

Blue Ridge Domestic Water Improvement District (BRDWID)
Minutes of the Regular Open Public Meeting
February 19, 2022, at 9:00 a.m.
Starlight Pines Community Center, 2740 Arapaho Drive, Happy Jack, AZ 86024
Call-in number: 630424-4734; Toll free: 800-920-7487, PIN 76217278

1. Call to Order

Chairman John Ritter called the meeting to order at 9:04 a.m. and, as had been announced in the Meeting Notice, confirmed that this meeting was being held by telephone call-in only due to an outbreak of COVID-19 in Blue Ridge. The call-in numbers had also been announced in the February 19, 2022, Meeting Notice.

Member Roll Call: John Ritter and Sue Davis were present in the meeting room. Ronald Krug, Mike Bourne, and Paul Schmidt were present by telephone.

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

Others present by telephone who identified themselves were: Keith and Jeannie Greiner, Laird and Jeri Mason, Dave Wang, Darrell Smith, Rhonda Williams, Kathy Langford, John Motley, and Brian Willia, who announced his presence at Agenda Item 6.

2. Accept Agenda as Presented

John Ritter noted that the Agenda had been posted with the Meeting Notice at the Starlight Pines Community Center, on the District website, and by Email to website subscribers.

Motion: Approve Agenda as presented. **Action:** Approve. **Moved by** Sue Davis. **Seconded by** Ron Krug. **The Motion Passed unanimously.** Ayes: 5 No's: 0

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

John Motley asked, if before the transfer of assets occurred, the District would know all of the details about Starlight Water Company (SWC) assets, such as hydrants, leaks, deferred maintenance and things Starlight Water might not have taken care of. John Ritter responded that the District would do an inspection and determine the status of all equipment once the Arizona Corporation Commission (ACC) approved the asset purchase and prior to the District's taking over.

Mike Bourne commented that the Board would engage the District's potential general manager and water system operator to review the operational status of the Starlight Water system.

John Ritter added that they would do a walk-around and review the records of the system.

Mike Bourne asked that a review of the District's Rules and Regulations be on the next meeting agenda,

4. Consent Agenda Items

A. Motion: Approve the DRAFT Minutes of the January 15, 2022, Regular Meeting. **Action:** Approve. **Moved by** John Ritter. **Seconded by** Sue Davis.

The Motion Passed Unanimously. Ayes: 5 No's: 0

5. Executive Session Items

John Ritter reported there were no executive session items for this meeting,

6. Regular Agenda Items. The Board may discuss, consider, and act on these matters separately.

6.A. Discuss status of purchase of Starlight Water Co assets

John Ritter reported that the SWC Application for approval of the sale of their assets to the District and cancellation of the Certificate of Convenience and Necessity (CC&N) was still with the ACC, however, yesterday, February 18, 2022, ACC staffer Vicki Wallace had released a Staff Executive Summary recommending that the ACC approve the sale of SWC assets to the District and cancel SWC's CC&N. The ACC set a telephonic hearing for March 17, 2022, at 10:00 a.m. interested persons should call in and listen to what is going on.

Mike Bourne commented that the staff Executive Summary was just a recommendation, that the Administrative Hearing Judge will hear the case on March 17 and the final decision will come some time thereafter. If it is really straightforward, it may come sooner than later, but it could be as late as June 2022 when the ACC finally renders their decision on this application.

John Ritter added that the District was in the ACC's hands right now.

6.B. Discuss / Approve updated process for allowing properties into or out of the District

John Ritter turned the discussion over to Mike Bourne who had agreed to take on the task of bringing this process together and translating Arizona Revised Statutes into BRDWID procedure.

Mike reported that he had received contacts from property owners who wanted to Opt In or Opt Out of the District and couldn't figure out what should be submitted, where to send submissions, and how long the process would take. The District is bound by Arizona Revised Statutes (ARS). The Board created documents that were excellent when following statutory guidelines but didn't indicate where and how to send the documents and meet timeline requirements. Petitioners needed to know how to amend District boundaries and how to petition for additions or alterations. Mike presented and explained two DRAFT procedural documents that are linked to this meeting Agenda on the District's website:

6.B.1 DRAFT BRDWID Boundary Alteration Procedures for consideration and possible Board action to clearly define the process for Altering District Boundaries (Opt In-Out) of the BRDWID

6.B.2 DRAFT BRDWID Boundary Alteration Procedures for Amending District Boundaries, Petitioning for Additions or Alterations, a Timeline, and Exhibit of a Public Notice Template.

A property owner may request, in writing to the District's governing body, to amend the District boundaries to include that property owner's land. The District can amend the District boundaries if the District receives a request from a property owner whose land is within the county that contains an improvement district and the land is adjacent to the boundaries of the improvement district.

Amending is a straightforward process. It's a simple request to the BRDWID board to include a particular property in the District, and that process is good as long as the property is adjacent to an existing District property. If the property is not adjacent to a District boundary, the requester will need to go through the petitioning process. Boundary alterations include Opting In or Opting Out. If a property is Opting In and is not adjacent to an existing boundary, the petition process is required. The District has created really good forms that are on the website. These forms clearly follow the Arizona Statutes. The name of the improvement district needs to be on the Petition Document, the necessity of the boundary alteration, and that the public convenience, necessity, or welfare will be promoted by the addition or the alteration or that the property to be included in the District will be benefited. A plat or sketch of the boundaries is key and must be included so it is very clear that the proposed property is either adjacent to or within the service area. If the property is out of the service area, it will require a petition. The District also has to ensure that there is adequate water availability and that the property's coming into the District doesn't negatively impact those already served. The Petitioner sends the completed package to the District Clerk, PO Box 19656, Happy Jack, and by email if possible to give the Board a heads up. (Other Arizona DWIDs rely on the original signed and notarized documents. The District should advise the Petitioner upon receipt of the documents to establish when the timeline starts.) The Board needs to set up a hearing date not more than 40 days from the receipt of the Petition. A lot of tasks happen between the date of the receipt of the Petition and the date the hearing is set. The hearing cannot be set more than 40 days after the District receives the Petition. The Notice announcing the hearing and stating the boundaries of the addition will be published twice in a local newspaper. The District will use the *Arizona Daily Star* in Flagstaff, AZ, because it has the widest circulation and is typically used for public notices in Coconino County. The

cost of two weekly Public Notices will run about \$160 to \$170. The newspaper Notices are one week apart. The first Notice shall not be less than 10 days before the date of the hearing. The second Notice is one week after the first Notice. Mike commented that the District would need to work through one of these requests to see how it was going to work out. The public notice of the boundary change hearing should be mailed by First Class mail at least 20 days before the hearing to the property owners within the area of the proposed addition or alteration. The Statutes don't define the area of the proposed addition or alteration. Mike used the radius of 600 feet of the requester's property because it didn't make sense to mail this public notice to properties on the other end of the District, and a 600-foot radius is typical for most county municipalities. Six hundred feet seems to cover the immediate properties to a requesting property. The folks in the area that receive these Hearing notices are allowed to make any comments or objections. Requests to comment at the hearing should be filed with the BRDWID Clerk before the Hearing. All interested property owners may appear and be heard at the Hearing on any matter related to the boundary alteration. Two other DWIDs recommend keeping the Hearing on task by not allowing other topics to be discussed. Keep the comments on the boundary alteration topic. Other subjects should not be discussed at the Hearing. No other items should be on the Boundary Alteration Agenda. Multiple petitions may be considered at a Hearing, but only the public comments related to the boundary alteration may be heard at a boundary alteration hearing. At the Hearing, if after consideration of all objections, the public convenience, necessity, or welfare is or is not promoted, the Board will declare its findings by formal Order. Upon approval of any boundary change, the Board will create a Resolution reflecting the altered District boundary, get the document recorded by the Coconino County Recorder, advise the Coconino County of the change, and prepare an invoice to the requester(s). The invoice will include any backup documents to validate the actual costs for the Petition altering the District boundaries to be completed. The District will not charge any surcharges. The same is true when amending the District boundaries; the necessary \$15.00 recording fee is the responsibility of the requester. Total cost will be less than \$200 unless a requester engages a professional mapping service, which is not necessary. Mike shared that he had worked with several property owners to try the procedure out following the Statutes and found that it worked well.

Mike referenced a process timeline. The timeline starts when the District Clerk receives a completed document. The District makes sure it is complete. The District doesn't want a lot of rhetoric back and forth while the clock is running because 40 days will go by fast in this petition submittal process. After the District receives a completed petition, the District has 40 days to set a hearing date, mail Public Notice letters to property owners in a 600-foot area of the proposed alteration, run two newspaper ads, hold the hearing, pass and record a Resolution, and invoice the requester.

BRDWID Boundary Alteration Petitioning Process Timeline

	Start	10 days	20 days	30 days	40 days	Finish
Petitioner	Completes & Submits Petition to BRDWID Clerk					Pay invoice from BRDWID within 30 days of invoice receipt.
BRDWID	Board set Hearing Date <40 days from receipt of completed petition to alter District Boundaries	>20 days before hearing date, send Public Notice letters to property owners in the area of proposed alteration	1 st Newspaper Public Notice >10 days before hearing 2 nd Newspaper Public Notice one week after 1 st publication		Boundary Alteration Hearing – consider petition, hear any objections, issue findings. If approved, create resolution and get recorded with County.	Prepare invoice to petitioner(s) with supporting documents for costs associated with boundary alteration if approved.
Property Owners			File comments or objections with BRDWID Clerk before hearing]			

Mike stated that Timelines are critical. The Board is neutral, facts are considered before a decision is rendered. The process may seem long but when you work the process it is not too difficult.

Mike referenced Exhibit 1 as examples of a Public Notice and a Newspaper Publication ad.

Exhibits

Exhibit 1: Public Notice Template

The Blue Ridge Domestic Water Improvement District (BRDWID) will conduct a public meeting on mmmm dd, yyyy at the Starlight Pines Community Center located at 2740 Arapaho Drive, Happy Jack, AZ 86024 to consider altering the district boundaries to remove the property located in the xxxxxxxx development at [address of property] owned by [name of property owner].

Any comments or objections must be filed with the Clerk for BRDWID before the hearing at:

Clerk for BRDWID
PO Box 19656
Happy Jack, AZ 86024-0656

Newspaper Publication Example:

Legal No. XXX
Public Notice
The Blue Ridge Domestic Water Improvement District (BRDWID) will conduct a public meeting on mmmm dd, yyyy at the Starlight Pines Community Center located at 2740 Arapaho Drive, Happy Jack, AZ 86024 to consider altering the district boundaries to remove the property located in the xxxxxxxx development at [address of property] owned by [name of property owner].
Any comments or objections must be filed with the Clerk for BRDWID before the hearing at:
Clerk for BRDWID
PO Box 19656
Happy Jack, AZ 86024-0656
PUB Jan.XX,XX,XX,22
FEB.XX,XX,XX,22 XXX

Mike suggested that the Board adopt these Boundary Alteration Procedures as part of the Rules and Regulations so that District has a Rules Package in a one-source document instead of a bunch of processes and procedures scattered about.

John Ritter asked if the 40 days were business days or calendar days?

Mike Bourne responded that the 40 days are business days—five days a week—minus Holidays.

Ronald Krug asked if these procedures would be the responsibility of the General Manager so that Board members wouldn't have to be responsible for doing them but just for overseeing them?

Mike said, absolutely, he had already talked with Harry Jones about doing this. Harry is not really familiar with how to do this but has been involved with petitions in the past and understands that this is part of his role.

John Ritter reported that the District had received one Petition Package from Timothy and Rhonda Williams by Certified Mail which he had determined to be complete and had just handed over to BRDWID Clerk Sue Davis during this February 19, 2022, meeting.

John reported that he had received a second but incomplete request from an out-of-state property owner and had written the second requester a letter explaining why his request was incomplete.

Motion: Approve the proposed Boundary Alterations Procedures as part of the BRDWID Rules and Regulations that are being revised accordingly and post the approved procedures on the BRDWID website. **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** Ronald Krug.

The Motion Passed unanimously. Ayes: 5 No's: 0
John Ritter thanked Mike Bourne.

Brian Willia asked who was going to handle modifications of existing pipelines. John Ritter responded. If the Forest Service trades off some land and now there's some property adjacent to one of our subdivisions and that new subdivision wants to come into the District, they would be obligated to petition the District to join. They would be obligated to do all the engineering work, all the plumbing work, and everything else to install the pipeline. They would then give the pipeline to the District. The District would bear no cost for an adjacent community coming into the District. The District would get more customers, and the District's contracted personnel would oversee the engineering, plumbing, and construction quality for any adjacent community wanting to join the District, and the Arizona Department of Water Quality would have a major impact on that because they would inspect and approve all of the new construction on a go forward basis.

6.C. Discuss / Approve adding FAQs about cost of adding / removing district members

John Ritter said Mike Bourne had gone over that very well just now and read aloud the answer to a Frequently Asked Question (FAQ) he had created about the costs of adding and removing District members.

To enter the District, the property owners adjacent to the District must submit a letter to the Board of the District requesting to be added. The Board will then determine if inclusion of the property will improve the District. If the Board allows inclusion, the property owner(s) will be billed for the recording fee of the revised District list and the related mailing costs. These fees will be split among all who submitted a letter. That's coming into the District. The flip side is people who want to leave the District have to submit a petition to the Board (which Mike just went over very well). A Hearing will be set. Public notices will be mailed out. The cost difference for leaving the District is the mailing cost and the newspaper ad. The recording cost and the cost to change the documents is pretty much the same.

Sue Davis asked for clarification about when a property owner has to petition and publish to come in or out of the District and when an owner just has to write a letter requesting to come in. After discussion John Ritter said he would revise the answer to this FAQ to make it clearer and have it ready for the next meeting.

6.D. Discuss the Water Infrastructure Finance Authority (WIFA) loan repayment. (The current WIFA loan re-payment is on hold pending draws above the forgivable principle.)

John Ritter reported that he talked with the loan officer at WIFA. Because the District has not yet exceeded the forgivable principal, the District has no payments due. That will change when the District purchases SWC's assets

Mike Bourne commented that WIFA had revised the amortization schedule not the term of the loan. The term of the loan is still 20 years. The District has not taken a draw. The payments are a little bit higher spread out over 19 years, expecting a July 1, 2022, start. But the loan may be revised again if the purchase gets delayed again much past June. Mike said he had revised the Budget to take all of this into account and it all works well.

6.E. Discuss / Announce two (2) board member openings that will occur later this year.

John Ritter reported that he had responded to letters from the Coconino County Elections Department that, Yes, the District would be having an election for the District's Board of Directors. The District has to show the Elections Department that the District will approve whatever fees Coconino County is going to charge the District for an election.

Sue Davis added that it is her understanding that the District needs to have candidates before we can have an election and, according to the Board of Supervisors Resolution, the interim directors are serving until there is an election to replace them. So if we have no willing people willing to come forward to serve on this board, will there be an election without candidates.

John added that if a Board member resigned, a willing volunteer could be appointed to complete that term.

Sue asked if this is what is happening in the Forest Lakes DWID?

Mike answered, yes, pretty much. They have not had elections because they cannot get people to run. It's pretty much an appointed activity and has been ongoing for a number of years. The Forest Lakes DWID was started by their HOA. All of their HOA members are in the Forest Lakes DWID. They have more water district members than does BRDWID but still can't get members to run for their Board. John said the same thing is happening with the Fire District Board. If there are more Fire District candidates than Fire Board openings, there is an election. Otherwise appointees fill vacant Fire Board seats. John suggested putting this issue on the website. Ron Krug suggested also putting the requirements to be a board member on the website. A board member must be a property owner in the District, a Member of the District, and a registered voter in Arizona.

Sue reported that right now the BRDWID Board of Directors has two interim members serving two-year terms on the Board: Sue Davis and Ronald Krug. The 2022 election would elect two BRDWID members to the Board for four-year terms in order to continue staggering two and four-year terms.

7. Announcements

A. Future Meeting Dates

1. March 19, 2022, 10:00 a.m., Regular In-Person Open Meeting followed by Meet & Greet with BRDWID General Manager and Field Operator
2. March 28, 2022, 4:00 p.m., Telephonic Petitioner Hearing

B. Future Board Agenda Items

1. Discuss status of purchase of Starlight Water Co assets and March 17, 2020, ACC Hearing
2. Update on the WIFA loan and BRDWID Budget
3. Rules and Regulations, including the Process to Alter District Boundaries
4. Update on 2022 District Board Election

8. Adjournment

Motion: To adjourn **Action:** Approve. **Moved by** Sue Davis. **Seconded by** John Ritter.

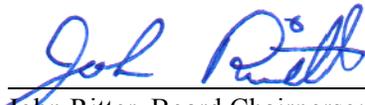
The Motion Passed Unanimously. Ayes: 5 No's: 0

Chairman John Ritter adjourned the Open Meeting at 9:46 a.m.



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

Prepared on: February 28, 2022



John Ritter, Board Chairperson
Blue Ridge Domestic Water Improvement District

Board Approved on: March 19, 2022