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December 19, 2023

Hon. Scott Bartholomew, Chair
Hon. Reed Hatch
Hon. Scott Collard
Sanpete County Commission
160 North Main
P.O. Box 157
Manti, UT 84642

Via First Class Mail and Email

Re: Letter of December 12, 2023 from Skyline Mountain Resort

Dear Commissioners,

This firm is legal counsel for Skyline Mountain Special Service District (“SMSSD”) and has served in this capacity since the formation of SMSSD in 1998. SMSSD was created by Sanpete County (“County”) to provide culinary water service for an area known as Skyline Mountain Resort (“SMR”) and several other nearby properties. Thus, SMSSD’s customers are almost all members of SMR. Regrettably, current leadership of SMR have chosen an unfortunate and detrimental course of action of which the latest example is its letter to the Sanpete County Commission (“Commission”) dated December 12, 2023, (“SMR Letter”). This letter is sent on behalf of SMSSD in order to provide the Commission with all of the facts.

First, a little background may be helpful. As you know, the Commission appoints the Trustees of SMSSD. Throughout its existence, one Trustee of SMSSD has and is now an Officer or Director of SMR to act as an informal liaison and point of communication between the SMR and SMSSD who both have virtually identical constituency. This informal practice has worked very well for more than twenty years. Currently, Trent Anderson, who is a member of the SMR Board, serves as a Trustee for SMSSD.

Until about a year ago, SMSSD believed this liaison arrangement was working as it always had. Trustee David Weber who was also President of SMR, was involved in all decisions and actions of SMSSD. However, SMSSD learned after the fact that, despite liaison David Weber being involved in all decisions, several decisions which had been made by the Trustees were opposed by SMR. One such decision was SMSSD’s agreement to serve three connections outside of the boundaries of SMR. Currently, SMSSD has five connections which are outside of SMR.

A second decision, which apparently has drawn the ire of SMR, was to pursue a water impact fee (“**Impact Fee**”) for new development within SMSSD. Again, this decision was made by the Trustees, including President Weber, in open and public meetings. Final adoption is set for the SMSSD meeting on December 28, 2023. At about this same time, SMSSD learned that certain

Directors of SMR had begun negotiating the potential transfer of the SMSSD water system to a small nearby private water company. While a decision of this magnitude is beyond the authority of the Trustees, SMSSD asked for sufficient information to consider the proposal and, to date, this information has never been provided.

The opposition to the three new connections and the Impact Fee was surprising to SMSSD and it immediately sought to schedule a meeting with the SMR Board to discuss its concerns. However, despite multiple requests for meetings and even scheduling meetings, which SMR cancelled, SMR has refused to meet with SMSSD, preferring to utilize other avenues, including the Commission, to press its agenda. During this period of time, SMR has used three separate attorneys to represent it. Beginning with its regular counsel Michael Jensen and followed by James C. Dunkelberger of Bennett, Tueller, Johnson, & Deere, who was later replaced by Rosemary Beless of Fabian Van Cott, who sent the SMR Letter. While SMSSD's preference is to resolve the concerns of SMR through direct communication, it has been unable to do so due to the refusal of SMR to meet.

The proposed rate increase, \$5.00 for standby customers and \$10.00 for connected customers, is the first in over five years and is badly needed. Electricity rates of Mount Pleasant City, to pump SMSSD wells, has increased by 27% this year alone. Other costs have also risen. Similarly, the imposition of the Impact Fee is also needed. Otherwise, existing customers will continue to pay for new growth. The "Water System Impact Fee Facility Plan and Impact Fee Analysis" prepared by the engineering firm of Hansen Allen & Luce, and posted on SMSSD's website, clearly justifies the Impact Fee that, if adopted, will be charged to newly constructed homes and cabins.

The references to the Utah Code in the SMR Letter are to sections which govern property tax increases and have no bearing on either service rate increases or Impact Fees. SMSSD is not attempting to increase property taxes and the Trustees are well aware that they do not have the power and authority to impose or raise property taxes. The reference to Resolution No. 04-21-98, which created SMSSD, is also misplaced. It, too, refers to "taxes, fees, or charges **upon real property**" (emphasis added) and not to rates of water service or Impact Fees on new growth.

While SMSSD is disappointed in SMR's actions to date and believe them to be detrimental to the members of SMR that SMSSD serves, to resolve SME's apparent concerns, SMSSD continues to seek a meeting with the SMR Board in hopes of fully understanding the Board's concerns and reaching a resolution. Additionally, the Trustees are ready and willing to meet with the Commission, with or without the SMR Board, to provide any further information which would be helpful to the Commission.

The one point in the SME letter which was correct is the County and the Commission's overall control of SMSSD and the Trustees who serve on the administrative control board of SMSSD. It is the goal and responsibility of the Trustees of SMSSD to effectively manage SMSSD such that the Commission need not become directly involved in its operation. The Trustees of SMSSD respectfully submit they are doing so. However, SMSSD welcomes any oversight or direction the Commission deems appropriate.

Please contact me, Craig Godwin, SMSSD Trustee and Chair, 801-756-3100, or Roy Fox, 801-362-8387, SMSSD Manager, if you have any questions or need further information. Thank you.

Yours Truly,
SMITH HARTVIGSEN, PLLC



J. Craig Smith

cc: Craig Godwin, Chair SMSSD Trustees
SMSSD Trustees
Becca Mark, SMSSD Clerk
Kevin Daniels, County Attorney
Linda Christensen, County Clerk
Steven Jenson, Zoning Administrator
SMR Board of Directors
Rosemay Beless, SMR Attorney
Kim Hansen, SMR Manager