

Blue Ridge Domestic Water Improvement District (BRDWID)
Minutes of the Regular Board of Directors Open Public Meeting
June 18, 2022, at 1:00 p.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

Chairman John Ritter called the Blue Ridge Domestic Water Improvement District Board of Directors regular in person open public meeting to order at 1:10 p.m. and announced that call-in numbers had been published in the June 18, 2022, Meeting Notice.

Member Roll Call: John Ritter, Sue Davis, and Mike Bourne were present in person. Ronald Krug and Paul Schmidt were present on the phone.

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

Those present who signed the attendance sheet:

Dave Lutz, SP Lot 341

Ray & Caroline Weimer, SP Lot 148

Linda Knaeble, SP Lot 430

Jeannie & Keith Greiner, SPR Lot 70

Tom & Paula Osterday, SP Lot 153

Dan & Deb Pirtle, SP Lot 75

Al & Lori Davis, SP Lot 405

Mike Payne, SP Lot 304

Thomas Braddick, SP Lots 71 & 72

Those present on the phone:

Rhonda Williams

David Wang

2. Accept Agenda as Presented

Motion: Accept Agenda. **Action:** Accept. **Moved by:** John Ritter. **Seconded by:** Mike Bourne. **The Motion Passed unanimously.** Ayes: 5 No's: 0

3. Call to the Public for Items not on the Agenda to be scheduled for another Meeting.

No Member(s) of the public addressed the Board regarding items not on the Agenda.

4. Consent Agenda Items

A. Approve Draft May 21, 2022 Regular Meeting Minutes.

Sue Davis reported that the Minutes had been posted on the website for review and a copy was available at this meeting.

Ron Krug reported a correction was needed on page 4 in the second paragraph of 5.F. An incomplete sentence needed to be completed. Sue read aloud the completed sentence: "Sue Davis responded that she had the Resolution prepared if the Board is ready to approve it." Ron Krug said the completed sentence was acceptable.

Motion: Approve May 21, 2022 Regular Meeting Minutes as corrected. **Moved by** Sue Davis. **Seconded by** John Ritter. **The Motion Passed Unanimously.** Ayes: 5 No's: 0

B. Approve Draft June 2, 2022 Telephonic Public Hearing Minutes

Motion: Approve Minutes of the June 2, 2022 Hearing as presented. **Moved by** Sue Davis.

Seconded by Mike Bourne. Paul Schmidt abstained as he was not present at the meeting. **The Motion Passed Unanimously.** Ayes: 4 Abstentions: 1 No's: 0

John Ritter added that the approved as corrected May 21, 2022 Minutes and the approved June 2, 2022 Public Hearing Minutes would be posted on the website.

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

Motion: Discuss, consider, and act on Items 5.A. through E. separately. **Moved by** Mike Bourne. **Seconded by** John Ritter. **The Motion Passed Unanimously.** Ayes: 5 No's: 0

5.A. Discuss status of the purchase of the Starlight Water Co. assets

John Ritter reported that the last step in the purchase of the Starlight Water Company Assets by the District is approval of the sale by the Arizona Corporation Commission. The Arizona Corporation Commission is responsible to ensure two things:

1. Whether the District is a fit and proper entity to take control of Starlight's assets and
 2. Whether the transfer will have an adverse effect on service quality or operation of the utility.
- As of June 10, 2022 the AZCC judge has not set a hearing date.

These continuing delays would have a fiscal impact on the District by adding legal costs to the District, which were not budgeted for and may result in a rate increase to all the customers of the water district.

Discussion continued with the Board and members in attendance about when the hearing would be held. Starlight Water Co. had filed a suggestion that the dates for the hearing be out in July or August and also clarified when the amended staff report would be due. During the last ACC call-in meeting the ACC Administrative Law Judge had said the hearing would be in 45 days but no one knew 45 days from when. It is the role of Starlight Water to press the ACC that the sale go through. Starlight Water really wants to sell to a local community-based water district.

5.B. Discuss BRDWID Board of Directors Elections

John Ritter reported that the Coconino County Elections Department has interpreted the election rules for special districts a certain way. The board would like to discuss other alternatives to ensure all district members can be represented and vote in the elections. However, in the 2022 general election the Board decided to have Coconino County run BRDWID elections for Board members because holding our own elections would probably cost more than paying Coconino County to hold the elections for us.

Vice Chairman Ron Krug presented a Memorandum on Elections to the Board, noting that his information should not be discussed between or among Board Members at this time so as to fit within the parameters of the Open Meeting Law. At the next BRDWID Board of Directors meeting or at a study session prior to that meeting, Ron would like to have further discussion regarding who is eligible to vote in our water district elections. He had carefully examined and compared all the writings provided to the Board on this issue and thought there were serious mistakes in the reasoning going into this.

Additionally he thought it is a serious error to postpone action for a year because history on such issues is that if an error is made initially, when it is confronted later, the argument is that "That's the way we've done it in the past and we should be consistent." So let's get it right from the beginning.

Additionally Ron thought it ill advised to keep emphasizing how few qualified electors we have relative to the overall membership. The numbers being tossed out at meetings are incorrect and give a very jaundiced impression. We may have a very large number of qualified electors in the District, not an ever-dwindling number.

Ron thinks that (1) all members of the BRDWID (2) who are registered to vote in Arizona (3) should be permitted to vote in BRDWID Board of Directors elections. Ron bases his arguments on publicly available documents:

1. Arizona Revised Statutes 2022: Article 4, Section 48-1012, paragraph G. states:
For the purposes of either a domestic water improvement district or a domestic wastewater improvement district that is organized pursuant to this article and that serves at the time of organization a population of ten thousand persons or less in addition to any other qualified elector of the district, any natural person who is a qualified elector of this STATE and who

is a real property owner within the district is eligible to vote in a district election without regard to that person's residency and shall be deemed a qualified elector of the district for purposes of service on the board of directors. (Emphasis is Ron's).

This is the authorizing document which created the District, and it does not say "qualified elector of the **COUNTY**" but rather of the state.

2. At the May 21 meeting Mike Bourne provided a communication from Patty Hansen, the Coconino County Recorder who oversees the Elections Department. The second sentence of her message reads as follows (Emphasis is Ron's).

"Eligibility to vote in a Domestic Water District election is based on **PROPERTY OWNERSHIP** in the district OR voter registration for eligible people residing in the district..." This is an either/or statement, not a both/and statement and reads as if one doesn't even have to be registered to vote but just registered as owning property within the district.

Ms. Hansen continues: "The number of registered voters, 242, is the number of registered voters residing within the boundaries of the DWID. This number **DOES NOT** (Emphasis is Ron's) provide you the entire number of eligible voters for the DWID election because it does not include property owners that do not reside in the district or property owners that may not be registered to vote..." This clearly indicates that to be eligible to vote in our elections, you do not have to be registered to vote and/or reside in Coconino County.

3. The document titled **Procedure to Determine Property Owners who are Qualified Electors in a Domestic Water Improvement (DWID) and Domestic Waste Water Improvement Districts (DWWID)** has more support for the position that one does not have to be registered to vote in Coconino County to be an eligible voter.

Step 3 states: "Review the list for in-county, out-of-county or out-of-district property owners and verify if they are registered voters in the county **OR** state. **Remove those not registered from the list...**"

This clearly supports the issue that one does not need to be registered to vote in Coconino County in order to be a registered voter in an election.

Step 4 is confusing. It refers to a "Registered –in District" tab for property owners registered in the county who live in the district. It states that an affidavit is not necessary for these owners. That implies that there is another list of "Registered-out-of-district" property owners who need an affidavit. Nowhere is this affidavit defined. I suspect that it is a "proof of voter registration" document; however, we need to be clear about what this means.

Ron is bothered that his document appears to disqualify Trusts.

Ron believes it is clear that the Legislature in writing the legislation to create DWIDs intended that the members of the District who own property in the district and are registered to vote in Arizona are eligible voters in a Board election and that the County agrees with that position.

Discussion continued about BRDWID elections. Two BRDWID expressed interest in running for the Board in the 2022 Election.

5.C. Discuss/Approve board work session meetings

Treasurer Mike Bourne reported that Coconino County Treasurer Sarah Benatar had sent a letter to remind Special Districts that an adopted 2023 budget report was due by July 10, 2022. Given this timeline, Mike led a discussion about holding an Open Budget Work Session to work on the budget plan and a Special Meeting necessary to consider and approve the FY 2023 Budget plan. Mike reported he had new numbers from our proposed Operator and General Manager and the WIFA loan to plug into a 2023 Budget.

Background. Last year BRDWID prepared a 2022 budget plan and rate sheet to support the budget plan that the BRDWID Board adopted and approved. The format used for last year was a simple Excel sheet with the associated revenue and expense categories identified on the sheet. However, BRDWID has not yet taken over the assets of Starlight Water Company (SWC), so there has not been any revenue generated and minimal expenses incurred in FY 2022 other than Legal representation in the Arizona Corporation Commission (AZCC) approval of the sale of SWC assets to BRDWID. The final step for BRDWID taking over the SWC water system is AZCC approval that seems to be taking an extraordinary amount of time to complete. Mike will send out materials before the meeting.

The Board agreed by consensus to hold an Open 2023 Budget Workshop Session on June 25, 2022 at 1:00 p.m. followed by an Open Special Meeting on June 25, 2022 to approve the 2023 Budget developed at the Budget Work Session. The BRDWID will notify members of the two meetings by sending out E-blast Notices and postings on community bulletin boards.

5.D. Discuss call-in number mistake for June 2, 2022, Hearing

John Ritter apologized for the call-in phone number mix-up at the June 2 Hearing, explaining that he had given the first call-in phone number for the Hearing to Mike Bourne who was working with the Opt-Out Petitioners. He accidentally assigned a second call-in phone number to the E-blast Hearing Agenda. Because the first number had been advertised in the newspaper and in the Notices mailed to adjacent property owners and given to the Petitioners, the Board decided to hold the telephone Hearing using the phone number given to Mike Bourne that directly affected most property owners.

Ron Krug requested that meetings be started 10 minutes ahead of the scheduled time.

5.E Discuss Open Meeting Complaint

John Ritter reported that Riley Snow had received a June 8, 2022 letter from the Attorney General's Office an August 21, 2021 Arizona Open Meeting Law complaint. The Attorney General had investigated the allegations, was unable to substantiate a violation of the Open Meeting Law, and considered the matter closed.

5.F. Discuss/Consider/Set a Public Hearing date and time for two Opt Out Petitions

Mike Bourne reported that two Opt Out Petitioners are ready for a Hearing to Opt Out of the District. He answered questions about the Opt Out process.

The Board set a Telephone Opt Out Hearing date for Monday, July 11, 2022 at 2:00 p.m.

6. Announcements

A. Future Meeting Date(s)

August 20, 2022 at 1:00 p.m.

B. Future Regular Board Meeting Agenda Items

1. Discuss status of the purchase of the Starlight Water Co. assets
2. Starlight Water Co. Mainline Extension Agreements

7. Adjournment

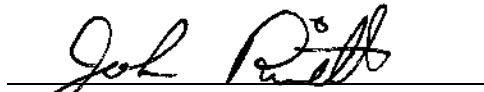
Motion: To adjourn. **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** John Ritter.
The Motion Passed Unanimously. Ayes: 5 No's: 0

Chairman John Ritter adjourned the Open Meeting at 2:37 p.m.



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

Prepared on: July 10, 2022



John Ritter, Board Chairperson
Blue Ridge Domestic Water Improvement District

Board Approved on: _____

DRAFT