

The Star Valley Ranch WATER PROBLEM

Please Read

If we are to continue to have a working water system, the Homeowner's Association needs to transfer its culinary water system to the Town. To do so 66% of the lot owners need to approve the transfer by returning the enclosed CONSENT OF TRANSFER form.

PLEASE read the following information about the water system and then return your signed and witnessed consent form immediately. Thank you to all who have already sent in their consent.

The Water Problem

Water Rationing!!

Moratorium on New Water Hookups!!

Culinary Water Use Curbed!!

Star Valley Ranch Association in Debt under Emergency EPA Order!!

These headlines are possible if the Star Valley Ranch Association does not transfer the drinking-water system to the Town of Star Valley Ranch as soon as possible.

Your immediate response is required!!

The Star Valley Ranch Association is a homeowners' association and by law is a private non-profit corporation. Private entities are not eligible for state or federal assistance in repairing/improving decayed and inadequate drinking-water systems (in Wyoming, drinking water = culinary water). As long as the Association owns the water system, its members pay 100% of all costs for repair, improvement, and expansion. The Association will also pay 100% of EPA fines for every day water quality problems exist. *Special assessments to lot owners are the only available way for the Association to pay these expenses and these have consistently failed to pass.*

The Ranch's culinary water system is inadequate and in a state of decay. The recent preliminary engineering report from the Wyoming Water Development Commission stated that the water system is incapable of sustaining continued growth and that more than 20 % of the 31.6 miles of water delivery pipes require replacement.

For years the Association has been aware of the water system's problems but has not had the financial resources to resolve them. In 2003 the Association formed a special committee to investigate ways to solve the financial crisis so that the water situation could be addressed *at the lowest cost* to the Association and its members. From the committee's list of recommendations the SVR community opted to incorporate the Town of Star Valley Ranch and then transfer the culinary water system to the Town while retaining the irrigation system. In 2005 the Town of Star Valley Ranch became the newest municipality in Wyoming. At this time the Association and Town began investigating the potential for financial and technical assistance from the Wyoming Water Development Commission (WWDC) to improve the culinary water system.

Municipalities are eligible for state and federal assistance. The state recognizes that high quality drinking water in sufficient quantities is critical to the survival of a community and has provided several avenues for technical and financial assistance. WWDC provided the Association with a grant for a Level I Reconnaissance Study that is ongoing. For further assistance to be provided to our community, the water system must be public! The Town must own the culinary water system.

WWDC recommended that the Prater Canyon springs, storage tank and transmission lines plus the Airport well and the culinary water distribution system be transferred to the Town. The Association will retain the irrigation system consisting of Green Canyon springs, storage tank and transmission lines and the Cedar Creek well. The Association and the Town are currently negotiating a Memorandum of Agreement specifying the price the Town will pay for the system and the duties and

The Water Problem

The present culinary water supply has two problems in need of urgent attention. First, the distribution system must be upgraded because of leaking pipes and pipes that are too small to deliver sufficient quantities of water to meet fire protection requirements or adequate pressure to some homes. An estimated 20% of the system's 167,000 feet (31.6 miles) of pipe requires immediate replacement. Also, the present storage capacity is too small to meet peak summer water demands or to provide fire protection. The state Department of Environmental Quality requires a minimum storage of 500,000 gallons. Another storage tank of approximately 1,152,500 gallons is required to meet build-out and fire protection demands.

The second problem is that the present culinary water sources are inadequate to meet maximum day water demands. Presently this demand is estimated to be 1,879,500 gallons. Prater Canyon Spring and the Air Strip well are capable of producing a maximum of 1,464,480 gallons a day. The additional 415,000 gallons are being obtained from Green Canyon Spring, which is vulnerable to surface water contamination and for which the Association has only junior water rights. One or more water wells are required to provide additional water.

responsibilities of each during the transition period.

Chronology

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| 197? | Leisure Valley Inc. (LVI) lays first pipes and develops Prater Canyon Springs for irrigation and culinary water supplies. |
| 1985 | LVI develops Green Canyon Spring and SVRA acquires the water system from LVI. |
| 2003 | Association forms committee to investigate funding sources |
| 2004 | Members select incorporation. |
| 2005 | Town of Star Valley Ranch incorporated. |
| 2006 | Wyoming Water Development Commission begins Level I study for the Association. |
| 2007 | Association must transfer the culinary water supply to Town for Level II work to begin. |
| 2008 | Test wells for new water sources are drilled. |

For the Wyoming Water Development Commission to continue its assistance, lot owners' must approve the transfer of the water system from the Association to the Town. The covenants with your lot created the Star Valley Ranch Association and the rules by which it operates. The Association cannot go away or change the way it operates as long as the covenants exist.

The SVR covenants require approval of two thirds of the Association's lot owners before the culinary water system can be transferred to the Town. This requirement means that at least 1356 lot owners must approve of the transfer. To obtain the necessary approval, the Association is distributing CONSENT OF TRANSFER forms to its members (one is included for your use). The prompt return of your signed and witnessed form will allow the Association to transfer the water system to the Town early next year so the WWDC can provide continued technical and financial assistance in 2007. By May of next year the WWDC must see strong evidence that the transfer will be completed in 2007 or the Town's application for further assistance will be dropped.

If the transfer is delayed, assistance will be delayed until at least 2008. Before any improvements can begin the Wyoming Water Development Commission must complete Level I of the water studies. Level II studies search for potential locations for new water wells and drill test wells. After Level II is completed, Level III provides technical assistance and funding to improve the water distribution system (storage tanks and transmission lines). It will take 2 to 4 years after transfer for the new water wells to be on line, 2 to 3 years for new storage facilities to be completed, and several years to complete improvements to the water distribution system. Even with some work being concurrent, the improvement to our water system will take many years and we do not have much time!

We have been extremely fortunate to survive this long with our inadequate water system.

Robert Palmquist, a resident of SVR and a professional hydrogeologist, has analyzed the 106 yearlong precipitation record for Star Valley. His analysis indicates that the last decade was much wetter than normal. In fact, last year (2005) was the fourth wettest year of record! In other words, SVR has survived due to unusually wet years that have increased the outflow of the source springs. Should precipitation return to normal levels, outflow will be less and our water shortages greater. Precipitation could return to normal without warning - perhaps next year! WWDC is predicting a 30% decrease in water availability in the near future. ***Time is not a luxury for SVR - it is our major limitation!***

Possible results of not transferring the culinary system are not pleasant to contemplate. The Wyoming Water Development Commission would cease

Sources of Assistance Available to the Town
Wyoming Water Development Commission
State Land Investment Board
Community Development Block Grant
Federal Mineral Royalty Capital Construction Account

further studies and financial assistance from the state would become unavailable. The Association would be responsible for all repairs and improvements. Without additional funding from its members, the Association could not implement the necessary improvements and the system would continue to decay. The continuing inadequate water supply would soon lead to a halt in new water connections and new home construction would cease. In turn the value of existing homes and undeveloped lots would decline dramatically. Should the existing culinary system become contaminated due to broken pipes or surface water pollution the EPA would immediately initiate daily fines.

Please give serious consideration to the water problems facing our community and then sign the included Consent of Transfer form. One signed form is required for each lot owned by you. The signed and witnessed Consent forms should be delivered to the Association offices at the Aspen Hills

Common Questions
<p>What do you plan to charge for water? <i>State agencies will determine the minimum fee to allow repayment of loans; neighboring towns charge \$20 to \$40 per month. Collection of these charges will begin as soon as the Town has its own source of water. Only those persons using water will be charged and no existing connections will be charged to connect to the new system.</i></p>
<p>How about meters? <i>Electronic meters will be required on all connections. Those owners with electronic meters will have no additional costs, manual meters will require an upgrade at a small cost, and connections without a meter will require one, probably at a low cost if grants are obtained.</i></p>
<p>Who will operate the water system once the Association approves its transfer? <i>The Town will operate the culinary system and the Association will retain ownership and operation of the irrigation system for the golf courses.</i></p>
<p>Where will additional water sources and storage tanks be located? <i>The Water Commission studies will determine the best locations for new facilities. We anticipate 4 test wells being drilled and one new storage tank being located above the Town for gravity feed.</i></p>
<p>What are the priorities? <i>The highest priority is new water wells, then a new storage tank and finally the distribution system. Fire protection is a priority and the new system will include fire hydrants.</i></p>
<p>Will SVRA lot owners have priority over lands acquired by the Town in the Future? <i>The Town has the obligation to provide water to its citizens. Any land acquired in the future will have its own water system developed to Town specifications.</i></p>
<p>Is there an agreement between the Town and Association? <i>The Town and Association are working on an agreement that specifies the terms of transfer and responsibilities for water during the transfer period. Drafts should be ready early next year for lot owner comments.</i></p>
<p>Will the Association lower my assessment once the road and water transfers are complete? <i>Probably not in the near future. The Association has a large debt to retire, buildings require major repairs, and the Aspen Hills irrigation system</i></p>

Golf Course or sent to Star Valley Ranch Association, P. O. Box 159, Thayne, WY 83127.

Should you have questions please contact one or more of the persons listed below.

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