

Date:

6-11-15

Subject:

Quorum Establishment

**ROLL CALL**

	NAME	YEA	NAY	ABSTAIN
✓	Anderson			
✓	Bratton			
✓	Covello			
✓	Espy			
✓	Goetz			
✓	Harvey			
	Hoopes			
✓	Illoway			
✓	Lockhart			
✓	Michelena			
✓	Schmidt			
✓	Scott			
	Sopko			
✓	Sullivan			
	Wandler			

Motion:

\_\_\_\_\_

Aye

\_\_\_\_\_

Nay

\_\_\_\_\_ Abstained

\_\_\_\_\_ Passes

\_\_\_\_\_ Failed

(~~10~~  
12)

Date: 6-11-15

Subject: Alpine approval

**ROLL CALL**

	NAME	YEA	NAY	ABSTAIN
	Anderson	✓		
	Bratton	✓		
	Covello	✓		
	Espy	✓		
	Goetz	✓		
	Harvey	✓		
	Hoopess			
	Illoway	✓		
	Lockhart	<del>✓</del>		X
	Michelena	✓		
	Schmidt	✓		
	Scott	✓		
	Sopko			
	Sullivan	✓		
	Wandler			

Motion: 11 Aye

         Nay 1 Abstained

X Passes          Failed



## TOWN OF ALPINE

- ✦ **\$3,000,000 Community Readiness grant to purchase water and sewer infrastructure to accommodate the town's growth strategy**

**Business Ready  
Community Grant  
and Loan Program**

**Staff Recommendation:  
Fund as requested**

### Project Description

The town of Alpine requests a \$3 million Community Readiness grant to purchase private water and sewer infrastructure from North Star Utility (NSU). The infrastructure to be purchased with grant funds is seven years old. The original installation of the infrastructure was witnessed by the town engineer.

As part of the project, Alpine Meadows, which is owner of a subdivision serviced by NSU, will convey two of its vacant lots to NSU. NSU will then donate the same lots to the town for commercial and residential development.

Alpine's commercial district has limited options for larger commercial projects and is near capacity. As population returns to the area, additional businesses will be needed to service that population. In addition, prospective businesses are inquiring about opportunities in the Alpine area. The addition of commercial enterprises will add local jobs and additional tax revenues through annexation.

The town of Alpine is landlocked with the Snake River to the north, the Greys River to the east, Palisades Reservoir to the west and U.S. Forest Service land to the south. Before the 2008 recession, this was one of the fastest growing areas in Wyoming. The town of Alpine is seeing growth once again. Consequently, the logical growth area for the town is north of the Snake River. Any commercial growth would occur along Highway 89.

- ✦ NSU, a private for-profit company, was formed in 2005 to provide water and waste treatment services to customers on the north side of the Snake River where no service existed. NSU began offering service in 2008. Its current service area includes approximately 250 customers on 200 acres of private land including Alpine Meadows (master planned community), the Flying Saddle Resort, Targhee Landing, Snake River Junction, the Refuge Development (fly-in residential area) and the Alpenhaus commercial area where the former Alpenhaus is nearly demolished and there are plans to construct a hotel, convenience store and restaurant.

- ✦ NSU has an on going agreement with the town of Alpine for water supply due to shortages in NSU's wells and NSU uses the town's wastewater treatment plant. The plant was constructed based upon growth projections that were not realized due to the 2008 downturn so there is ample wastewater treatment capacity.

NSU's current rate structure is subject to approval by the Public Service Commission (PSC). The PSC will continue to regulate the water rates for the town of Alpine until the area is annexed, which the town anticipates completing in approximately one year following the acquisition of the infrastructure. After annexation, Alpine's rate structure will not be subject to PSC regulation, as utilities within municipal boundaries operated by the municipality are not subject to PSC review.



## Project Goals and Benefits

Purchasing the utilities allows the town to own and operate the utilities as a municipal entity that is able to provide more affordable service. The eventual annexation provides the town with an avenue for commercial and residential expansion.

- \* NSU is a willing seller and will provide two vacant lots as in-kind match. Alpine will be able to market Lot 178 immediately as it is zoned mixed-use, located on a paved road and has utilities to the lot. The commercial area along Highway 89 will allow business expansion that will benefit the town in terms of new jobs and taxes. Lot 36, also zoned mixed-use, will provide an opportunity for tax growth as well as water and sewer income.

Rate payers in the NSU system, including nine businesses, will be charged current Alpine rates which are lower than NSU rates. The town rates are not designed to generate profit. A larger user base will help distribute fixed operating costs and increase tap fee income assisting Alpine with supporting its current infrastructure and loan payments on the wastewater treatment plant.

## Revenue Recapture

- \* Fifty percent (50%) of the revenue collected by the town of Alpine through its operation of the NSU water and sewer systems will be used to support day to day operations.
- Thirty percent (30%) will be used for reserves for equipment replacement and repairs. Specifically, the reserves would be directed at the NSU water distribution system including storage tank and supply wells, NSU wastewater collection system and all NSU/Alpine shared facilities including the sewer main across the Snake River, Alpendorf pump station, main Snake River pump station and a portion of the Alpine shared gravity sewer main.
- \* The remaining twenty percent (20%) will be used for economic development in the Alpine area including partnering with private developers to develop Lot 178 or possibly contributing to the Lincoln County revolving loan fund to aid new business enterprises in the Alpine area.

## Value of the Infrastructure

- \* The fair market value of the infrastructure was determined by Leonard Holler, a regional director with the Small Business Development Center in Casper. Mr. Holler is a Certified Public Accountant (CPA), a Certified Valuation Analyst (CVA), a Certified Global Management Accountant (CGMA) and has extensive expertise in business valuation. Using fair market value standard, Mr. Holler assumed the project included a willing buyer and willing seller of an on-going business enterprise. Other considerations included the nature and history of the company and a financial analysis of the company.

Mr. Holler calculated the fair market value of the infrastructure using the comparative company market method, adjusted net assets method and the discounted future earnings method. He weighed and correlated those findings. His analysis and report were done in accordance with the National Association of Certified Valuation Analysts, Professional Standards and Statements on Standards for Valuation services of the American Institute of Certified Public Accountants. His conclusion is that the fair market value of the infrastructure is \$3,920,000. NSU has agreed to sell the system to the town of Alpine for \$3,225,000, a \$695,000 discounted price.



## Project Funding

X The total project cost is \$3,725,798 for the acquisition of the water and sewer infrastructure engineering services.

X All match requirements are met by the town's cash contribution and the donation of real estate (Alpine Meadows lot 178 is valued at \$433,600, Alpine Meadows lot 36 is valued at \$39,200) and engineering services provided by the town of Alpine, which is valued at \$27,998. The value of the lots was determined by Alpine Meadows real estate comparables.

X The town of Alpine made essential improvements to its water and sewer systems between 2005 and 2006 including a \$6.6 million state-of-the-art wastewater treatment plant and \$1.5 million in improvements to the water system. These improvements were done through a SLIB loan, which the town is currently repaying. The town currently has over \$4 million in debt and cannot incur additional debt. This infrastructure acquisition project is not eligible under Wyoming Water Development Commission funding rules.

Sources	
BRC amount	\$ 3,000,000
Cash Match	\$ 225,000
In Kind Match	\$ 500,798
Value of Donated Engineering Services -	\$27,998
Value of Donated Lot 178 -	\$433,600
Value of Donated Lot 36 -	\$39,200
<b>Project Cost</b>	<b>\$ 3,725,798</b>
Uses	
<b>Non-Construction Costs</b>	
Infrastructure Acquisition	\$ 3,225,000
Value of Donated Engineering Services	\$ 27,998
Value of Donated Lot 178	\$ 433,600
Value of Donated Lot 36	\$ 39,200
<b>Project Cost</b>	<b>\$ 3,725,798</b>

## Staff Recommendation

X Staff recommends funding the project in the amount of \$3,000,000 as requested with the following conditions:

- Receipt of documentation demonstrating requirements of law related to public utilities has been complied with.
- The area will be annexed by December 31, 2016.
- Receipt of signed public hearing minutes held May 27, 2015.
- Market analysis for the donated lots.

X Performance measures shall include new business development, existing business expansion, additional residential development, the annexation of the area north of the Snake River and jobs created.

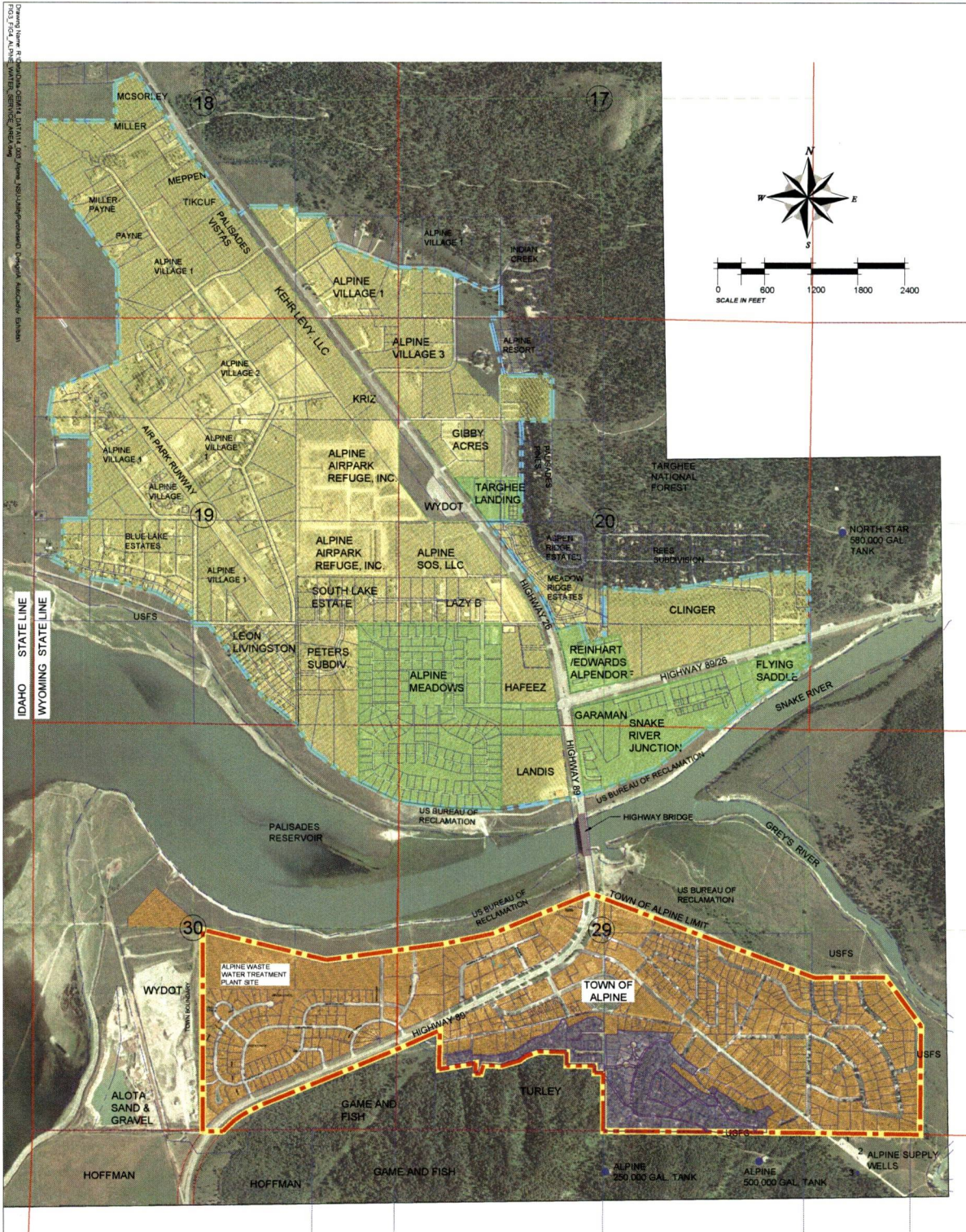
## Project overview

Alpine / North Star Utility Purchase				
Purpose	Funds will be used by the town of Alpine to purchase existing water and sewer infrastructure from North Star Utility in an area north of the Snake River. This area has potential for future commercial and residential growth for the town.			
Project Budget	Projected Grant Expenditure Schedule			
	Description	BRC	Match	Total
			Cash	In Kind
	Non Construction Costs	\$3,000,000	\$ 225,000	\$ 500,798.00
	Construction Costs	\$ -	\$ -	\$ -
	Total Project Cost	\$3,000,000	\$ 225,000	\$ 500,798
Performance Measures	Measure	Quantity		Notes
	Businesses Assisted	9		Existing businesses
	Additional business recruitment	Unknown		There is ample space for additional businesses to locate in the area north of Alpine.
	Annexation of the North Alpine area			The town intends to annex the 200 acres where the infrastructure is being purchased.
	Potential job creation	Unknown		Existing business that is able to expand or new business recruitment offer the potential for additional job creation.
	Additional Investment	Unknown		Private development is a potential benefit.
Project Infrastructure	Land	200		acres
	Acres Developed	200		acres
	Water	32,553		linear feet
	Sewer	21,442		linear feet
	Other infrastructure			108 gate valves, 40 fire hydrants, 2 source wells, 1 well house, 1 storage tank, 64 manholes, 29 gravity and force main cleanouts, 2 lift stations and 5 special valves-vaults.
	Residential and Commercial development			Lots are zoned and ready for development.









- NOTES:
1. 2014 GOOGLE EARTH AERIAL PHOTOGRAPHY (JUNE 30, 2014) USED ON THIS EXHIBIT IS NOT RECTIFIED AND THEREFORE DOES NOT ACCURATELY MATCH THE LINCOLN COUNTY PARCEL DATA.
  2. OWNERSHIP LISTED BASED ON JULY 2014 LINCOLN COUNTY GIS.
  3. ALL LANDS WITHIN T37N R118W

LEGEND		
<span style="display:inline-block; width:20px; height:10px; background-color:orange; border:1px solid black;"></span>	EXISTING ALPINE SEWER SERVICE AREA:	352± ACRES
<span style="display:inline-block; width:20px; height:10px; background-color:purple; border:1px solid black;"></span>	COMMITTED FUTURE SEWER SERVICE AREA:	47± ACRES
<span style="display:inline-block; width:20px; height:10px; background-color:green; border:1px solid black;"></span>	NORTH STAR CURRENT SEWER SERVICE AREA:	180± ACRES
<span style="display:inline-block; width:20px; height:10px; background-color:yellow; border:1px solid black;"></span>	POSSIBLE FUTURE SEWER SERVICE AREA:	781± ACRES
	TOTAL:	1360± ACRES

--- TOWN OF ALPINE LIMIT - 2014

DRAWING NUMBER <b>FIG. 4</b>	PROJECT TITLE <b>TOWN OF ALPINE</b>  <b>LINCOLN COUNTY, WYOMING</b>	DRAWING TITLE: <b>FIGURE NO. 4</b> <b>FUTURE NORTH ALPINE /</b> <b>ALPINE SEWER SERVICE AREA</b>	 <b>RENDEZVOUS ENGINEERING, P.C.</b>  P.O. BOX 4858 JACKSON, WYOMING 83001 25 SOUTH GROES VENTURE STREET PHONE: 307.735.5252 FAX: 307.735.2334	Prepared By: JKC
				Date: 08/11/14
				Rev: Date







TM





## *Office of the Attorney General*

Governor  
Matthew H. Mead

Attorney General  
Peter K. Michael

Administration  
123 State Capitol  
Cheyenne, Wyoming 82002  
307-777-7841 Telephone  
307-777-6869 Fax

Chief Deputy Attorney General  
John G. Knepper

June 11, 2015

Privileged and Confidential

Shawn Reese  
Chief Executive Officer  
Wyoming Business Council  
214 West 15<sup>th</sup> Street  
Cheyenne, Wyoming 82002

RE: Town of Alpine – North Star Utility Purchase Application

Dear Mr. Reese:

Pursuant to the 2014 budget bill footnote requiring this office to approve the structure of all Business Ready Community grant or loan applications submitted to the Wyoming Business Council, I hereby submit the following. This letter is not intended to be a final review of the constitutionality of the application/project or an opinion on the substance of the project but rather a cursory review of the application's legal structure.

The town of Alpine is applying for a \$3,000,000 community readiness project grant through the Business Ready Community Grant and Loan Program to purchase water and sewer infrastructure from a private utility, North Star Utility.

This Office expressed several concerns about the application in a letter dated April 2, 2015, and that we could not approve the structure of the application until those concerns were addressed. The major concern we had was that the application did not provide for a

cash match as required by the Business Council's rules. See *Rules Wyo. Bus. Council, Bus. Ready Cmty. Grant and Loan Program*, ch. 1, § 13(d) and (e) (2013). Since our letter, the Alpine Town Council had unanimously agreed to contribute the entire required \$225,000 cash match from its reserve funds. Contingent upon actual receipt of the match along with all supporting documentation such as the public meeting minutes and resolution, our original concern is alleviated and the application is now in compliance with the Business Council's cash match rule.

The other concern related to the use of a valuation of the utility infrastructure by an engineer employed by the selling utility. Staff has subsequently received an independent third party review alleviating this concern.

Finally, we note that the Town of Alpine's acquisition of public utility infrastructure may trigger requirements imposed by the Wyoming Public Service Commission. Those requirements could include approval of the sale and certificate of public convenience and necessity for the Town if it is going to operate a public utility subject to the PSC's jurisdiction. As a contingency to approval of the application, the Town of Alpine should be required to provide the Business Council with documentation that all requirements of law related to public utilities have been complied with.

I have reviewed the application and, subject to the contingencies noted, it appears to meet the requirements set forth in the Wyoming Business Council rules and statutes. Accordingly, the application appears to be in compliance with all of the legal structural requirements at this time and the matter can proceed to the Business Council Board for consideration.

Sincerely,



Michael M. Robinson  
Senior Assistant Attorney General

December 1, 2015

Mayor Kennis Lutz  
Town of Alpine  
250 River Circle  
PO Box 3070  
Alpine WY 83128

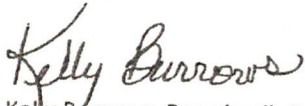
Dear Mayor Lutz:

I am writing today in support of the Wyoming Business Council application for the Town of Alpine to purchase North Star Utility. I am the property owner of approximately 13 acres of commercial lots located at the northeast corner of Alpine Junction, located on the north side of the river in Alpine. I currently plan to develop my property in 2015-2016 for commercial use. As a result, I would hope that the development of my property could generate as many as 30-50 local jobs.

The availability of affordable and readily available water and sewer services are critical to my development plan and the future of growth on the north side of the river. I believe that the Town of Alpine is best suited to provide these services as they have a proven track record of transparency, keeping rates low and working with the local community. I strongly support their proposed purchase of North Star Utility and a combined system. Without a combined system, it is likely that development of the north side of the river, including potentially my property, could be delayed or stalled entirely.

I hope you will give this proposal careful review as a single water and sewer utility system serving the needs of the broader Alpine community has the potential to positively impact growth and economic development in our small community. Thank for your consideration.

Sincerely,



Kelly Burrows, Boardwalk Development Group  
NE corner of Alpine Junction



December 1, 2015

Mayor Kennis Lutz  
Town of Alpine  
250 River Circle  
PO Box 3070  
Alpine WY 83128

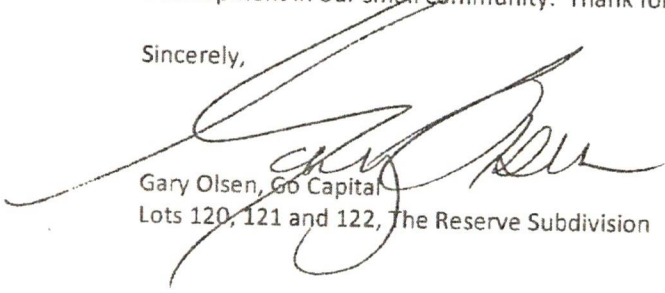
Dear Mayor Lutz:

I am writing today in support of the Wyoming Business Council application for the Town of Alpine to purchase North Star Utility. I am the property owner of 3 residential lots in The Reserve Subdivision, located on the north side of the river in Alpine. I currently plan to develop my property in 2015-2016 for residential use. As a result, I would hope that the development of my property could generate as many as 10 local jobs.

The availability of affordable and readily available water and sewer services are critical to my development plan and the future of growth on the north side of the river. I believe that the Town of Alpine is best suited to provide these services as they have a proven track record of transparency, keeping rates low and working with the local community. I strongly support their proposed purchase of North Star Utility and a combined system. Without a combined system, it is likely that development of the north side of the river, including potentially my property, could be delayed or stalled entirely.

I hope you will give this proposal careful review as a single water and sewer utility system serving the needs of the broader Alpine community has the potential to positively impact growth and economic development in our small community. Thank for your consideration.

Sincerely,



Gary Olsen, Go Capital  
Lots 120, 121 and 122, The Reserve Subdivision

December 1, 2015

Mayor Kennis Lutz  
Town of Alpine  
250 River Circle  
PO Box 3070  
Alpine WY 83128


Dear Mayor Lutz:

I am writing today in support of the Wyoming Business Council application for the Town of Alpine to purchase North Star Utility. I am the property owner of approximately 20 acres located at the northeast corner of Alpine Junction, located on the north side of the river in Alpine. I currently plan to develop my property in 2015-2016 for commercial/residential use. As a result, I would hope that the development of my property could generate as many as 20 local jobs.

The availability of affordable and readily available water and sewer services are critical to my development plan and the future of growth on the north side of the river. I believe that the Town of Alpine is best suited to provide these services as they have a proven track record of transparency, keeping rates low and working with the local community. I strongly support their proposed purchase of North Star Utility and a combined system. Without a combined system, it is likely that development of the north side of the river, including potentially my property, could be delayed or stalled entirely.

I hope you will give this proposal careful review as a single water and sewer utility system serving the needs of the broader Alpine community has the potential to positively impact growth and economic development in our small community. Thank for your consideration.

Sincerely,



Kevin Bloxham, Excel Development  
20 acres north of Port

December 1, 2015

Mayor Kennis Lutz  
Town of Alpine  
250 River Circle  
PO Box 3070  
Alpine WY 83128

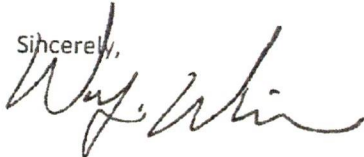
Dear Mayor Lutz:

I am writing today in support of the Wyoming Business Council application for the Town of Alpine to purchase North Star Utility. I am the property owner of 5 acres of commercial lots located at 32 Old Alpine, Highway 200, located on the north side of the river in Alpine. I currently plan to develop my property in 2015-2016 for commercial use. As a result, I would hope that the development of my property could generate as many as 10-15 local jobs.

The availability of affordable and readily available water and sewer services are critical to my development plan and the future of growth on the north side of the river. I believe that the Town of Alpine is best suited to provide these services as they have a proven track record of transparency, keeping rates low and working with the local community. I strongly support their proposed purchase of North Star Utility and a combined system. Without a combined system, it is likely that development of the north side of the river, including potentially my property, could be delayed or stalled entirely.

I hope you will give this proposal careful review as a single water and sewer utility system serving the needs of the broader Alpine community has the potential to positively impact growth and economic development in our small community. Thank for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. J. Wiemann', written over the word 'Sincerely,'.

William J. Wiemann, WJW Holdings WY LLC  
32 Old Alpine CR 100



# GARAMAN, INC.

15 E. Pearl P.O.Box 36  
Jackson Hole, Wyoming 83001

Kennis Lutz, Mayor  
Town of Alpine  
P.O. Box 3070  
Alpine, Wyoming 83128

November 25, 2014

Re: Wyoming Business Council Application

Dear Mayor Lutz:

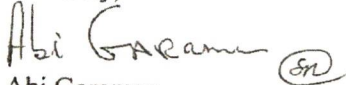
I am the owner of 14+ acres of commercial property located just north of the Town of Alpine, I am writing to you today to give support for the Wyoming Business Council application permitting the Town of Alpine to purchase North Star Utility Company (NSU). The properties I own include the Flying Saddle Resort north of Alpine Junction this property is currently serviced by NSU in addition I own undeveloped commercial located on the southeast corner of Alpine Junction where Highway 89 turns east toward the Snake River Canyon and the Town of Jackson.

Further commercial development has been hindered and or delayed due to concerns of high connection and water/sewer usage rates by NSU. I understand there have been increased inquiries for a wide range of commercial development as investors look at the potential to obtain commercial property at an affordable price. The availability of affordable and readily available water and sewer services are critical to any development for the future growth of the north side of the Snake River. I believe that the Town of Alpine is the best entity to provide these services as they have a proven track record of transparency, working to keep private and commercial rates affordable, and creating a positive atmosphere for commercial investors.

I support The Town of Alpine's proposed purchase of North Star Utility and a combined system. Without a combined system, it is likely that any development of the north side of the Snake River, including potentially my properties, could be delayed or stalled entirely.

I hope you will give this proposal careful review as a single water and sewer utility system serving the needs of the broader North Alpine community has the potential to positively impact growth and economic development in our small community.

Sincerely,



Abi Garaman

Garaman, Inc. /Ridge Creek Investment Company

*Office of Planning and Engineering —  
— Lincoln County, Wyoming*

November 21, 2014

Mayor Kennis Lutz  
Town of Alpine  
Box 3070  
Alpine, WY 83128

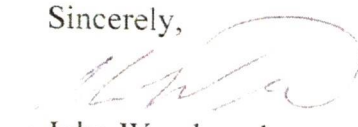
Subject: Grant Application for NSU Infrastructure Purchase

Honorable Mayor Lutz,

I am writing to support your efforts to take ownership of the North Star Utility System. The North Alpine Area continues to have strong growth and the enlargement of the Town's water and sewer systems will help ensure that responsible development continues to occur. The privately funded NSU system jumpstarted some of the more ambitious developments in Lincoln County such as: Alpine Meadows, Snake River Junction, Targhee Landing and, more recently, The Refuge Airpark Subdivision. County development patterns are often piecemeal efforts where it comes to infrastructure investment. Public control of water and sewer connections will give developers and residents the confidence they need in order to move their development plans forward. Long term management of the fire flow water infrastructure will benefit the Alpine Fire District as well.

The private lands north of the river represent the only growth area for the Town of Alpine. Our office looks forward to continued cooperation with your council and planning commission as development continues.

Sincerely,



John Woodward  
Director

---

Tel. 307 885 3106 Fax 307 885 3774 Physical Address: 61 E. 5<sup>th</sup> Avenue Afton, Wyoming  
Mailing Address: 421 Jefferson Suite 701 Afton, WY 83110



## Board of Lincoln County Commissioners

**T. Deb Wolfley**  
**Chairman**  
Fairview, Wyoming

**Kent Connelly**  
Kemmerer, Wyoming

**Paul C. Jenkins**  
Thayne, Wyoming

925 Sage Avenue, Suite 302, Kemmerer, WY 83101 Phone: 307-877-2004  
Email: [commission@lcwy.org](mailto:commission@lcwy.org)

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November 21, 2014

Mayor Kennis Lutz  
Town of Alpine  
Box 3070  
Alpine, WY 83128

Subject: Proposal to Purchase North Star Utility Infrastructure

Honorable Mayor Lutz,

The Board supports your continued efforts to regionalize the Town's water and sewer systems by incorporating the North Star Utility System. Given the fact the private lands north of the Snake River represent the only growth area for the town, consolidation of water and utility infrastructure makes good sense. The North Alpine area has seen steady growth even through the recession. The properties near the Alpine Junction of Highways 26 and 89 are positioned well for the development of tourism related businesses. Plans for new motel and restaurant establishments are currently in the discussion stage for this important gateway.

The North Star system provided a valuable boost to the area when it started almost eight years ago. Their ambitious investment in the new Alpine WWTS, a water storage tank, wells, water distribution lines and sewer collection mains gave a positive direction to growth for several years. Development of a strong regional system is consistent with the Lincoln County Comprehensive Plan as well as with the 2009 WWDC Star Valley Regional Master Plan. The Board looks forward to continued cooperation with the Town of Alpine as the area north of the river develops.

Sincerely,

/s/ T. Deb Wolfley, Chairman

T. Deb Wolfley, Chairman  
Board of Lincoln County Commissioners