

**SKYLINE IMPROVEMENT AND SERVICE DISTRICT
MINUTES OF THE BOARD MEETING
June 16, 2022**

A public meeting of the Directors of the Skyline Improvement and Service District was held on June 16, 2022 via Zoom.

Kurt Harland, Latham Jenkins and Jim Lewis constituting a quorum were present. Attending were Worthy and Maria Johnson, Warren Machol, Bob Norton, John Willot and Wendy Meyring.

1. Call to order

Kurt Harland called the meeting to order at 4:05 p.m.

2. Review and approve Board minutes 5/24/2022:

Action: Kurt Harland made a motion to approved the minutes as written. Latham Jenkins seconded the motion. The motion passed 3-0.

Public Comment:

Warren Machol, John Willot, and Worthy Johnson made public comment. The minutes will be revised accordingly.

3. Changes to the agenda:

Action: No changes noted.

4. Adoption of Agenda

Action: Kurt Harland made a motion to approve the board agenda. Jim Lewis seconded the motion. The motion passed 3-0.

No Public Comment.

5. Public Comment on items not appearing on the agenda:

Warren Machol made public comment.

6. Correspondence received:

Worthy Johnson – June 15, 2022
Warren Machol – June 16, 2022
Worthy Johnson – June 16, 2022
Warren Machol – June 16, 2022
Corbin McNeill – June 16, 2022

7. Review 11-months May YTD actuals vs. full year FY 2021-22 budget: Jim Lewis gave a brief report regarding the 11 months of the fiscal year being complete. Total payments received from Teton County and other miscellaneous collected as of 5/31/2022 are totaling 97.9% of budget for the fiscal year. Expenses paid as of 5/31/2022 are 84% of budget. Following the approval of the invoices being submitted today for approval, the total expenses for the fiscal year will be 89% of budget.

8. Review Treasury Report as of 5/31/2022 and approve invoices for payment as of 6/17/2022:

Jim Lewis read the below list of invoices as of 6/17/22:

Mountain Property Management	\$450.00
Mountain Property Management	\$1,800.00
Lower Valley Energy	\$211.35

Lower Valley Energy	\$29.20
Lower Valley Energy	\$74.21
Mountain Property Management	\$450.00
Mountain Property Management	\$1,800.00
Clearwater Operations & Services	\$770.00
Clearwater Operations & Services	\$400.00
Teton Environmental Health LLC	\$20.00
Nelson Engineering	\$152.25
Energy Laboratories	\$1,654.00
Total	\$7,811.01

Action: Jim Lewis made a motion to approve the payment of the invoices totaling \$7,811.01. Latham Jenkins seconded the motion. The motion passed 3-0.

Public Comment:

John Willot, Worthy Johnson, and Warrant Machol made public comment.

Jim Lewis reviewed the Treasury Report as of 5/31/2022 \$592,944.54 after netting out \$22,500.00 in refundable deposit, total cash is \$570,444.54, compared to the previous month total of \$551,103.69.

9. **Approve board resolution #2022-1 to authorize Interfund Loan:**

Action: Jim Lewis read the resolution. Jim Lewis made a motion to approve Board Resolution #2022-1 to authorize Interfund Loan. Latham Jenkins seconded the motion. The motion passed 3-0.

**RESOLUTION #2022-1 OF THE BOARD OF DIRECTORS
OF THE
SKYLINE IMPROVEMENT AND SERVICE DISTRICT
TO AUTHORIZE INTERFUND LOAN**

The undersigned members of the Board of Directors (the “Board”) of the Skyline Ranch Improvement and Service District (the “District”) hereby adopt the following resolution to authorize an interfund loan in the amount of Fifty-Eight Thousand, Seven Hundred Fifty Dollars (\$58,750.00).

WHEREAS, by Resolution 2021-05 dated December 16, 2021, the District approved a groundwater exploration grant from the Wyoming Water Development Commission (the “WWDC”) (the “Grant”);

WHEREAS, the Grant set forth the terms and conditions by which the District shall enter into a contract with a drilling company to conduct water exploration drilling to locate a new well to increase supply capability, provide added water system redundancy, and come into compliance with current Wyoming Department of Environmental Quality regulations (the “Contract”);

WHEREAS, the Grant requires the WWDC to pay for seventy-five percent (75%) of authorized Contract work up to a maximum of One Hundred Seventy-Six Thousand, Two Hundred Fifty Dollars (\$176,250.00), and the District to pay for twenty-five percent (25%) of such costs;

WHEREAS, the cost of the Contract work is expected to total Two Hundred Thirty-Five Thousand Dollars (\$235,000.00);

WHEREAS, the Grant states that, should the cost of the Contract work exceed the authorized Grant amount of Two Hundred Thirty-Five Thousand Dollars (\$235,000.00), the District shall solely bare such additional costs;

WHEREAS, Wyo. Stat. § 16-12-414 authorizes a governing body of a special district to authorize, by resolution, an interfund loan from one fund to another at interest rates and terms for repayment as it may prescribe; and

WHEREAS, the Board desires to loan funding from its road overlay account to its water

reserve account to pay the cost of the Contract work for which it is responsible under the Grant.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The District is hereby authorized to loan Fifty-Eight Thousand, Seven Hundred Fifty Dollars (\$58,750.00) from its road overlay account to its water reserve account (the “Loan”).
2. The District shall repay the Loan in five (5) equal annual installments of Eleven Thousand, Seven Hundred Fifty dollars (\$11,750.00), beginning in the 2022-2023 Fiscal Year and ending in the 2026-2027 Fiscal Year.
3. The Loan payments shall be generated by annual assessments in the amount of One Hundred Thirty dollars and Fifty-Six cents (\$130.56) per Lot for the duration of the Loan.
4. This annual assessment amount may be increased or decreased by the District should the total cost for Contract work exceed or fall short of two-hundred thirty-five thousand dollars (\$235,000.00).
5. Loan Interest shall accrue annually in arrears on the average outstanding loan balance for the preceding year at a rate to be determined by the Board annually not to exceed two percent (2%) per annum.
6. A separate account with First Interstate Bank is authorized to segregate and hold the Loan and to make monthly disbursement to the contractors for Contract work.

Public Comment:

John Willot, Worthy Johnson, Warren Machol made public comment.

10. Board resolution #2022-2 to approve Water Meter Loan:

Action: Jim Lewis read the resolution. Item #4 needs to be revised to state 86 lots. The vote on approving the resolution is tabled until the July 14th meeting. Jim Lewis will work with the District’s attorney to make the needed change.

**RESOLUTION #2022-2 OF THE BOARD OF DIRECTORS
OF THE SKYLINE IMPROVEMENT AND SERVICE DISTRICT
TO APPROVE WATER METER LOAN**

The undersigned members of the Board of Directors (the “Board”) of the Skyline Ranch Improvement and Service District (the “District”) hereby adopt the following resolution to approve a One Hundred Forty-Five Thousand Dollar (\$145,000.00) State Land Investment Board (“SLIB”) loan for the updating of District water meters.

WHEREAS, the District is authorized to acquire, construct, operate, and maintain improvements of local necessity and convenience;

WHEREAS, industry standards dictate that water meters should be replaced every twenty years due to worn out parts and meter inaccuracies;

WHEREAS, District water meters are older than twenty years old and do not provide automatic remote meter reading capability;

WHEREAS, the District desires to enter into a loan agreement with SLIB (“Loan Agreement”) to replace water meters throughout the District to ensure meters are up to date, efficient, accurate, and accessible;

WHEREAS, Wyo. Stat § 18-12-112(a)(iv) allows the District to accept from any public or private source grants for furtherance of its purposes;

WHEREAS, SLIB has approved a One Hundred Forty-Five Thousand Dollar (\$145,000.00) Loan at a zero percent (0%) interest rate for twenty (20) years (the “Loan”) for the replacement of District water meters;

WHEREAS, SLIB has also approved potential Loan forgiveness of twenty-five percent (25%) of the total Loan amount if the District adheres to EPA guidelines, timely draws down the Loan, and adheres to all other requirements set forth in the Loan Agreement;

WHEREAS, Article 16, Sec. 4 of the Wyoming Constitution states, in pertinent part, that, “[n]o debt in excess of the taxes for the current year shall, in any manner, be created by any county or subdivision thereof ... in the State of Wyoming, unless the proposition to create such debt shall have been submitted to a vote of the people thereof and by them approved”; and

WHEREAS, based on the taxes of the District's property for the current year, the District is prohibited from incurring debt in an amount more than Two Hundred Seven Thousand Dollars (\$207,000.00) without submitting such debt to a vote of the people of the District and approval thereof; and **WHEREAS**, the total SLIB Loan amount of One Hundred Forty-Five Thousand Dollars (\$145,000.00) is less than the maximum allowable debt under the Wyoming Constitution without submitting such debt to a vote of the people of the District and approval thereof and, therefore, may be incurred by the District without a vote of the people of the District.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The District is hereby authorized to accept a One Hundred Forty-Five Thousand Dollar (\$145,000.00) Loan from the SLIB for the replacement of District water meters by executing a Loan Agreement after legal counsel review.
2. The Loan shall specify a zero percent (0%) interest rate for the funds over a twenty (20) year term.
3. The District shall repay the Loan in twenty (20) equal annual installments of Seven Thousand, Two Hundred Forty-Nine Dollars and Eighty Cents (\$7,249.80), beginning in the 2022-2023 Fiscal Year and ending in the 2041-2042 Fiscal year.
4. Loan payments shall be generated by annual assessments in the amount of Eighty-Four Dollars and Thirty Cents (\$84.30) per Lot for the duration of the Loan.
5. The District shall endeavor to adhere to all terms and conditions of the Loan Agreement in order to qualify for available Loan forgiveness.
6. A separate account with First Interstate Bank is authorized to segregate and hold the Loan and to make disbursements to contractors for water meter replacement work.

Public Comment:

Warren Machol and John Willot made public comment.

11. Approve Clearwater Operations service agreement for FY 2022-23:

Action: Jim Lewis made a motion to approve the 2022-23 Clearwater contract of \$600.00/mo., beginning July 1, 2022. The motion was seconded by Latham Jenkins. The motion passed 3-0.

Public Comment:

John Willot and Warren Machol made public comment.

12. Approve Mountain Property Management scope of services for FY 2022-23:

Action: Jim Lewis made a motion to approve the expanded scope of services for Mountain Property Management for \$3,000.00/mo., beginning July 1, 2022. Latham Jenkins seconded the motion. The motion passed 3-0.

Public Comment:

John Willot made a public comment.

13. Approve Water usage rate for FY 2022-23:

Action: Jim Lewis made a motion to approve a \$2.60/1000 gallons usage rate for FY 2022-23. Latham Jenkins seconded the motion. The motion passed 3-0.

Public Comment:

Worthy Johnson, John Willot, and Warren Machol made public comment.

Board Comment:

Jim Lewis read state statute 41 regarding the district's ability to charge fees, and provided information on how other district's in the county charge their residents.

Latham Jenkins left the meeting following the vote.

14. **Review proposed FY 2022-23 budget and indicate intention to approve at the July 14, 2022 board meeting, following the public hearing (see attached):**

Action: Jim Lewis reviewed the proposed budget, and changes since the presentation of the initial budget. There are changes associated with contract services, as noted previously in this meeting, and addition of user fees associated with meter readings received since the preparation of the initial budget. These changes are as of June 15, 2022 for the FY 2022-2023. Kurt Harland made a motion to approve the proposed budget, with the intention to approve the budget at the July 14, 2022 board meeting, following public comment. Jim Lewis seconded the motion. The motion passed 3-0.

Public Comment:

Warren Machol made public comment.

SKYLINE IMPROVEMENT & SERVICE DISTRICT
2022-2023 Budget (page 1 of 2)

<u>Acct. No.</u>	<u>Owner REVENUES</u>	<u>ROAD</u>	<u>WATER</u>	<u>TOTAL</u>
5110	Road Maintenance Assessment	42,000		42,000
5120	Road Overlay Assessment	44,000		44,000
5112	Road Chipseal Assessment	26,000		26,000
5111	Road Overhead Assessment	9,185		9,185
	Water Assessment - SLIB Loan Repayment - 20Yr		7,250	7,250
	Water Assessment - Road Reserve Loan Repayment 5Yr		11,750	11,750
5135	Water Maintenance Assessment		26,656	26,656
5125	Water System User Fees		56,426	56,426
	Prior Year Adjustment		1,517	1,517
5137	Water Overhead Assessment		45,335	45,335
	TOTAL OWNER REVENUES	\$ 121,185	\$ 148,934	\$ 270,119
	Other Income			
5100	Interest Income	418.90	171.10	590.00
	Loan from Road Reserve	-	58,750.00	58,750.00
	WWDC Well #4 Exploration Grant		176,250.00	176,250.00
	SLIB radio-read Meter Loan		145,000	145,000
	TOTAL Other REVENUES	\$ 419	\$ 380,171	\$ 380,590
	TOTAL Combined REVENUES	\$ 121,604	\$ 529,105	\$ 650,709
	EXPENSES			
6149	Advertising	\$ 300	\$ 700	\$ 1,000
6040	Bonding	85	85	170
6041	Clerical Contract Services	7,200	28,800	36,000
6120	Contract Labor	7,000	-	7,000
6121	Water Contingency	-	7,000	7,000
	Water - Easement Purchase Well #4		8,000	8,000
6127	Insurance - Board of Directors	750	750	1,500
6128	Insurance - Equipment	-	1,650	1,650
6148	Office Supplies	250	350	600
6044	Professional Fees	-	5,000	5,000
6133	Repair & maintenance	-	37,400	37,400
6126	Road Overlay	30,249	-	30,249
6126.2	Road Chipseal	16,288	-	16,288
6207	Snow Removal	35,000	-	35,000
6220	Utilities	300	4,200	4,500
	Well #4		235,000	235,000
	Radio-Read Meters		145,000	145,000
	Water-Loan Repayment - 20 Yrs SLIB Water Meters		7,250	7,250
	Water-Loan Repayment - 5 Yrs Road Reserve Well#4 borrowing		11,750	11,750
6119	Water Operations	-	7,200	7,200
6221	Water Testing Expense	-	500	500
6219	Water Leak Detection	-	-	-
6043	Website Administration	300	300	600
	TOTAL CASH EXPENSES	\$ 97,722	\$ 500,935	\$ 598,657
	TOTAL CASH DISBURSEMENTS	97,722	500,935	598,657
6122	Depreciation	23,463	11,656	35,119
	TOTAL EXPENSES	\$ 121,185	\$ 512,591	\$ 633,776
	Budgeted Cash Receipts in Excess of Expenses	\$ 419	\$ 16,514	\$ 16,933
	Proposed Transfer from Water Reserve - **			
	Total Approved Transfers			
	NET BUDGETED INCREASE/(DECREASE) in CASH	\$ 419	\$ 16,514	\$ 16,933

SKYLINE IMPROVEMENT & SERVICE DISTRICT
2021-2022 Budget (page 2 of 2)

PROPERTY ASSESSMENTS:

<u>Road Maintenance Assessment*</u>				
5110	West Sub District 48 lots (64.30%)	\$	562.63	27,006 Note (1)
5110	East Sub District 42 lots (35.70%)		357.00	14,994
				42,000
<u>Road Overlay Assessment*</u>				
5120	West Sub District 48 lots		589.42	28,292 Note (1)
5120	East Sub District 42 lots		374.00	15,708
				44,000
<u>Road Chipseal Assessment</u>				
	West Sub District 48 lots		348.29	16,718 Note (1)
	East Sub District 42 lots		221.00	9,282
				26,000
<u>Road Overhead</u>				
	West Sub District 48 lots		102.06	4,899 Note (1)
	East Sub District 42 lots		102.06	4,286
				9,185
<u>Water Maintenance Assessment*</u>				
5135	4 land lots + 86 Homes + 1 ARU		292.92	26,656 Note (1)
<u>Water Overhead</u>				
	4 land lots + 86 Homes + 1 ARU		498.19	45,335 Note (1)
<u>Water Loan Repayments</u>				
	86 Lots SLIB Loan - 20Yrs		84.30	7,250 Note (1)
	90 Lots Road Reserve Well#4 Borrowing 5Yrs		130.56	11,750 Note (1)

Kurt Harland,
Chairman

Latham Jenkins,
Vice-Chairman

James Lewis,
Secretary/Treasurer

Note 1 Lots 15 & 16 are one lot (vacated lotline)

Interest Income is allocated based on relative ending bank balances - 29% Water

Road assessments are based on the relative # of miles of subdivision roads. 64.3% of the total Skyline roads are in the West Sub District

Road Overhead, is split evenly across all homeowners due to being administrative in nature.

Water maintenance and overhead costs are spread evenly to each lot.

Water Usage Rate & Skyline Road and Water Assessments- FY 2021-22 and FY 2022-23

		FY 2021-22		FY2022-23	
Water rate per 1000 gal.		\$	1.70	\$	\$2.60
Road Maintenance					
	West	\$	502.34	\$	562.63
	East	\$	318.75	\$	357.00
Road Overlay					
	West	\$	549.23	\$	589.42
	East	\$	348.50	\$	374.00
Road chipseal					
	West	\$	308.10	\$	348.29
	East	\$	195.50	\$	221.00
Road Overhead					
	West	\$	74.00	\$	102.06
	East	\$	74.00	\$	102.06
Subtotal Roads					
	West	\$	1,433.67	\$	1,602.40 \$168.73
	East	\$	936.75	\$	1,054.06 \$117.31
Water Maintenance					
		\$	270.95	\$	292.92 \$ 22.58
Water Overhead					
		\$	348.46	\$	498.19 \$149.73
Subtotal - Water					
		\$	619.41	\$	791.11 \$171.70
TOTAL					
	WEST	\$	1,433.67	\$	1,602.40
		\$	619.41	\$	791.11
West Road & Water		\$	2,053.08	\$	2,393.51 \$ 340.43
	Well #4 borr. annual assmt-5 yrs				\$130.56
	meter loan assmt-20-years				\$84.30
	WEST	\$	2,053.08	\$	2,608.37 \$555.29
	EAST	\$	936.75	\$	1,054.06
		\$	619.41	\$	791.11
East Road & Water		\$	1,556.16	\$	1,845.17 \$ 289.01
	Well #4 borr. annual assmt-5 yrs				\$130.56
	meter loan assmt-20-years				\$84.30
	total	\$	1,556.16	\$	2,060.03 \$ 503.87
meters	20-years		86 homes	\$	84.30 beginning FY 2022
well #4	5-years		90 lots	\$	130.56 beginning FY 2022

15. Review proposed SSID Water Service Policies & indicate intention to approve the at the July 14, 2022 board meeting:

Action: The draft policy will be posted on the Skyline website under the Water tab. Jim Lewis made a motion to approve the draft of SSID Water Service Policies & indicate intention to approve the at the July 14, 2022 board meeting. Kurt Harland seconded the motion. The motion passed 2-0.

Public Comment:

John Willot and Warrant Machol made public comment.

16. Review proposed SSID General Guidelines regarding Water for FY 2022-23 and indicate intention to approve at the July 14, 2022 board meeting:

Action: The draft policy will be posted on the Skyline website under the Water tab. This policy provides guidance to new homeowners. Jim Lewis made a motion to approve the draft of the SSID General Guidelines regarding Water for FY 2022-23 and indicate intention to approve at the July 14, 2022 board meeting. Kurt Harland seconded the motion. The motion passed 2-0.

17. Next Board Meeting – July 14, 2022; 4 p.m. – 6 p.m. MST

18. Adjournment

Kurt Harland made a motion to adjourn the meeting. Jim Lewis seconded the motion, and the motion passed 2-0. The meeting adjourned at 6:20 p.m.

Approved


Kurt Harland
Chairman

Approved


Latham Jenkins
Vice Chair

Correspondence Received:

From: Worthy Johnson <wjohnson@lawrencecapitalmgt.com>

Sent: Wednesday, June 15, 2022 11:28 AM

To: Carly Schupman <office@skylineranchisd.com>; Skyline Ranch Improvement & Service District <info@skylineranchisd.com>; wendy@mpmjh.com
Cc: mariajohnson53@gmail.com
Subject: Request for documents.....
Importance: High

Please forward to us for tomorrow's SISD Board/Budget Meeting:

6133 Water Repair & Maintenance Expense detail for the past 3 years

Last 5 year's Road Reserve Additions and Distributions Account

Last 5 year's Water Reserve Additions and Distributions Account

Thank you

Worthy & Maria

500 N. Meadowlark

From: Warren Machol <wlm.assoc@gmail.com>

Sent: Thursday, June 16, 2022 1:49 PM

To: Skyline Ranch <office@skylineranchisd.com>

Cc: Jim Lewis <jamesl5546@gmail.com>; Kurt J. Harland, Brokers of Jackson Hole Real Estate <kurt@bhhsjacksonhole.com>; Latham Jenkins <latham@livewaterproperties.com>; Debbie Machol <dmachol@gmail.com>

Subject: May minutes

Please update the draft minutes to include the e-mail submitted with hyperlinks active when clicked on.

Several have told me that the hyperlinks do not operate correctly as presented. The facts and questions asked are essential components of the e-mail.

Thank you

Warren Machol

WLM Associates
500 NW Ridge Rd
Jackson WY 83001

307 734 1920 (o)

917 455 7470 (c)

From: Worthy Johnson <wjohnson@lawrencecapitalmgt.com>

Sent: Thursday, June 16, 2022 2:34 PM

To: Skyline Ranch Improvement & Service District <info@skylineranchisd.com>; Carly Schupman <office@skylineranchisd.com>; wendy@mpmjh.com

Cc: mariajjohnson53@gmail.com

Subject: The Golden Goose.....to be attached to today's Board Meeting Minutes....

Importance: High

Sorry so late....technical problems....I will read at the meeting; attach to the Meeting Minutes please. Thank you, Worthy & Maria

The Economics of Skyline Ranch ISD's Water Utility

We were lightning struck by the obvious and dramatic increase *in the water usage rate* unilaterally recommended (and potentially adopted) by the Board for this coming fiscal year to \$2.60 per 1,000 gallons vs \$1.70 this year ending 30 June 2022. Why is this, given the existential/observed fact that the cost of the physical asset- water- to the ISD and to all homeowners is essentially "zero." The cost to the utility is the maintenance and overhead of the service and distribution to the homeowner's curb stop (getting the water from the wellhead up the hill into the holding tank and delivering it through a distribution network-underground piping).

Should one take the last eleven (11) year's Water Consumption-WC-2011-2021-it has been *rather constant* (low of 20,790,000 gallons in 2013, high of 26,972,400 in 2018) with an average of 23,989,560 gallons and a median of 23,754,000 gallons. No massive increase over time, or decrease. No major new building, no massive renovations or additional ARUs over this time period.

Now look at what has occurred over the past 5 years alone in the "Water Usage Fee Revenue" 2018-2022: from \$14,749.71 in 2018f to an estimated \$43,560.26 in 2022f or *a compound annual increase of just over 31% a year.....* AND THE BOARD IS SET ON RAISING THE WATER USAGE RATE FROM \$1.70 to \$2.60 for next year, *another 53% increase.*

What does the expense side look like, you should ask. Water Repairs & Maintenance Expense went from \$0 (zero) in 2018f to \$3,106.74 est. in 2022f. A \$3,617, \$21,667, \$20,598 and \$3,107 set of expenses were incurred from 2019f through 2022f or an average of \$9,798. No median is worthwhile justifying given a zero number for 2018f.

Remember now, water consumption has been approximately flat over this entire time period yet Water Usage Revenues have exploded. Why, you may ask; given the expenses of running the water utility have barely increased one dime over the identical time period. The margin on this aspect of the SISD Revenue generation is actually above even the US high tech industry and its software subsector (to say the least).

Don't you even want to ask the Board not only "WHY" but also "Where's it going" and "To whose Benefit?" Remember, the Board is required to hand over a balanced budget annually. There's a "golden goose" out there someplace. We believe they found it; *but at who's expense and to whose benefit?*

Deferentially submitted, Worthy & Maria Johnson 500. N. Meadowlark

p.s.and this Board, single-handedly, is going to drill a fourth well while the First Filings' distribution infrastructure is "fragile"-*potentially extremely fragile*. The Board will *not even address* this massive overhaul of the distribution problem until 2028-2030 at the earliest with a cost estimate of well over \$4-5 million dollars of which there are little or no grant monies available. Kicking the can further down the road? Previous Boards have

pushed the fourth well idea back in 2016 as well. Why then and WHY NOW? We firmly believe there are more extreme water utility concerns that have to be addressed prior to any need for a fourth well.

10:14 PM

10/14/21

Accrual Basis

**Skyline Improvement and Service District
Five-Year Water Usage Fee Revenue
July 2017 through June 2022**

	Jul '17 - Jun 18	Jul '18 - Jun 19	Jul '19 - Jun 20	Jul '20 - Jun 21	Jul '21 - Jun 22	TOTAL
Ordinary Income/Expense						
Income						
5125 - Water System Usage Fees	14,749.71	25,306.36	32,829.64	21,207.04	43,560.26	137,453.01
Total Income	14,749.71	25,306.36	32,829.64	21,207.04	43,560.26	137,453.01
Gross Profit	14,749.71	25,306.36	32,629.64	21,207.04	43,560.26	137,453.01
Net Ordinary Income	14,749.71	25,306.36	32,829.64	21,207.04	43,560.26	137,453.01
Net Income	14,749.71	25,306.36	32,829.64	21,207.04	43,560.26	137,453.01

gross fees

Repair Project expense
 net 14,789.71 21,689.49 10,982.96 608.87 40,454.02 88,464.55

$\frac{88,464}{137,453} = 64\%$ Mar 2022

10:43 PM

10/14/21

Accrual Basis

**Skyline Improvement and Service District
Five-Year Water Repairs and Maintenance Expense
July 2017 through June 2022**

	Jul '17 - Jun 18	Jul '18 - Jun 19	Jul '19 - Jun 20	Jul '20 - Jun 21	Jul '21 - Jun 22	TOTAL
Ordinary Income/Expense						
Expense						
6133 - Repair and Maintenance Expense	0.00	3,616.87	21,666.68	20,598.17	3,106.74	48,988.46
Total Expense	0.00	3,616.87	21,666.68	20,598.17	3,106.74	48,988.46
Net Ordinary Income	0.00	-3,616.87	-21,666.68	-20,598.17	-3,106.74	-48,988.46
Net Income	0.00	-3,616.87	-21,666.68	-20,598.17	-3,106.74	-48,988.46

↑

From: Warren Machol <wlm.assoc@gmail.com>

Sent: Thursday, June 16, 2022 2:05 PM

To: Skyline Ranch <office@skylineranchisd.com>; Jim Lewis <jamesl5546@gmail.com>; Kurt J. Harland, Brokers of Jackson Hole

Real Estate <kurt@bhhsjacksonhole.com>; Latham Jenkins <latham@livewaterproperties.com>

Subject: Cost to provide water to ISD members

ISD Board and interested Members

At the last meeting, I asked the board to provide the actual variable cost to provide water to members. To date, the board has provided no information except a number of \$2.6/1000 gallons. It appears the \$2.60 per unit charge is a plug number without a tether to costs of services provided.

Data shows water production has been materially steady for the last five years at +/- 25 to 26 million gallons. (see Mr. Mintner's email to the ISD board on annual water production)

However, the assessed costs have increased from \$24,000 in 2018 to a proposed \$62,000 for the 22-23 year period. Wyoming law is clear that costs are to be allocated fairly and equitably to all members of the ISD based on the cost of services provided.

I ask the board again to provide an accounting of money collected and services provided to Water users to justify the proposed \$2.6 unit price for water.

Several people have asked me why the board refuses to provide the actual cost of water production. I have explained it is because the board wants to shift fixed costs (repairs to distribution lines aging out, last year's charging for 30-year infrastructure, this year proposed reserve fund charges) to the accounts of water users so that low-using members (including all the board members) do not have to pay fixed expenses.

Further, the board has stated an agenda to minimize fixed charges. The board has spent over \$350,000 in water reserves over the last four years instead of assessing members for water system improvements to keep charges low. This is \$3300 consumed for each of our 90 members without assessing members for the various fixed costs.

I understand the board believes all the reserves spent were to benefit all members of the ISD equally. However, the Board refuses to assess ISD members a fixed charge to replenish the reserve account.

Several people have asked if I can provide an analysis of the Variable actual cost to provide water gain from my experience in AG water systems?

I surveyed several farm managers on the assessment charges allocated for budgetary purposes. I will note the Water pumps on these farms have much higher duty cycles and are used on average 18 hours a day, 365 days a year. Our pumps alternate and operate on average for less than 2 hours each day. The farm use cycle means for purposes of the ISD water system is a very conservative comparison.

The Variable cost to produce water once the infrastructure is installed are as follows:

- Fuel - For Skyline ISD - Electricity +/- **\$4,300/year**
- Mechanical parts used to lift, treat and transport pressurized water

- The ISD water system has two pumps and a compressor which operate based on the variable demand for water
 - Each pump costs \$40,000 * 2 pumps = \$80,000
 - For a 20-year life cycle (conservative based on ISD usage) = **\$4,000/year** for mechanical systems
 - Repair and rebuild costs of labor and consumables-seals, etc., that may wear based on usage associated with the production.
 - A generous \$60,000 over the 20 life cycle = **\$ 3,000/year**

Summing the three components **totals \$11,300 in Variable Costs annually** to operate the system at the 25 million gallon well production level?

What should be Billed in Variable charges

\$11,300/ 25,000 (1000's). = \$0.45 per thousand gallons consumed.

The amount the board has proposed charging for last year's water usage is \$2.6 per 1000 gallons.

The difference $2.6 - .45 = 2.15$ / 1000 gallons * 25,000 (thousands) = **\$53,750 in fixed costs shifted to water users charges.**

If the ISD board thinks it needs \$53,750 additional revenue, fixed charges must be increased.

The calculations are simple: $\$53,750 / 90$ members = **\$600 per member** in additional fixed assessment.

Conclusion:

Last month, Mr. Lewis spoke at length about how he worked to keep fixed charge increases as low as possible.

- Mr. Lewis, the ISD treasurer, has accomplished and worked his magic of not increasing fixed charges on all members by cost-shifting fixed costs to a minority of members.
 - To quote Mr. Lewis, "We just had to bite the bullet and increase water rates."
 - when asked if his proposal was cost-shifting fixed costs, his reply was SO!
 - To quote Mr. Harland, Chairman, "if you use it, you have to pay for it."
 - The proposed 53% increase in the cost of water with no additional cost to provide the service of distributing water is arbitrary and not fact-based.
 - (This increase was on top of a 22% increase last year.)
- The actions of billing in excess of costs as proposed is a willful taking of property (for personal gain) via improper taxation based on Wyoming ISD Law.

I have provided these facts and conclusions as I want no future question of intent or availability of facts to the ISD Board of directors. The ISD board's proposed action of assessing fees to shift costs are neither errors nor omissions but intentional actions that will provide personal gain.

Respectfully submitted

Warren

A Wyoming analyst and skyline ISD member.

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From: **Corbin McNeill** <camcneilljr@gmail.com>

Date: Thu, Jun 16, 2022 at 4:25 PM

Subject: Comments to Skyline ISD Board

To: <info@skylineranchisd.com>

CC: Jim Lewis <jamesl5546@gmail.com>, Latham Jenkins <latham@circ.biz>

I am unable to attend today's meeting but would like the following to be presented during the Public Comment agenda item. Thank you.

Skyline ISD Board.

I am Corbin McNeill residing at 525 N West Ridge Road and a homeowner at that location for 30 years. As I have introduced myself at a number of board meetings over the last several years, I am a retired utility executive having been the Chairman and CEO of a large utility, Chairman and CEO of one of the largest utility holding companies in the country and lastly, Chairman of another utility. In these roles I have overseen the operation of extensive utility infrastructures and overseen rate applications to state utility commissions.

I believe the Board continues to lack a strategic focus and has failed to properly prioritize, plan and reserve in a proper manner for the long term health of our water system. While automated reading, conservation rates, and an additional pump might be desirable, that's all they are, DESIRABLE. As I said several years ago, it looks like we are going to an advertised sale to buy things just because they are on sale. It appears to me that we continue to pursue projects just because we can obtain grants or low interest loans for projects which would otherwise warrant a low priority. We should prioritize the real risks in the system, not the desirable.

While we focus on the low priority items, we continue to deplete our reserves and do so without properly allocating expenses. For instance, in Table 17 of last year's rate report, reserves are broken down into two categories; 1. Repair and Replacement and 2. Debt and CIP Reserves. Fundamentally, repair and replacement should be charged to operating expenses while Debt and CIP Reserves should be charged as a fixed expense. Unless you properly allocate the reserve expenses in such a manner you cannot correctly determine the rates in a manner recommended by our own consultant. While money in our reserve may be fungible to pay bills, it is not so to determine a fair and equitable rate structure which ensures that we reserve for the highest priority projects. As a result of this lack of proper allocation and accounting we

are not charging fixed expenses appropriately and the reserve fund has declined dramatically.

On a closing note, I would like to express my concern that the Board appears to have consistently ignored what I consider to be the sound advice of several homeowners that have a great deal more experience than the Board itself. This does not include a lot of the criticism thrown the Board's way but; several homeowners have extensive experience and could be of assistance.

Thank you