

Blue Ridge Domestic Water Improvement District (BRDWID)
Regular Open Public Meeting Minutes
August 21, 2021, at 9:00 a.m.
Starlight Pines Community Center, 2740 Arapaho Drive, Happy Jack, AZ 86024
Call-in number: 630-424-4734; Toll free 800-920-7487, Pin 76217278

1. Call to order, Roll Call, and Quorum

Chairperson John Ritter called the Open Board of Directors Meeting to order at 9:00 a.m.

Board Members Present: John Ritter, Ronald Krug, Sue Davis, Mike Bourne, and Paul Schmidt (by phone).

Board Members Absent: None

Quorum: Chairperson John Ritter determined that five of five Board Members present constituted a quorum to conduct business.

Others Present in Person per Attendance Sign-In Sheets:

Naila Erwin, SP Lot 407

Conrad & Sue Davis, SP Lots 352 & 353

David Janecke, SP Lot 409

Ron Krug, BRE Lots 141, 142, 143, 144, 166

Becky & Frank Pettit, SP Lots 366 & 367

Mike Bourne, BRE Lots 108 & 109

Dave Lutz, SP Lot 341

Rick Cole, SP Lot 480

Maria Caballero, BRE Lot 71

Tim Hall, PC

Catherine Rogers, BRE Lot 15

Dave Wang, PC Lot 80

Others Present by Phone:

Kristin Hamblin, shopping for property in PC

Brian Willia, SP Lot 298

Matt Porter, SPR Lot 10

2. Accept Meeting Agenda as presented

Motion: Move Agenda Item 5. Executive Session to follow Agenda 7. Announcements. **Action:** Approve. **Moved by** Sue Davis **Seconded by** John Ritter. **The Motion passed unanimously.**

3. Call to the Public for Items not on the Agenda

John Ritter asked the public to bring forward items that were not on the Agenda.

- Kristin Hamblin is buying a property in Pine Canyon and asked how much water is in the aquifer and how long are water customers guaranteed water?
- Brian Willia is building a home in Starlight Pines and asked for ADEQ reports to show water quantity.

John Ritter responded that these items would be added to the next meeting Agenda.

4. Consent Agenda Item

A. Motion: Approve Draft July 17, 2021, Open Meeting Minutes as presented. **Moved by** John Ritter. **Seconded by** Sue Davis. **The Motion passed unanimously.**

5. Executive Session Items as set forth in A.R.S. §38-431.03.A.

Executive Session moved to follow Item 7. Announcements.

6. Regular Agenda Items.

A. Discuss status of BRDWID offer to purchase the Starlight Water Company, Inc.

Motion: To Discuss. **Action:** Approve Motion to Discuss. **Moved by** John Ritter. **Seconded by** Sue Davis. **Motion passed unanimously.**

John Ritter reported that this week BRDWID board members received an Asset Purchase Agreement and Escrow Instructions from Starlight Water Co. with detailed exhibits that included a Legal Description of properties, a Certificated Area Map, a Proposed Bill of Sale, a Proposed Assignment and Assumption Agreement, Real Property Descriptions, a Form of Deed, an Affidavit of Real Property Value that will be provided by the Title Company, a Non-Foreign Affidavit, a Schedule of Purchased Assets, a Schedule of Excluded Assets (None), and a Schedule of Assumed Liabilities (None except for normal operating liabilities as set out in the

Agreement). The BRDWID attorney and the Board were going over all wording and exhibits in the final contracts.

Brian Willia, on the phone, asked how assets were reviewed as to the condition of pipes in the ground. John Ritter continued that Board members had visited all physical assets multiple times. Starlight Water had installed the earliest pipes in Starlight Pines of PVC. There had been about three major leaks a year. Other communities had Polypipe and fewer leaks. The Arizona Department of Environmental Quality (ADEQ) inspects tanks and pumping stations every three years and reports findings.

B. Working Group Report Out on Job Postings, benefits

Motion: To Discuss. **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** Ronald Krug. **The Motion passed unanimously.**

Mike Bourne reported that the Work Group had completed job descriptions for a General Operations Manager and a Field Operations Technician that were posted on the brdwid.org Website. BRDWID planned to advertise in the *Payson Roundup* and the *Arizona Daily Sun* and, depending on cost, the *Arizona Republic*. Mike and John Ritter would be attending the annual Rural Water Association of Arizona (RWAAz) Conference in Prescott on August 24 and would network there about the BRDWID open job positions.

C. Discuss August 7, 2021, rate adjustment hearing

Sue Davis reported that she had prepared a written summary Record of the August 7, 2021, Rate Hearing Meeting required by the Arizona Revised Statutes and had sent the summary Record to all Board Members for review and posting on the Website.

Motion: To Accept written record of the rate hearing and post on Website. **Action:** Accept. **Moved by** Sue Davis. **Seconded by** John Ritter. **The Motion passed unanimously**

Motion: To Discuss the rate hearing. **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** Sue Davis. **The Motion passed unanimously**

Mike Bourne reported that the Board had received really good feedback about the water rate tiers, leading him to revise the rate adjustment proposal.

D. Discuss/Approve Rate Adjustment

Motion: To Discuss. **Action:** Approve. **Moved by** John Ritter. **Seconded by:** Mike Bourne. **The Motion passed unanimously.**

Mike Bourne reported that he had incorporated good feedback from the August 7 rate hearing and discussions with water customers after the hearing into a revised Rate Plan Proposal which retained the 0 to 4,000 gallon category and separated the 4,000 to 10,000 gallon category into two categories. This reduced revenue slightly but was the right thing to do since 93% of customers use less than 7,000 gallons. The revised Rate Plan Proposal was page 5 of his PowerPoint presentation sent to Board members and available at the meeting sign-in table.

REVISED RATE PLAN PROPOSAL

- Rate plan supports operational budget plan.
- Rates are progressive to encourage water conservation. (High water users pay more.)
- With Board approval, initial rates will increase with transfer of SWC to BRDWID

Rate Schedule		Current Rate/ 1000 gal	Rate Schedule		Proposed rate/ 1000 gal
	Base	\$ 33.70		Base	\$ 47.00
Tier 1	1 to 4000	\$ 3.50	Tier 1	1 to 4000	\$ 4.50
Tier 2	4001 to 10000	\$ 5.00	Tier 2	4001 to 7000	\$ 5.75
			Tier 3	7001 to 10000	\$ 8.00
Tier 3	10001 to 50000	\$ 8.00	Tier 4	10001 to 50000	\$ 12.00
Tier 4	50000+	\$ 10.00	Tier 5	50000+	\$ 15.00

- Monthly bills will increase \$13.30 to \$19.55 for 93% of the total 737 water meters (based on May 21 consumption data. 93% of the meters consumed <7000 gal.

- Progressive plan to encourage conservation

Motion: To Approve. **Action:** Approve revised Rate Plan Proposal as prepared by Mike Bourne. **Moved by** Sue Davis. **Seconded by:** Ronald Krug.

Before voting “AYE” Mike Bourne explained that the rate increase also included new rates for meter installations, new customer fees, and miscellaneous items as described on the BRDWID Water Rate Schedule (revised 2021). Fees would be borne solely by their cost, would not be passed on to all users, and would support the BRDWID balanced budget.

The Motion passed unanimously.

On behalf of the Board, John Ritter thanked Mike for his in-depth work on the revised Rate Plan.

E. Discuss/Approve Process for accepting new District members and allowing Members to leave the District

Motion: To Discuss. **Action:** Approve. **Moved by** Sue Davis. **Seconded by** Mike Bourne.

The Motion passed unanimously.

John Ritter reported that A.R.S. 48-1014 gave the Special Water District Board authority to decide whether to add members to the District or allow members to leave but must follow the process laid out in the Statute. A signed petition stating the necessity for being admitted or leaving would be required. The Board decides whether to permit a Member to leave or a new Member to come in to the District at a hearing. The Board has 40 days to set a hearing date after receiving a petition. A hearing Notice must be published two times, one week apart, in a local newspaper 10 days before the hearing and mailed first class to District members 20 days before the hearing. A new member coming in to the District or leaving the District changes the District boundaries. The petitioner will pay all costs of coming in or leaving the District, including the re-mapping of boundary changes if required. John Ritter referenced six (6) documents he had sent to the Board to implement members coming in or leaving the District:

1. A BRDWID Petition Process Overview,
2. A Petition Requesting a District Revision,
3. Exhibit A BRDWID Petition requiring a Signature,
4. Exhibit B Legal Description of BRDWID Land,
5. Exhibit C Petitioner to Describe the Necessity for coming in or leaving the District,
6. Exhibit D Petitioner to Describe how coming in or leaving the District will promote the public convenience, necessity, or welfare.

Discussion ensued regarding Members coming in and leaving the District once each year and posting these documents on the Website. Mapping might be replaced with a spreadsheet to keep costs down.

Matt Porter, SPR Lot 10, on the phone, stated that Steve Wene, who represented the Water District at the Board of Supervisors enabling meeting, had stated that Members could leave the District whenever they wanted. John Ritter and Sue Davis refuted Porter’s statement, stating that Steve Wene was the attorney of record for the Starlight Water Co.

Motion: To Approve. **Action:** Approve the six (6) documents that lay out the process for Members to leave or come in to the District and post the documents on the Website. **Moved by** Ronald Krug. **Seconded by** Sue Davis

The Motion passed unanimously.

F. Discuss Elector Issues, who can vote for board members

Motion: To Discuss Elector Issues. **Action:** Approve. **Moved by** John Ritter. **Seconded by** Sue Davis.

The Motion passed unanimously.

John Ritter reported he had made multiple calls to Coconino County and the State of Arizona about how Arizona registered voters who were Members of the BRDWID but not registered to vote in Coconino County could vote in BRDWID elections and run for the BRDWID Board of Directors. No public officials had been able to answer this question. The Coconino County Board of Supervisors appoints Forest Lakes DWID Board members without an election. The Pine-Strawberry DWID mailed their election ballots. Fire Districts have different election procedures than Special Water Districts.

G. Discuss management contract statement of work

Motion: To Discuss scope of work for a utility management company (UMC). **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** Sue Davis. **The Motion passed unanimously.**

Mike Bourne reminded the Board that Southwestern Utility Management (SUM) had presented BRDWID with a Management Service Agreement on June 14 that included a Scope of Services and Compensation Terms. The SUM proposal was vague in some areas because of the relationship with the Starlight Water owners who had done some of the water utility managerial tasks. The SUM proposal didn't quite meet all of BRDWID's needs because the Owners of Starlight Water did some of the tasks that a General Operations Manager would. Mike distributed a proposed Scope of Service for a Utility Management Company (UMC). He believed that BRDWID needed a UMC that would interface with the General Operations Manager and Field Tech positions we were seeking to hire and that the Board should ask SUM to bid on this UMC as well as Sun State Environmental in Tempe. Paul Schmidt joined the meeting unexpectedly by phone and explained some of the UMC tasks. Mike and John would network with this document at the Rural Water Association conference on August 24.

Motion: To Approve scope of work for a utility management company (UMC) as a working document. **Action:** Approve. **Moved by** Sue Davis. **Seconded by** Ronald Krug. **The Motion passed unanimously.**

7. Announcements.

A. Future meeting dates.

Motion: To set the next meeting date for Saturday, September 18, 2021, at 9:00 a.m. at the Starlight Pines Community Center, 2740 Arapaho Drive, Happy Jack, AZ. **Action:** Approve. **Moved by** John Ritter. **Seconded by** Sue Davis. **The Motion passed unanimously.**

B. Future Board agenda items.

1. Discuss status of BRDWID offer to purchase the Starlight Water Company, Inc.
2. Discuss Elector issues: who can run and who can vote for BRDWID board members
3. District Elector issues, who can vote for board members
4. Discuss management contract
5. 8-21-2021 Call from the Public: How much water is in the aquifer and how long are water customers guaranteed water
6. 8-21-2021 Call from the Public: Provide ADEQ reports to show quantity of water in aquifer

8. Executive Session Items (Agenda Item 5. was moved to Agenda Item 8.)

Motion: To move into Executive Session to discuss legal issues **Action:** Approve. **Moved by** Sue Davis. **Seconded by** Mike Bourne. **The Motion passed unanimously.**
The Board moved into Executive Session at 10:00 a.m.

9. Open Session

The Board moved back into Open Session at 10:25 a.m. No Executive Session items were presented for Action.

10. Adjournment.

Motion: To Adjourn the Meeting **Action:** To Approve: **Moved by** Sue Davis **Seconded by** John Ritter **The Motion passed unanimously.**

Chairperson John Ritter adjourned the meeting at 10:30 a.m.



Sue Davis, Board Secretary and Clerk
Blue Ridge Domestic Water Improvement District

Prepared on: September 4, 2021



John Ritter, Board Chairperson
Blue Ridge Domestic Water Improvement District

Board Approved on: September 18, 2021