedicated enormous time and energy to this critical development that will serve Yarnell for decades into the future. Her tireless work with engineers, contractors and government officials will produce some of the most important growth in the history of the company's infrastructure. ARPA 17, the construction of the Glen Allah storage facility, is a singular undertaking that Sherri has generously applied her leadership and organizational skills to bring into reality.

We have also had the opportunity to learn from projects and initiatives that never came to fruition. We wrote an extensive proposal and investigated the possibility of providing water to a housing development dedicated to Veterans. We also spent innumerable hours in meetings and responding to inquiries for a governmental waste water initiative (CAWAG). There is a lot that we learned from "wastin' time."

### **YWIA Goals for 2026**

- 1) Explore Financing Options for Grants and Loans**
- 2) CCN Expansion Study**
- 3) Fire Suppression Cost Recovery**
- 4) Ziptility: GPS and Digital Documentation of the System Infrastructure**
- 5) Establish Board Succession Plan**

There is no way of knowing what random events will occur that require a response from YWIA. We have set out a significant set of five new goals to accomplish along with our on-going work. We have already begun the process of seeking out funding sources for some of our important capital improvements. We have also begun a study for the expansion of our service area. We will be working with new staff in the Yarnell Fire Department to pave a path for sustainable funding for fire suppression, and we will begin a process of digitally documenting our system infrastructure with the use of cutting-edge technology.

### **We Need More Fiddlers on Our Roof**

Most importantly in 2026, we will establish a succession plan for our board membership. This will involve the critical process of recruiting and cultivating new Directors. We currently only have one violin player on our Board, Secretary Trish Edwards. And we need more fiddlers. We need folks that have the courage to survive on the edge of danger and to be able to play music without falling. In a time when there are plenty of dark, divisive and destructive forces, we need people that can carry forward a cultural rhythm that keeps our community together. Our Secretary, Trish Edwards, fulfills many obligations for the Board. Besides doing agendas and minutes and negotiating our annual purchase of insurance, Trish brings to our Board a genuine love of Yarnell and the people of our community. During a period of time that Trish has weathered some very difficult community challenges, she has never failed to provide music for the work of our Board. If YWIA, our little community owned and operated water company, is going to be sustained into the future, we need more “Trishes.”