

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 and the call-in numbers had been announced on the November 18, 2021, Meeting Notice.

Roll Call: John Ritter, Ronald Krug, Sue Davis, 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 were: Jeri & Laird Mason, Katherine Rogers, Katherine Langford, Dave Wang, Don Wetter, Janet Griego, Rhonda Williams, Randy Wood, Matt Porter, Robert Campos, and Brian Willia.

2. Accept Agenda as Presented

Motion: Approve Agenda as presented. **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.

None

4. Consent Agenda Items.

A. Approve Draft October 16, 2021, regular public meeting minutes and Draft October 19, 2021, special public meeting minutes

Secretary Sue Davis reported that she had sent out the Minutes in advance of this meeting but not as quickly as she would have liked and apologized for putting members at a disadvantage.

Motion: Approve Consent Agenda Items as listed. **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** Sue Davis. **The Motion Passed unanimously.**

Motion: Approve Draft October 16, 2021, Open Public Meeting Minutes as presented. **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** Sue Davis. **The Motion Passed unanimously.**

Motion: Approve Draft October 19, 2021, Special Open Meeting Minutes as presented.

Discussion: Paul Schmidt had questions about the minutes and wanted more time before approving them. The Board identified the following items that should be included in the October 19 minutes.

Items 5.1-5 Executive Session should include that the Board moved into executive session, “to discuss or consult with the BRDWID’s attorney.”

Item 6.3 Employees or Outsourcing should not have been an executive session item and add that the Board would put out a decision matrix of options.

Item 6.4 Attorney General’s Letter should include that “John Ritter reported that BRDWID Attorney Riley Snow had reported that the Arizona Attorney General had received an anonymous complaint that BRDWID had not supplied supportive documents to explain Agenda Items.”

Mike Bourne and Paul Schmidt believed that Item 6.4. should state clearly that “Mr. Snow believed that the Open Meeting Law requirements applied to the BRDWID when the Coconino County Board of Supervisors created the District.”

The proposed Agenda Motion to approve the October 19 Special Meeting Minutes died from lack of a second.

New Motion: Postpone approval of Draft October 19, 2021, Open Public Meeting Minutes until the items in 6.4 identified in discussion are included and agreed upon. **Action:** Approve. **Moved by** Ronald Krug. **Seconded by** John Ritter. **The Motion Passed unanimously.**

Mike Bourne asked that the New Motion be amended to include in **Item 6.2** that the SWUM contract would be sent to the BRDWID attorney for review before execution.

Ronald Krug and John Ritter agreed to amend the New Motion by adding Mike Bourne's suggestion to the list of corrections to the October 19 Minutes.

Amendment to the New Motion Sue Davis moved and John Ritter seconded the Motion that the SWUM contract would be sent to the BRDWID attorney for review before execution.

The Amendment to the New Motion Passed unanimously.

5. Executive Session Items

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

6. Regular Agenda Items

Motion: Approve discussing the regular Agenda Items all at one time rather than separately. **Action:** Approve. **Moved by** John Ritter. **Seconded by** Ronald Krug. **The Motion Passed unanimously.**

6.A. Discuss status of offer to purchase Starlight Water Co.

John Ritter reported that the contracts to purchase Starlight Water Assets had been signed. Starlight Water had submitted an application to the Arizona Corporation Commission (ACC) to allow the sale of Starlight Water to the Blue Ridge Water District. The sale did not appear to be on the ACC agenda for 2021 but that could change. John asked any members of the community and the District to notify the ACC with any concerns with the sale, good or bad, because the District wanted the purchase to be as representative of the community as possible.

Brian Willia asked what the amount of the sale was. John Ritter responded \$2.7 million.

The District had discussed putting the contract on the website, but some of the detail work was still being completed. As soon as the contract was finalized, the District would put it on the website.

Robert Campos asked why the contract could not be posted on the website since he believed it was a public record and already published with the ACC on their website.

John Ritter responded that that was true. He had a call in to the BRDWID lawyer about that but had not received a call back prior to this meeting. John Ritter believed we should be able to publish it but we wanted our legal counsel to give us guidance on doing that.

The Forest Service special use permit for piping under the highway between Pine Canyon and the Ranchettes was still pending and could be a three-month process. The Forest Service had not indicated that the special use permit would be an issue. John was waiting for the right person at the Arizona Department of Transportation (ADOT) to call him back. He believed that ADOT was OK with it and didn't think ADOT would be a problem.

6.B. Discuss Elector Issues

John Ritter reported that the District still had questions about how many votes there were per lot or how many votes were within the District itself. John was awaiting a call back from Donna Casner, Coconino County's new Chief Deputy Recorder. The previous deputy had said that the election department worked with the Assessor's office to determine who owned land in the District and whether those landowners were electors in the State of Arizona. Next year the District would have an election for two Board Members, Ronald Krug and Sue Davis, whose terms would expire.

Ronald Krug asked Mike Bourne to clarify what he had learned from previous discussions with the Coconino County Elections Department about votes per property. Mike responded that he had learned from the elector group in Coconino County just what John Ritter had stated. A property owner had to be a qualified voter in the State of Arizona and a District member. Each property in the District gets one vote. Coconino County would send out affidavits to property owners to clarify who the voter would be per property. Most of the districts in the County hadn't had enough people run for a water district board, so board members were being appointed rather than elected. The County had not gone through a water district election process to see how it worked and would have to work it out. It was a Coconino County issue.

Sue Davis added that determining who has voting power when more than one person owns a property is much like voting in an HOA election. Multiple owners of a property sign an affidavit authorizing which owner will be the designated voter for that property, otherwise all owners must sign the ballot.

Robert Campos asked if he was understanding correctly that Coconino County had never had a water district election and so therefore, since the creation of every water district in Coconino County, there had never been enough people interested to run so everyone got reappointed by the Board of Supervisors or the specific water board?

Mike Bourne responded that he believed there were five water improvement districts in Coconino County. Forest Lakes did its own election process and had not had a lot of folks run for their board so new board members had been appointed to complete the term of a retiring board member. Ultimately the County Board of Supervisors accepts the water district board of directors and posts the member names on the County website.

Sue Davis added that the Board of Supervisors makes the initial interim appointments to the water district board of directors for a term lasting until elections are held. Board members who resign are replaced by the District's board appointment process. Board members who term out are replaced by the County's election process.

John Ritter stated that at the end of the day the Board of Supervisors has jurisdiction over the BRDWID.

Robert Campos asked if BRDWID had confirmed this because it was his understanding that the Board of Supervisors had very little power to regulate a water district once it was in place.

Mike Bourne responded that that was correct. The water district board regulates what goes on within the district and the Board of Supervisors has oversight so if there is any wrongdoing, any issues or concerns, the Board of Supervisors steps in. In the case of the Kachina Village DWID in Flagstaff, the Board of Supervisors stepped in, took over, found out what had gone wrong, and appointed a new board. The Board of Supervisors has ultimate responsibility but not over day-to-day operations. Day-to-day operations are up to the local district board.

Robert Campos thanked Mike for answering his question that in the history of Coconino County as he now understood it there had never been an election of a water board member.

Mike Bourne responded that based on the best information he could find, that was correct. Forest Lakes did their own elections and ultimately appointed members because they had not had enough folks willing to run for their water district board.

6.C. Discuss management contract status, can we post the signed contract on the website

Mike Bourne reported that the Southwestern Utility Management (SWUM) Service Agreement, approved at the October 19, 2021, Special Meeting, was a supportive document to the November 20 meeting Agenda. The BRDWID sent the SWUM contract to BRDWID attorney Riley Snow for review. Mr. Snow had come back with some minor contract changes that provided more indemnification balance in favor of the BRDWID. SWUM accepted the changes. Both parties had signed the agreement. It had been executed and was ready to be posted on the website.

6.D. Discuss response to employment ads

Mike Bourne referenced Agenda support document Employee versus Outsourced Water Systems Operations. The BRDWID had written job descriptions for a General Operations Manager and a Field Operations Technician, used the job descriptions as scopes of work, reached out to the water system network, and posted the job vacancy opportunities in the Payson and Flagstaff newspapers. Response to the job openings was disappointingly low. Four applicants applied for the Field Operations Technician position, but most weren't qualified and didn't meet the grade requirements for a water system operator. One wanted a home provided in the area and a higher salary than the District was offering. Five candidates applied for the General Operations Manager position. Four were not interested in being an employee. One really good candidate was still interested. John Ritter had sent the job descriptions out to several local individuals with water system backgrounds but had not received any responses. Mike said the District needed to have the right level of certified operator on board to stay in good standing with the Arizona Department of Environmental Quality (ADEQ).

6.E. Discuss benefits of contract services or direct employment of operators

Mike Bourne referenced the Agenda support document he had sent out for the meeting. In August and September the BRDWID reached out through the Rural Water Association of Arizona (RRWAZ) network. In September the Job openings were placed in local newspapers in print and online. Four Water System Operator companies and five General Operation Management companies inquired about our outsourced opportunities but wanted to be consultants rather than be employees. All candidate companies were invited to a site drive-around and a water system overview. Two water system operators dropped out due to the BRDWID location and after seeing the area and understanding the scope of work. All candidate companies couldn't see BRDWID as a full-time job.

The District sent out its scope of work to a number of companies to see if they could operate our water system in an outsourced fashion. We received four inquiries back from water system operators and three inquiries back from general operations management companies. Their costs varied widely based on their locations. Using the 2022 Budget plan, the total cost for having employees is estimated to be \$201,383, whereas the total cost of outsourcing a Field Operations Technician company at \$88,800 plus outsourcing a General Operations Management company at \$33,300 was \$122,100.

Mike explained the matrix of tasks developed from job descriptions of the general operations manager and field operations technician and used it to qualify and compare company proposals. Actual company names were not used because we are still negotiating. The General Operations function replaces what the current owners actually do, and they spend only eight to 12 hours a week working on water system stuff. It doesn't make sense to have someone full-time doing those

functions. GOPS 2 could not serve as backup to the Field Operations Technician by performing duties of a system operator maintaining compliance with ADEQ and US EPA. Because of the size of our system, we must have a certified operator available to us. One thought was to outsource general operations plus hire an employee. Having employees would involve additional expense of an office, computers, phones, etc.

Bottom line, Mike recommended an outsource contract with WSO 1 to operate the water system and an outsource contract with GOPS 2 to provide oversight for at least the first year for \$122,100 as compared with having full-time employees for \$201,383.

Mike also recommended that BRDWID continue the recruiting effort because there was intrinsic benefit in having employees versus outsourcing. Time is of the essence. We would need to have something in place once the transfer of Assets happens.

Robert Campos asked Mike why revealing the company names would “corrupt” the bidding process?

Mike responded that the Pine Strawberry DWID had recommended, based on their experience, not releasing bidder names until decisions were made.

Robert Campos questioned that since the BRDWID operated under the Public Meeting Law, shouldn't the public know the names of the companies that the BRDWID was negotiating with?

Mike Bourne responded that we are only in the conceptual stage of making a decision of hiring employees versus outsource contracting. At the moment BRDWID was going down the path of hiring employees. Hiring employees is a pain in the neck, but there is value in having employees in the community, especially in a water system and in our location.

Robert Campos responded that all of that made sense and asked if BRDWID was going to announce the companies they were considering without an opportunity for the public to voice an opinion?

John Ritter added that the BRDWID should release the company names after BRDWID had the final company proposals. BRDWID could hold a public hearing about the proposals for members to voice their support and their concerns.

Mike Bourne stated that the proposal he was recommending should take effect once the Board agreed with the concept of outsourcing versus hiring employees or both, so as to be ready when the Starlight Water assets were transferred. Next stage would be putting together the cost matrix with the proposals from the companies and deciding which ones to go with if we do the outsource contracting. Then we would get contracts reviewed by attorneys and signed. If outsourcing comes to fruition, it would become effective when Starlight Water Assets are transferred to BRDWID.

In response to Sue Davis's request to clarify the place of Southwest Utility Management (SWUM) in the scheme of things, Mike responded that SWUM manages the actual utility. They read the meters, generated the monthly statements, collected the monies, managed the bank accounts, and did the accounting for the District. SWUM had certified operators that could be contracted with to serve as a backup water system operator. What we have been talking about today was managing the actual water system and making sure that we were meeting the regulatory requirements and meeting our customer needs. Employees or outsource services need to be intertwined with our utility management company.

Motion: Approve moving forward with outsourcing the operation of the water system with oversight by a general operations consultant once BRDWID receives the Starlight Water Company Assets.

Action: Approve. **Moved by** John Ritter. **Seconded by** Ronald Krug.

Discussion: None

The Motion Passed unanimously.

Mike Bourne would put together a new matrix with the proposals he had received and ready for a special meeting to vote on and possibly hear community input. The District needed these one-year contracts to be reviewed by legal and signed before Starlight Water Assets are transferred. Mike Bourne reported that, based on feedback from the community, Lee Thompson was doing a really good job but was ready to retire. The system is legal and the water flows fairly consistently.

6.F. Discuss process to limit water sales to non-residential consumers

John Ritter reported that Starlight Water currently provided or gave water to most of the Blue Ridge Scout groups, churches groups, some ranches, construction crews, and some other people. John had run the numbers at the Fire Department's fire hydrant meter. People who came there to fill up their tanks and leave have to write down their name and how many gallons of water they took in a log. John looked at the log. In 2018 – 16,000 gallons was taken, in 2019 – 8,000 gallons, in 2020 – 7,000 gallons, and in 2021 to date – 17,000 gallons. This was not a whole lot of water but John believed that the District needed to come up with a policy to continue or discontinue giving away water that would soon belong to the customers of a public utility. The District could consider charging for the water. As a private water company Starlight Water had the right to give away water, but should a public company like BRDWID give away water when the water belonged to the customers and costs were involved?

Mike Bourne responded that he respectively disagreed because Starlight Water was providing a community service that helped these groups, including ranchers who were very important to our area.

Sue Davis added that it was important to understand how an organization was “connected to the community” and that it was important for the District to build good will.

Ronald Krug reported that one rancher drew water from a hydrant with a meter and put the water into a stock tank in the forest. Ron didn't believe that water was recorded in the Fire Department log and was that rancher paying for the water? Lee Thompson had said that Starlight Water was selling water to a rancher that Lee reads the meter for. John didn't know how the rancher was paying for the water.

John will draft a policy and a process for the District to consider regarding donating or selling water to community groups and individuals who are not District members. The policy should contain a criteria for when to give water away and when to charge for water. John would ask Starlight Water for a list of non-residential customers who received water and where they were drawing their water. John Ritter shared that during water shortages ADEQ encouraged private water companies to share their water with draught-stricken communities. John had assumed Starlight Water charged for the water, since during the Tinder Fire, Starlight Water sold water to the Forest Service to fight the fire.

Catherine Rogers recommended putting a dollar amount on the water coming out of the hydrant at the Fire Department to see how that affected the BRDWID budget. John believed that at the commercial rate of \$10.00 per 1,000 gallons the cost of water drawn at the Fire Department hydrant would total \$170.00, not a lot of money, but the water was a commodity that belonged to members of the District.

6.G. Discuss Website subscription process and adding meeting attachments on the website to allow attendees to be informed before the meeting

Sue Davis reported that Amy Snodgrass was the District's webmaster and had again offered to help anyone who was having difficulty subscribing on the District website to receive notifications. Adding

links to support documents to be downloaded for assistance during a board meeting was very possible and unlimited. As you can see with today's meeting a number of docs attached to the Notice and Agenda could be downloaded from our website. We need to know if people were still having difficulty subscribing and downloading from the website.

Catherine Langford on the phone reported that she had tried seven times to become a subscriber on the BRDWID website, had sent two emails, and spoken about her problem at several board meetings. She said she still could not subscribe. Sue Davis asked Catherine to email Sue at her address on the BRDWID website. Mike Bourne also offered to help Catherine subscribe on the website.

John Ritter and Sue Davis had received today's meeting Notice and were able to download the Agenda, the October 16, 2021, Minutes, and all of the attached documents supporting the Agenda. Mike Bourne could not see the Meeting Notice page on the website with the attachments. The Board agreed that a meeting Notice page on the website should be accessible, recognizable, and easier to see and download documents from when a person was on the website. Ronald Krug added that the links must work. Paul Schmidt wanted to make sure there was a place for saved documents on the website.

6.H Discuss acquiring a district telecommunication system

John Ritter reported that as of today the BRDWID had been using the Starlight Pines TDS telecommunication system and Community Center at no cost. Moving forward, the District needed to be more autonomous and procure its own telecommunication system. The District currently had no office but has talked about opening an Office at one of the well sites. Where should BRDWID meetings originate? The District has a Zoom Meeting account for 100 participants. Zoom Meetings work well if hosted by a professional moderator, but Zoom audio doesn't work well from the Community Center and the Center would need expensive microphone upgrades. Should the District consider forming a 501(c)(3) "Friends of the Blue Ridge DWID" supporting organization, eligible to receive tax-deductible donations similar to Friends of the Blue Ridge Fire Department. The District needed to research the cost of Zoom telecommunication hardware, the cost of internet connectivity and telephone service at a BRDWID Office, and creating a nonprofit fundraising "Friends of BRDWID". John Ritter would ask attorney Riley Snow if the law required BRDWID meetings to be in person or can they be by telephone call-in or Zoom.

7. Announcements

A. Future Meeting Dates

- 1. Motion:** To set a Special Call-In Only Action Meeting on December 1, 2021, at 9:00 a.m. to review, consider, discuss, and approve 2021 outsourcing of General Operations Management and Field Technician Operations contracts **Action:** Approve. **Moved by** John Ritter. **Seconded by** Ronald Krug. **The Motion Passed Unanimously.**
- 2. Motion:** To set the next Regular Call-In Only Meeting for Saturday, December 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. Approve updated October 19, 2021, Special Open Meeting Minutes in Consent Agenda**
- 2. Discuss status of BRDWID's 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**

6. Adjournment

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

Chairman John Ritter adjourned the Open Meeting at 10:55 a.m.

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

Prepared on: December 7, 2021

John Ritter, Board Chairperson
Blue Ridge Domestic Water Improvement District

Board Approved on: _____

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