

1. Call to Order, Roll Call, and Quorum

Chairman John Ritter called the meeting to order at 9:00 a.m. and announced that the meeting would be held by telephone call-in only due to a recent outbreak of COVID-19 in Blue Ridge. The call-in numbers were announced in the Meeting Notice posted on November 29, 2021.

Roll Call: John Ritter, Sue Davis, Mike Bourne, and Paul Schmidt were present by telephone. Ronald Krug was absent.

Quorum: John Ritter determined that four of five members present constituted a quorum to conduct business.

Others present by telephone were: John Motley, Dave Wang, Rhonda Williams, Randy Wood, Frank Perno and callers who joined by phone during the meeting but did not announce themselves.

2. Accept Agenda as Presented

Motion: Approve Agenda as presented. **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** John Ritter. **The Motion Passed unanimously.**

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

David Wang asked the Board to discuss how they plan to make the WIFA loan payment coming due in about one month as well as the general financial status of the District.

4. Consent Agenda Items

John Ritter reported there were no Consent Agenda items at this meeting.

5. Regular Agenda Items

A. Consider and approve the contract services for General Operations Management and Water System Operation

Motion: Consider and approve the contract services for General Operations Management and Water System Operation. **Action:** Approve. **Moved by** John Ritter. **Seconded by** Paul Schmidt. **The Motion Passed unanimously.**

Mike Bourne reported that his presentation was organized and formatted in a style used by the Maricopa County and Coconino County Boards of Supervisors and included 11 documents distributed with this meeting Notice and Agenda and posted on the website:

- 5.1 Overview: Recommended Motions, Background, Alternatives, and Fiscal Impact
- 5.2 Scope of Work Cost Matrix
- 5.3 General Operations Management Matrix
- 5.4 Water System Operation Matrix
- 5.5 Harry Jones Resumé, HDJ Consulting
- 5.6 HDJ Consulting Management Agreement Blue Ridge DWID
- 5.7 Dan Utz Resumé
- 5.8 DUtz Consulting Gen Ops Mgr proposal 2021-10-01
- 5.9 A Quality Water intro 2021
- 5.10 A Quality Blue Ridge DWID proposal
- 5.11 Shaffer Water Management cost proposal

Mike reviewed the important elements in the Overview document. The 2022 Budget allocated \$201K for costs of hiring employees. Response to open positions was disappointingly low, but BRDWID did receive inquiries from companies interested in outsourcing. BRDWID sent the Scope of Work to these

interested companies and offered them system tours. Their subsequent proposals varied significantly. We were interested in companies familiar with the local area and relatively close to the local area for quick response times to customers.

General Operations Management. HDJ Consulting, owned by Harry Jones and located in Pine, is well experienced to take on the general operations management of the District and the tasks currently performed by the Starlight Water Co. (SWC) owners. Utz Consulting, owned by Dan Utz and located in Payson, has limited experience but is capable of taking on the general water system management. Both HDJ and Utz meet all Scope of Work requirements for water system general management, except HDJ could not fill in as a certified operator if needed. The SWC owners spend four to 12 hours a week on the water system plus a four-week period spread throughout the year when they work on improvements. The General Operations Manager position would not be a full-time job.

Field Operations Technician (water system operator). A Qualified Water Company (AQWC), owned by Pat Carpenter and based in Williams, AZ, keeps the regulatory requirements intact, services systems in our area, and also operates a construction company that does installations and repairs and could “get rolling in an hour and a half on issues”. Schaffer Water Management (SWM) is based in Payson and services both Payson and Star Valley. We would have to pay for travel for the operator from Payson. Both companies meet the Scope of Work and are well qualified and capable of taking on the BRDWID water system operation. Background checks and calls to existing customers were similar. Feedback was not 100% positive but most customers were content. Negative comments of the two companies were: slow response to requests, long time completing repairs, and unanswered calls for service. BRDWID would have to monitor the performance of outsourced companies or employees to provide the best possible customer service experience.

Cost. The decision for managing and operating the water system came down to cost. The combination of HDJ Consulting and AQWC’s offered the best value for BRDWID. Both firms have worked with each other on other projects. Contracts for each should be for one year.

Full-Time Employees. The board should continue recruiting full-time employees. Having full-time employees may be more expensive than outsourcing: setting up Office workspace (\$20K) and Internet service, providing tools (\$5K for computers, cell phones, printer). Time is another issue if it takes more than a couple more months to find qualified candidates for the open positions.

Fiscal Impact. Outsourcing the General Operations Management and the Field Operations Technician (the water system operator) to HDJ Consulting and A Qualified Water Company would reduce the budget plan expense from \$201,383 to \$122,100.

Mike said that the documents on the website in support of his report were for review as needed. John Motley verified that they were all there.

David Wang asked if outsourcing the management of the water system satisfied the terms of the WIFI loan requirement that there be a general manager?

Mike responded that according to a WIFA staffer who had helped John Ritter on the loan application, it didn’t matter if the general manager was an employee or a contracted service as long as that general manager reported to the Board of Directors.

John Ritter confirmed that the only real difference between HDJ Consulting and Utz Consulting as the General Operations Manager was that HDJ could not serve as a backup certified field operator and asked if we had another way of doing that.

Mike Bourne reported that if we go with AQWC, they were “three deep in water technicians” that service the area. Pat Carpenter owned AQWC, was a grade 4 operator, serviced systems in Mogollon

Ranch, and has at least two well-versed operators cross-trained in everything and a third who could come up as needed. Pat Carpenter and HDQ have worked together on other water systems in our area. John Motley asked if AQWC would charge an extra fee for a backup field operator.

Mike responded we pay the same rate whether we have the regular or backup field tech. AQWC would not charge an extra fee because we pay by the connection for the Scope of Work. It could cost more if we needed extra help during after hours work. There would be no extra charge for holidays. Mike invited all candidates up for a drive through before they submitted their proposals. Some backed out because our system was so large.

Paul Schmidt asked when the start month would be. Mike responded it would be at the beginning of the month that we transferred the Assets of Starlight Water to the Blue Ridge Domestic Water Improvement District. Mike had communicated that start date to all candidates. ACC has to approve the transfer.

1. Motion: To approve outsourcing the general management of the water system for Blue Ridge Domestic Water Improvement District to HDJ Consulting subject to legal review before executing **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** Sue Davis.
The Motion Passed Unanimously.

2. Motion: To approve outsourcing the operation of the water system for Blue Ridge Domestic Water Improvement District to A Quality Water Company subject to legal review before executing **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** Sue Davis.
The Motion Passed Unanimously.

Mike Bourne would like to commit to holding a future meet and greet meeting for the Board and the public to meet these contractors and ask questions perhaps in January 2022 at the Community Center. It depends upon the Arizona Corporations Commission.

John Motley said that he was familiar with the Arizona Corporation Commission (ACC) and asked why the sale of SWC was not a done deal and was there still an opportunity for EPCOR to buy SWC. Mike Bourne responded that SWC, a private water company, was still under the oversight and control of the Arizona Corporation Commission (ACC) until the ACC approved the sale of SWC Assets. The ACC takes the well-being of private and public water systems very seriously and pays attention to the public's pro and con opinions. A hearing probably would occur in January 2022 and delay the Asset sale. Mike had heard that the ACC had a hearing only when they were going to approve a sale. The final step of transferring the assets can only happen after the ACC approves. The ACC generally approves unless there are some strong underlying issues such as financing not in place or lack of capability to take on a utility. The SOC Asset sale was not on the ACC docket. There are a number of companies that would like to buy SWC, not necessarily to make a profit from selling the water to local folks but to sell the water rights—more valuable than the purchase price—to outsiders. Sometimes the ACC will extend the hearing process and thus extend the sale.

Frank Perno asked when the next regular board meeting would be. John Ritter said on December 18.

John Ritter thanked Mike Bourne for putting together a detailed explanation of outsourcing services and painting a very clear picture for everyone.

6. Announcements

A. Future Meeting Date Reminder

Regular Open Meeting, December 18, 2021, at 9:00 a.m. at the Starlight Pines Community Center, 2740 Arapaho Drive, Happy Jack, AZ

B. Future Board Agenda Items Identified on November 20, 2021

- 1. Approve updated October 19, 2021, Special Open Meeting Minutes in Consent Agenda**
- 2. Discuss status of BRDWID offer to purchase the Starlight Water Company's Assets**
- 3. Discuss policy and process to limit water sales to non-residential consumers**
- 4. Discuss acquiring a district telecommunication system**
- 5. Discuss and schedule a public meeting with outsourced contractor services**

7. Adjournment

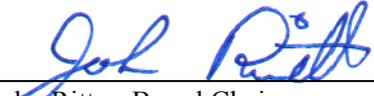
Motion: To adjourn. **Action:** Approve. **Moved by** John Ritter **Seconded by** Mike Bourne
The Motion Passed Unanimously.

Chairman John Ritter adjourned the Special Open Meeting at 9:41 a.m.



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

Prepared on: December 11, 2021



John Ritter, Board Chairperson
Blue Ridge Domestic Water Improvement District

Board Approved on: December 18, 2021