

Blue Ridge Domestic Water Improvement District (BRDWID)
Regular Open Meeting Minutes
June 19, 2021
9:00 a.m. – Regular Session
Starlight Pines Community Center, 2740 Arapaho Drive, Happy Jack, AZ 86024

1. Call to order, Roll Call, and Quorum

Conference call phone issues delayed the start of the meeting.

Chairperson John Ritter called the Open Board of Directors Meeting to order at 9:14 a.m.

Board Members Present: John Ritter, Ronald Krug, Paul Schmidt, Mike Bourne, and Sue Davis by telephone conference call via anywhereconference.com

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 Sheet:

Steve Yeary, Starlight Pines Lot 351

Bub Roth, Starlight Pines Lot 197

Dave Want, Pine Canyon, Lot 80

Bill Cross, Starlight Pines Lot 454

Alma Seward, Starlight Pines Lot 496

Alice Cacioppo, Starlight Pines Lot 475

Brad Szolowicz, Tamarron Pines Lot 300

Larry Butler, Starlight Pines Lots 150 & 152

John Brock, Starlight Pines Lot 103

Tom & Pam Overley, Starlight Pines Ranchettes Lot 64

Bryan Graham, Starlight Pines Ranchettes Lot 101

By Audio-only via anywhereconference.com

Randy Wood, Starlight Pines Ranchettes Lot 34

Michael Camp

Garrett Hanson, Starlight Pines Lot 583

Frank Perno, Starlight Pines Lot 319

Robert Emmons, Jr.

Andrea Martinez News

Tom Cullerton

2. Accept Meeting Agenda as presented

Motion: Accept Agenda as presented at the meeting. **Action:** Approve. **Moved by** Mike Bourne

Seconded by Ronald Krug

The Motion passed unanimously.

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

Brad Szolowicz, Tamarron Pines Lot 300, asked about water pressure issues. Chair Ritter responded that the Board would address water pressure issues at a later time. Mike Bourne added that Starlight Water was responsible for current water pressure issues. Paul Schmidt reported there were variances in water pressure at times between communities.

4. Consent Agenda Item

A. Motion: Approve Draft June 5, 2021, Open Zoom Meeting Minutes as presented. **Moved by** Mike Bourne. **Seconded by** Ronald Krug.

The Motion passed with four voting YES. Sue Davis on the phone could not be heard.

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

The Board had no items for Executive Session.

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** Ronald Krug. **Seconded by** Mike Bourne.

The Motion passed with four voting YES. Board Member Sue Davis on the phone could not be heard.

John Ritter reported that he had received, from Starlight Water, a draft Asset Purchase Agreement and Escrow Instructions between Starlight Water Company, Inc., an Arizona Corporation, as Seller and Blue Ridge Domestic Water Improvement District, a political subdivision of the State of Arizona, as Buyer. He had sent a copy to Board members for their review. Starlight attorney Steve Wene had promised to send the other documents attached to the Agreement soon, but John had yet to receive them. The District must have all of the documents in order to perform a legal review of the Agreement and its attachments to make sure everything is in order. The ownership transition will probably occur in early October. The Arizona Corporation Commission has to approve the sale of Starlight Water to BRDWID.

- B. Discuss status of WIFA of Arizona loan and general assistance available to the District**
Motion: To Discuss. **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** Ronald Krug.
The Motion passed with four voting YES. Board Member Sue Davis on the phone could not be heard.

John Ritter reported that the Arizona Finance Authority had approved the BRDWID WIFA of Arizona loan on June 5, 2021, and he had sent out the final approved loan to the Board. WIFA requires BRDWID to use the July 1 through June 30 Arizona fiscal year. The amount of the loan is \$2,900,000. The term is for 20 years. The interest rate is 1.956%. The loan includes \$402,500 in forgivable principal, paying Starlight Water for financing a short-term transitional loan and funding the purchase and installation of 183 new electric meters over four years because BRDWID qualifies as a rural water district. The loan is a combination of Arizona and Federal funds. BRDWID will ask for its first draw in July 2021, the new fiscal year, to simplify accounting.

- C. Discuss/Create a mission statement**
Motion: To Discuss/Create. **Action:** Approve. **Moved by** John Ritter. **Seconded by** Mike Bourne.
The Motion passed unanimously

John Ritter stated that the Blue Ridge ad hoc committee had created a mission statement when the website was developed. The current Mission Statement on the website is: "Clean, affordable, locally-controlled water." Ronald Krug said he would like the Mission Statement to be an action statement and suggested changing the Mission Statement to read: "The Mission of the Blue Ridge Domestic Water Improvement District is to assure safe and available water at the lowest possible cost to the Blue Ridge community."

Motion: To Approve. **Action:** Approve a new BRDWID Mission Statement: "The Mission of the Blue Ridge Domestic Water Improvement District is to assure safe and available water at the lowest possible cost to the Blue Ridge community." **Moved by:** Ronald Krug. **Seconded by:** Mike Bourne.

The Motion passed unanimously

John Ritter reported that the new Mission Statement would be posted on the website.

- D. Discuss most recent June 14, 2021, contract proposal from Southwestern Utility Management, Inc.**
Motion: To Discuss. **Action:** Approve. **Moved by** John Ritter. **Seconded by:** Mike Bourne.
The Motion passed unanimously.

John Ritter reported that Southwestern Utility Management, Inc. (SWUM), is the utility management contractor for Starlight Water. He had received and sent to Board members a June 14, 2021, revised Management Service Agreement from Veronica Wene, Southwestern Utility Management (SWUM) Vice President of Client Relations. The draft Agreement included a Scope of Service and Compensation Terms. Office Services were included in the Scope of Service at a rate of \$3.80 per invoice. Additional Services outside the Office scope of services were offered at a rate of \$65.00 an hour subject to increase not to exceed 3% per year. Basic accounting and bookkeeping services are included in the \$3.80 connection fee. Compliance documents will be charged at an hourly rate of \$65.00, a \$10.00 increase over the previous Agreement. Most compliance documents took up to three hours to complete. Southwestern didn't do much work for Starlight Water because Leslie and Lee Thompson handled the fieldwork. Board members agreed that the June 14 SWUM draft agreement was incomplete because it lacked administrative/general management tasks that BRDWID was looking for. Paul Schmidt wanted to get other bids and look at the role of a general manager. Sue Davis commented that most DWIDs have a full or part-time general manager, depending upon the size of the DWID, who reports to the Board and has oversight over contractors. Pine-Strawberry DWID has a general manager position at a salary of \$50,000+. John Ritter appointed Mike Bourne, Chair, and Paul Schmidt to head up a District management work group to research the type of management the District needed. Members of the public could be included to help as needed.

E. Discuss process for accepting new District members and allowing Members to leave the District.

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

Sue Davis reported that being a member of the District and being a registered voter in the District are two different issues. She has received requests from members wanting to opt out of the District and wanting to know how. She has kept a list of those who wish to opt out and refers them to A.R.S. § 48-1013. B., C., and D to understand the law.

Paul Schmidt had volunteered to draft an opt out policy. He reported that he had contacted the Coconino County Treasurer, the Assessor, and the County Attorney and finally connected with Casey Dorman in the Assessor's Office. A.R.S § 48-5912 has lots of detail about how to expand the district but nothing on letting people out of the district.

John Ritter reported that attorney Riley Snow had not formally responded yet to our inquiry about opting out of the District. John will suggest to Mr. Snow that he get guidance from the lawyers present at the June 29, 2020, Supervisors meeting when the District was formed.

Mike Bourne suggested asking Riley Snow to reach out directly to the Coconino County Attorney and Starlight Water attorney Steve Wene for guidance and understanding of the opt out and opt in processes.

John Ritter commented that long term the District will have to limit district changes to once a year to hold down costs. Members wanting to opt out or opt in will have to pay the full price of the change.

John Ritter reported there are 228 registered voters eligible to vote in the Water District. He had received no response yet from the Coconino County Elections Department.

F. Discuss how to expand customer/district member contact base

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

Ronald Krug believed there was a general lack of information about the District and that more information needed to be shared with the public. HOA leadership in the six Blue Ridge communities should be encouraged at least to have a link to the Water District website on their HOA websites. Ron believed Board members should be more proactive with the communities by writing short articles about the District for HOA newsletters and the *High Country Informant* and sharing District information such as draft budget plans and rules.

Sue Davis commented that she had been writing articles about the Water District in the Starlight Pines Newsletter for three years. Sue and Amy Snodgrass will work together to re-organize the content to create a more user friendly website.

John Ritter added that the District needed to update the FAQs and post them on the website. John Ritter tasked all board members to create 4 FAQs by the next meeting. Sue Davis added that there were over 600 subscribers to the BRDWID website who receive emailed updates about the District.

John will ask SWUM how much they would charge to insert an ad for the District in their monthly customer billing.

G. Discuss rate adjustment and set meeting date for formal announcement

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

John Ritter reported that the District would present the new rates at the next Board meeting after giving the Board of Supervisors the required formal 10-day prior notification and told meeting attendees that the District rates would be very similar to those of the Pine-Strawberry Domestic Water Improvement District (PSDWID). John Ritter said that the Supervisors cannot negate a DWID rate adjustment.

H. Discuss future tax issue vs. rate adjustment

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

John Ritter said that the property tax vs. rate adjustment issue has been explained many times. As a Water District we are selling a commodity and have no reason to create a property tax to boost income. If the District needs money for a major improvement, the District will adjust the water rates accordingly. All Board members have expressed their full agreement with this approach. None of the Board members support imposing a property tax on district members. The Board will explain this approach further in the FAQs on the website.

7. Announcements.

A. Future meeting dates.

Motion: To set the next meeting date for Saturday, July 17, 2021, at 9:00 am 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 status of WIFA loan and general assistance available to the District
3. Discuss most recent contract proposal from Southwestern Utility Management
4. Discuss a process for accepting new District Members and allowing Members to leave the District
5. Discuss how to expand customer/district member contact base
6. Discuss rate adjustment and set meeting date for formal announcement
7. Report from Mike Bourne on results from the work group on job descriptions and roles

8. Adjournment.

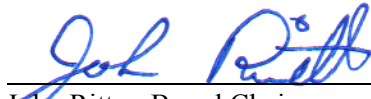
Motion: Adjourn the Meeting **Action:** To Approve **Moved by:** John Ritter **Seconded by** Ronald Krug
The Motion passed unanimously.

Chairperson John Ritter adjourned the meeting at 10:40 a.m.



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

Prepared on: June 22, 2021



John Ritter, Board Chairperson
Blue Ridge Domestic Water Improvement District

Board Approved on: July 17, 2021