

Special Meeting Topic:

Board Size & Water Association Governance

1. How We Got Here

Our water system exists today because the LLC designed it, built it, funded it, and continues to support it. They invested a significant amount of money to create a system that serves not only The Ridge at Cougar Bay, but several surrounding subdivisions as well. The system was designed to grow as the need for water increased in this part of Kootenai County.

The current Board believes that because the Association does not own the water system—nor did our members pay for its construction, engineering, or initial development—it is not within our authority to dictate whether the owner of that system may add future users. The LLC invested the capital, assumed the risk, and continues to maintain ownership; therefore, decisions about system expansion rest with the owner, not the Association.

Maintaining a strong, respectful working relationship with the LLC is not optional. It is essential to the long-term stability and reliability of our water system. Historically, the Water Association has collaborated closely with the owner whenever new connections were considered. This cooperative approach has ensured smooth operations, avoided conflict, and preserved a positive, productive relationship.

This long-standing policy has served the community well. It has kept the system stable, kept costs predictable, and ensured that both the Association and the LLC work together in good faith for the benefit of all members.

2. How the Board Was Formed

When the water association was created, ACI served as both the operating company and the board — long before any homes were built. As the community grew and the original single-member Board stepped down, three new board members were added, all of whom came out of the Ridge at Cougar Bay development. Operations were later transitioned to Bob Chandler due to personnel changes at ACI.

Today, we have:

- A **3-member board**, which is standard for small water associations with less than 500 connections
- **Bob Chandler** managing day-to-day operations of the water system in coordination with the Board
- **Sentry Management** handling accounting and bookkeeping and some administration as needed

This structure is not unusual. In fact, a water association in Hayden with **4,400 hookups** also has **three board members**. We have about **121 hookups**.

3. Why Board Size Matters

There is a proposal circulating to expand the board to seven members. The Board wishes to be very clear: this is not a small change. It is not a symbolic change. It is a structural change that affects cost, efficiency, and risk.

Breaking it down:

Three-Member Board

- Fast decision-making
- Easy coordination
- Standard for small utilities
- Proven to work well for us

Five-Member Board

- A reasonable compromise
- More voices, still manageable
- Still functional for a small system

Seven-Member Board

- Slow, bureaucratic decision-making
- Harder to coordinate during emergencies
- High risk of vacancies, burnout, and politicization
- Not appropriate for a 121-hookup system

Expecting seven people to stay active, trained, and responsive for a water utility is unrealistic.

4. The Capacity Study & New Development

There has also been confusion about the capacity study. The truth is:

- It was a **collaboration** between the LLC, the Water Association Board, the water operator, the new development company (Pristine Ridge/Summit Ridge) and their engineer and Welch Comer, the engineering firm representing the Water Association.
- The developer paid **half** the cost — a win for the association.
- Before Pristine Ridge can connect, they must meet all requirements listed in the Water Facility Plan analysis and pass an inspection by Welch Comer to ensure compliance with the Plan.

- Purchase and installation of a natural gas-powered backup generator at the well-house – approximate cost (\$85K - \$95K).
- A booster station at the development site with an engineered-sized pump
- A 225,000 gallon storage tank
- Pressure reducing vaults in the streets of the development
- All piping

The association pays **none** of that.

This is responsible, financially sound management.

5. Financial Health

Our reserve study — conducted by engineers, not appraisers — concluded that the Cougar Bay Water Association is in **excellent financial condition**. Sentry Management has stated that among the water associations they manage, ours is the **most financially sound**.

We have:

- High-quality water
- No fluoride
- No chlorine
- Strong pressure
- Reliable service

This is not a system in crisis. It is a system that is working.

6. Community Concerns

Some members have circulated a petition to expand the board to seven directors. They have told select members they want to “help the board,” but they have not approached the board to ask what help might even be needed. The board has offered a compromise of five members, but the group continues to push for seven.

Seven is not a business-sound decision. It is not aligned with industry standards. And it introduces unnecessary risk into a system that is currently stable, well-managed, and financially healthy.

7. Moving Forward

There is an election this fall. If anyone has concerns about the current board members, the democratic process is available. Vote for change if you believe change is needed.

But expanding the board to seven members is not the solution. It is not efficient, not necessary, and not in the best interest of our water system.

We need board members who:

- Understand the system
- Can respond within 24 hours
- Have mechanical aptitude
- Are committed to the responsibility

This is not similar to a volunteer HOA role. This is a utility board. And it requires the right structure to function well.

Closing

We have a water system that works. We have strong financials. We have reliable operations. And we have a board size that matches the scale of our association.

Let's protect what is working. Let's make decisions based on facts, not frustration. And let's continue to work together as neighbors to keep our water system strong for decades to come.

In the interim, if you have any concerns or questions about the management of the Association, please take the time to put those in writing and submit those to the Board. We are always willing to respond to membership but only if we are made aware of such things directly.