# City of Cody City Council

## Executive Session Pursuant to W.S. 16-4-405(a)(iii) &(a)(ix) 5:15 pm

**Tuesday, January 13, 2026 - 5:30 PM**
Meeting Place: City of Cody Council Chambers

**Meeting Called to Order**

**Roll Call**

**Discussion/Informational Items**

a. YRA Fueling Station Agreement
Staff Reference: Scott Kolpitcke

b. Introduction the Capstone project and the two interns from the University of Colorado Denver
Staff Reference: Utana Dye

c. Daughters of American Revolution (DAR) Request
Staff Reference: Tony Tolstedt

d. Water Rate Structure Discussion
Staff Reference: Phillip Bowman

**Conduct of Business**

**Adjournment**

**Meeting Date**: January 13, 2026
**Department**: Administration
**Staff Reference:** Scott Kolpitcke

# AGENDA ITEM SUMMARY REPORT

## YRA Fueling Station Agreement

**PROPOSED ACTION:**
Consider lease agreement approval contingent on approval of legal counsel.

**SUMMARY OF INFORMATION:**
Consider the lease agreement between Yellowstone Regional Airport and Essential Fuels / 26 Group, LLC. Essential Fuels / 26 Group, LLC is requesting a minor change to adjust the rent for the first month so it is prorated as of when the lease is approved.

**FISCAL IMPACT:**
N/A

**ATTACHMENTS:**
1. 2025.12.19.YRA Lease Agreement.sek

**LEASE AGREEMENT**

THIS AGREEMENT made and entered into this ___ day of December, 2025 by and between the YELLOWSTONE REGIONAL AIRPORT JOINT POWERS BOARD, a joint powers board properly formed under the laws of the State of Wyoming, hereinafter referred to as “LESSOR”, and 26 GROUP, LLC, a Nebraska Limited Liability Company, hereinafter referred to as “LESSEE”. The City of Cody, Wyoming (City), a municipal corporation, is a party to specific provisions of this Agreement as described below.

**PRELIMINARY RECITALS**

WHEREAS, the Lessor is the owner and operator of Yellowstone Regional Airport, an airport situated in Cody, Wyoming (Airport); and

WHEREAS, Lessee desires to lease from Lessor a parcel of land approximately 174,250 square feet in size, hereinafter referred to as “Leased Premises”, and described as follows:

A parcel shown on Exhibit “A” attached hereto and made part hereof. Said leased premises to be used for:

1. Operation of a convenience store;
2. Operation of a retail fuel station;
3. With the prior written approval of the Yellowstone Regional Airport Joint Powers Board, the sale of alcoholic beverages.

WHEREAS, Lessor hereby finds benefit and necessity to entering into a long-term lease. Specifically, Lessor finds that: 1. It is in need of continued and sustained revenue; 2. Such revenue can be generated through the letting of leasehold interests; 3. ~~–~~The Lessor has land to lease but has had difficulty leasing its land. 4.– Le~~4. Le~~ssee will be in a better position to obtain financing, make a substantial investment in the property, and enter into this lease agreement with a long-term lease.

WHEREAS, Lessor deems it advantageous to the operation of its Airport to grant the Lessee use of the leased premises with the rights and privileges as set forth herein.

**Article 1**
**General Agreement**

NOW, THEREFORE, for and in consideration of the rents, fees, covenants agreements contained herein, and recitals stated above incorporated into this Agreement by reference, and for other good and valuable consideration, it is mutually agreed and understood between the Lessor, City and Lessee the following:

**Article 2**
**Term**

The term of this Agreement shall be for a period of twenty (20) years, commencing in full force and effect on the 1st day of January, 2026, through the 31st day of December, 2045, unless sooner terminated or cancelled as provided herein. Thereafter, this lease agreement shall renew in two (2) successive 10-year periods if so elected by Lessor and Lessee. Rent shall be negotiated at the beginning of each successive term.

**Article 3**
**Fees and Rentals**

From and after the effective date hereof, the Lessee agrees to pay to the Lessor for the rights and privileges herein provided, the following rentals and fees:

~~Lessee's payment obligations are set forth in the schedule attached hereto and incorporated herein as Exhibit B. Annual rent for the leased premises shall be payable in equal payments, due on or before the first day of each month. The rent shall be reviewed every ten (10) years. If LESSOR increases the rent at that time, it shall increase by an amount equal to the Bureau of Labor Statistics Mount Plains Consumer Price Index (CPI) Summary.~~

For years 1 through 5 of this Agreement, Lessee shall pay to Lessor $32,000.00 (Thirty-two thousand and no/100 dollars) annually, with monthly payments of $2,666.67 due on or before the first day of each month. For years 6 through 10 of the lease term, the amount of rent shall increase each year by an amount to be determined by Lessor, subject to the following conditions. The rent for years 6 through 10 shall be increased each year by an amount up to the Bureau of Labor Statistics Mountain Plains Consumer Price Index (CPI), but each annual increase shall not exceed 3%. Prior to the expiration of the tenth year of the lease, the parties may meet to review the rental payments. If the parties fail to reach a mutual agreement on adjustments to the rental amount, Lessor may increase the rental amount each year by an amount up to the CPI, but each annual increase shall not exceed 5%.

The parties acknowledge that this lease will become effective January 1, 2026, but that the first rental payment is not due until April 1, 2026, due to Lessee's due diligence period.

**Article 4**
**Rights and Privileges of Lessee**

Subject to the terms and conditions hereinafter set forth, the Lessee is hereby given the following rights and privileges.

4.1 Leased Premises Use - Lessee has the right to use the leased premises for the operation of a retail fueling station, a convenience store, and with the prior written approval of the Yellowstone Regional Airport Joint Powers Board, the retail sale of alcoholic beverages.

The Lessee shall not engage in any other business, storage, operation, or activity without the prior written consent of the Lessor. The Lessee understands that a violation of this paragraph is a material default and breach of this Agreement that gives the Lessor the rights set forth in Article 10, *Defaults and Remedies.*

4.2 Ingress and Egress - Subject to rules and regulations governing the use of the Airport as may be established by the Airport Manager, the Lessee, its employees, suppliers of materials, furnishers of service, business visitors, and invitees shall have the right of ingress and egress to and from the leased premises. Lessor shall not implement or enforce any rule, construction, or operational change which would unreasonably interfere with Lessee's, its employees', and customers' ingress or egress to the Leased Premises..

4.3 Quiet Enjoyment - The Lessor covenants that upon paying the rent and performing the covenants and conditions herein contained, the Lessee shall peacefully and quietly have, hold, and enjoy the leased premises for the term of this Agreement. The Lessee waives any and all claims, objections, and complaints of any kind arising from the noise, activities and operation of an airport, including, but not limited to the noise of any and all aircraft. The Lessee further agrees that inconveniences, such as noise, disturbances, traffic detours and the like, caused by or associated with the construction of Airport improvements or Airport events shall not constitute a breach of quiet enjoyment of the leased premises. Further, the Lessee understands that access to the leased premises may be obstructed or prevented during and after snow events. The Lessee further agrees not to disturb Lessor or any other tenant of the Airport by creating or permitting any disturbance or other unusual noise or other undesirable condition on or about the Airport.

## Article 5
## Rights and Obligations of Lessor

In addition to other rights and privileges, the Lessor has the following rights and privileges.

5.1 Airport Development - The Lessor has the right, but shall not be obligated to Lessee, to develop or improve the landing areas and other portions of the Airport as it sees fit, regardless of the desires or views of the Lessee, and without interference or hindrance.

5.2 Aerial Approaches - The Lessor has the right to take any action it considers necessary to protect the aerial approaches and transition surfaces of the Airport against obstruction, together with the right to prevent the Lessee or sub-lessees from erecting or permitting to be erected any building or other structure on the Airport, which in the sole opinion and discretion of LESSOR would limit the usefulness of the Airport or constitute a hazard to aircraft. Lessor advises and warrants that existing and intended use of the airport would not foreseeably interfere with Lessee's operations.

5.3 War, National Emergency, Riot or Natural Disaster - During time of congressionally declared war, presidentially declared national emergency, declared riot or declared natural disaster, the Lessor shall have the right to lease the entire Airport or any part thereof to the United States or State of Wyoming for military or National Guard use. However, Lessor shall not lease the leased premises or any portion thereof occupied by Lessee to any governmental entity without notice to Lessee. If such government action renders the purpose for the leased premises unusable for a period of –three hundred sixty-five (365) days or more, and such circumstances would not end within the foreseeable future, either party may cancel this Lease by giving the other party written notice at least thirty (30) days in advance of the cancellation. If the lease is –cancelled under this section prior to Lessor's full depreciation of –Lessee's building, –Lessee shall be compensated for its documented construction and improvement costs, less reasonable depreciation. The Parties agree that construction and improvement costs shall be documented through invoices, contracts, or certified cost statements provided by Lessee. If there is a dispute concerning the amount of compensation, each Party shall, within thirty (30) days, appoint an independent appraiser experienced in commercial construction valuation. The two appraisers shall jointly select a third neutral appraiser, and the decision of the majority of the three shall be final and binding as to the amount of compensation. Costs of appraisal shall be shared equally by the Parties.

5.4 Access to Leased Premises - To the extent necessary to protect the rights and interests of the Lessor, or to investigate compliance with the terms of this Agreement, the airport manager or his designee shall at any and all times have the right to inspect the leased premises, including all buildings, structures and improvements erected thereon during business and operation hours of Lessee. In the event of such inspection of the portions of the Leased Premises open to the public, Lessor is not required to provide an advance notification. Lessor must contact Lessee's CEO or designated representative and give advance notification at least 12 hours prior to any inspection or access to portions of the leased premises that are not open to the public, except in emergencies, and coordinate reasonable timing for such access.

5.5 Unrestricted Right of Flight - For the use and benefit of the public, the Lessor has a free and unrestricted right of flight for the passage of aircraft in the airspace above the surface of the leased premises, together with the right to cause in that airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said airspace for landing at, taking off from or operating on or about the Airport.

5.6 Government Use of Airport - This Agreement shall be subordinate to the provisions of any existing or future agreements between the Lessor and the United States government, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport.

5.7 Development Activities of Airport. If Lessor undertakes construction, maintenance, or any other activity on Airport property that substantially interferes with Lessee' ability to conduct its business operations, or renders Lessee unable to reasonably conduct its business on the leased premises, Lessee shall be entitled to an abatement of rental payments for the period of which Lessor's activity substantially interferes with Lessee's ability to conduct its business operations. The amount of the rental abatement shall be proportionate the percentage of loss of revenue in a calendar month by the Lessee directly attributable to the Lessor's activities. "Substantial interference" shall mean a loss of at least 10% of gross sales by Lessee for a period of at least 90 (ninety) days.

**Commented [SK1]:** Temporary or short- term activities should not result in YRA having to compensate Lessee for construction costs. Typically if there is a short- term reason why the Lessee cannot conduct business, that partially or totally abates the rent, but does not result in termination of the lease.

## Article 6
## Rights and Obligations of Lessee

Except as otherwise specifically provided herein, the Lessee shall have the following obligations.

6.1 Condition of Leased Premises - The Lessee shall use the leased premises and without expense to the Lessor, will construct and maintain any installations and buildings thereon. Prior to Lessee's use of the leased premises for the permitted uses described above, and prior to the construction of any buildings, fuel pumps, underground storage tanks and all other improvements, Lessee shall submit plans to Lessor for approval for improvements to be made to facilitate said use, to include but not be limited to, fencing, access control, and security/perimeter lighting. Lessor shall approve such plans so long as the same are commercially reasonable and generally in accord with industry standards for fuel stations of the same or similar character. Lessee shall comply with all local, state, and federal law regarding the construction of such improvements, including but not limited to building permits, site plan requirements, sign requirements of the City of Cody, and any and all environmental laws, rules, and regulations. Lessee shall be permitted to move, at Lessee's expense, the current building leased to Airport Car Condos of Wyoming, LLC, subject to the terms and conditions described in this section 6.1, and subject to the terms and conditions of the lease agreement between Lessor and Airport Car Condos of Wyoming, LLC.

6.2 Maintenance, Exterior Storage, and Housekeeping - Lessee shall, at it its sole expense, keep, maintain, and repair the leased premises and any improvements thereto, consistent with good business practices and in a manner to preserve and protect the general appearance and value of other premises in the immediate vicinity. This shall include but not be limited to paved areas, lighting, landscaped areas within lease lines. At the final termination of this Agreement Lessee shall surrender the leased premises in good condition, normal wear and tear aside, but Lessor may direct LESSEE to remove any installations, improvements, buildings, or the like prior to surrender, at LESSEE's expense. In the event LESSOR directs LESSEE to remove the installations, improvements, and buildings, LESSEE shall do so in a manner that restores the premises to its original condition. Additionally, Lessee's buildings, fuel pumps and storage units shall be in good condition with no peeling paint or large dents and shall be stored in a neat and organized manner.

Lessee further agrees to remove all trash and garbage at its own expense and not deposit the same on any part of the Airport except temporarily in conjunction with collection or removal.

In the event Lessee does not keep the leased premises in a presentable condition, the Lessor has the right to issue a written notice to remedy the condition. If Lessee fails to perform satisfactorily within ten (10) days of such notification or show reasonable cause for extensions of said time period, the Lessor shall have the right to perform, or have performed by an outside contractor, the necessary work without liability, and Lessee agrees to pay the Lessor one hundred twenty-five percent (125%) of such expenses within thirty (30) days upon invoice receipt.

6.3 Underground Tanks Lessee shall comply with all local, state, and federal laws, rules and regulations pertaining to the installation, maintenance, storage, and disposal of underground storage tanks, and the materials and substances contained therein. Upon termination, or sooner if for any reason the Lessee ceases to sell gasoline or other fuels, Lessee shall have the responsibility to remove the underground tanks, and to clean up any contamination which resulted from the use of those tanks or the fueling lines or apparatus, employing the services of a licensed installer to do so. Thereafter, Lessee will have a continuing duty of indemnity of any soil or water contamination resulting from Lessee's fueling operations.

6.4 Additions or Alterations – After initial construction, Lessee is prohibited from making alterations, attaching external fixtures, or making other changes to the leased premises unless approved in advance in writing by the airport manager. Written consent shall not be unreasonably withheld. All such changes shall become part of the realty upon which they were constructed.

6.5 Signage and Illumination – Lessee shall be permitted to erect or modify signage pertaining to the businesses contemplated in this lease agreement at Lessee's expense subject to approval by the Lessor or airport manager. Notwithstanding the business signage permitted in the preceding sentence, Lessee shall not paint on, attach, exhibit or display in or about said leased premises any other sign without the written consent of the airport manager first obtained regarding the nature and construction of the sign, provided always that the Lessee may erect an appropriate sign containing the name of the Lessee with airport manager approval, said approval not to be unreasonably withheld. If business decisions by Lessee require modification, replacement, or rebranding of existing, signage, Lessor shall not unreasonably withhold or delay approval of such signage changes. Lessee shall be responsible for compliance with all applicable local, state, and federal regulations pertaining to such signage, including but not limited to municipal sign code and any applicable FAA regulations. Lessee shall not need approval from Lessor or the airport manager to replace or update an existing sign so long as such replacement or update does not enlarge the sign, or result in a change in the location, dimensions, or height of the sign. No modifications, removal, or replacement of the existing sign shall occur until Lessor and Lessee mutually agree in a separate written agreement on the scope, cost allocation, and timeline for such signage work.

6.6 Utilities - The Lessee agrees to provide its own connections with utilities and to make separate arrangements with the agencies responsible for the utilities. The Lessee shall pay for all utility service supplied to the leased premises, and if required by the utility agencies as a condition of providing the services, the Lessee will install and pay for standard metering devices for the measurement of such services. In the event it becomes necessary to make utility service or facility changes, the Lessee will either make such changes and installations at its own expense, as directed and required by the utility organizations, or pay the utility organization for such changes made. The Lessor shall have the right, without cost to Lessee, to install and maintain in, on or across the leased premises, sewer, water, gas, electric, telephone lines, electric substations or other installations necessary to the operation of the Airport, or to service other tenants of the Lessor, provided that the Lessor shall carry out such work and locate any above-ground structures in a manner so as not to unreasonably interfere with Lessee's use of the leased premises. Any costs for installation of utilities for service to Lessor shall be paid by Lessor. In the event maintenance/repair to any utilities is required by Lessor on the property subject to this lease, Lessor shall promptly or within a reasonable time restore property to the condition it was in, or better, than when the maintenance and/or repairs were performed.

6.7 Discrimination - The Lessee, for itself, its personal representatives, successors in interest and assigns as a part of the consideration thereof, does hereby covenant and agree that a) no person on the grounds of race, sex, color, religion, disability, age or national origin shall be excluded from participation in, denied the benefits of or otherwise subjected to discrimination in the use of said facilities; b) that in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, sex, color, disability, age or national origin shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination; and c) that the Lessee shall use the leased premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964 and as said regulations may be amended.

6.8 Costs of Enforcement - The parties covenant and agree to pay and discharge all reasonable costs, attorneys' fees and expenses that shall be made and incurred by the other party in enforcing the covenants and agreements of this Agreement.

6.9 Taxes, Licenses and Permits - The Lessee shall obtain and keep current all municipal, Lessor, state and federal licenses and permits that may be required in its operation. Lessee will bear, pay and discharge all taxes, assessments and levies of every nature and kind which may be taxed, charged or assessed lawfully against the lease premises and improvements thereon, or which may be lawfully levied or imposed upon the leasehold by a governmental agency.

6.10 Liens - The Lessee agrees to promptly pay all sums legally due and payable on account of any labor performed on or materials furnished for the leased premises. Lessee shall not permit any liens to be placed against the leased premises on account of labor performed or material furnished. In the event such lien is placed against the leased premises, Lessee agrees to hold the Lessor harmless from any and all such asserted claims and liens and to remove or cause to be removed any and all such asserted claims or liens as soon as reasonably possible.

6.11 Parking – Lessor and the City of Cody each reserve the right at any time to adopt, promulgate, modify, or amend such parking regulations, rules, ordinances, or restrictions as they deem necessary for the Leased Premises. The Lessee agrees to prohibit vehicle parking on the Airport premises other than those vehicles specifically associated with the use of the leased premises, and no other. The Lessee and its invitees shall park only on Lessee's leased premises or other publicly designated parking areas. No designated overnight parking areas on the leased premises shall be provided. Overnight parking on the leased premises is not permitted without the prior written approval of the airport manager. Lessee shall not assume responsibility for unauthorized overnight parking by third parties. Lessee and its employees shall at all times comply with posted signs regulating the movement of vehicles. In the event of an emergency, inclement weather, or circumstances that reasonably warrant parking on the leased premises, parties agree to make reasonable accommodations until conditions warrant the removal of vehicles.

6.12 Laws, Ordinance, Rules, and Regulations - The Lessee agrees to observe and obey the rules and regulations governing the conduct and operation of the Airport facilities promulgated or amended from time to time by the FAA, airport manager, YRA Joint Powers Board, the governing body of the City of Cody, and/or the Park County Commissioners. Lessee shall also comply with, at its own cost and expense, all applicable federal, state, and local laws and ordinances. Lessee shall be responsible for compliance with all environmental regulations pertaining to the storage of fuels, flammable, toxic, and hazardous waste, including but not limited to laws, rules, and regulations enforced by or adopted by the Environmental Protection Agency, Wyoming Department of Environmental Quality, and any other local, state, or federal laws and regulations.

6.13 Storage of Flammable Fluids - The Lessee agrees that the storage of gasoline or other flammable fluids in bulk quantities shall be limited to such areas as designated by the airport manager. Lessee agrees that the storage of all other gasoline or flammable fluids shall be in an approved container labeled "FLAMMABLE". The storage of all gasoline, diesel, and other fluids shall conform to all applicable state, federal and local laws, rules, building codes and regulations. If any storage method is found to violate such regulations shall be deemed a breach of this Agreement, and Lessee shall immediately take such steps as are required by law or mandated by any court or administrative order to mitigate, reclaim, and restore the Leased Premise to a condition that complies with applicable laws, rules, regulations, and orders. If Lessee fails to take the necessary steps within a reasonable time (which time shall not exceed thirty days, or less if required by any law, rule, regulation, or order) to cure the breach described in this section, Lessor shall have the right, but not the obligation, to mitigate or correct the violation, at Lessee's expense. The disposal of any hazardous chemicals or fluids on the Airport leased premises is prohibited. Lessee shall indemnify and hold harmless Lessor for any and all costs, expenses, fees, fines, penalties, damages, losses, judgments, settlements, and claims arising out of Lessee's breach of any of the requirements and conditions of this section. This indemnification obligation shall include, but not be limited to, Lessor's costs and expenses of restoring and mitigating the Leased Premises to comply with applicable laws, rules, regulations, and orders, and reasonable attorney's fees incurred by Lessor in defending any legal, civil, criminal, or administrative or other action arising from Lessee's breach of this section. This indemnification obligation shall be in addition to the indemnification obligations described in Article 8.

6.14 Snow Plowing - The Lessee agrees to be responsible for the plowing of snow within its leased premises including vehicle parking areas and access drives.

6.15 Security Plan - The Airport has implemented an airport security plan in a form acceptable to the Transportation Security Administration (TSA) pursuant to 49 Code of Federal Regulations Part 1542. The Lessor reserves the right to modify that plan from time to time, as it deems necessary, to accomplish compliance with TSA regulations. The Lessee shall at all times comply with the security plan and indemnify and hold harmless the Lessor from any violations of the security plan committed by any agent or member of the Lessee. Lessor shall have the right to terminate this agreement in the event that Lessee fails to comply or remain in compliance upon written notice by Lessor that compliance is required. Lessee shall not store any equipment, containers or vehicle within ten (10) feet of the Airport's perimeter fence.

## Article 7
## Insurance

Lessee shall, at its expense, maintain insurance in full force and effect during the term of this Agreement in such amounts and coverages as to protect Lessee's interests. All personal property on the leased premises shall be at the risk of Lessee, and Lessor and City shall not be liable for any damages to said personal property except for any loss or damage arising out of any negligent act or omission of Lessor or its employees, and subject to the protections and limitations of the Wyoming Governmental Claims Act (W.S. 1-39-101, et. seq), including governmental immunity. Lessor and Lessee will each keep its property interest, both real and personal, in the leased premises and its liability in regard thereto reasonably insured against hazards and casualties that is, fire and those items usually covered by extended coverage. Lessee shall keep and maintain general liability insurance coverage with limits of not less than $3,000,000.00 (Three million and no/100 dollars) per incident, and $5,000,000.00 (five million and no/100 dollars) in the aggregate. Lessee may satisfy this condition through a single policy, or a combination of general liability policies and umbrella policies, which policies shall be satisfactory to Lessor.

Lessee shall maintain a pollution insurance policy to ensure Lessee's compliance with all state and federal laws and regulations related to toxic or hazardous substances. Lessee shall provide a certificate of insurance to Lessor annually to document compliance with this provision.

## Article 8
## Indemnification and Hold Harmless

The Lessee agrees to fully indemnify, save, and hold harmless the Lessor and City of Cody, from and against all claims, liabilities, judgments, damages, costs and all expenses incidental to the investigation and defense thereof which may accrue against, be charged to or recovered from Lessor or City, directly or indirectly, by reason of or account of or arising out of death, damages or injuries to any persons or their property or damage to the property of the Lessor or City caused by the fault, action, non-action, omission or negligence of Lessee, its agents or employees and arising out of the use and occupancy of the premises at the Airport, including acts of joint negligence of the Lessee or its agents. The Lessor shall provide the Lessee with prompt written notice of any claim, demand, or litigation instituted that in any way directly or indirectly affects or may affect the Lessee or the leased premises. The Lessee shall give the Lessor prompt and reasonable notice of any claim made or actions instituted which in any way directly or indirectly affects or may affect the Lessor, and the Lessor shall have the right, but not the duty, to participate in the defense of any claim or litigation with attorneys of the Lessor's selection without relieving Lessee of any obligations hereunder. Any final judgment rendered against Lessor or City for any cause for which Lessee is liable hereunder shall be conclusive against Lessee as to liability and amount. Lessee agrees to furnish proper and adequate insurance protection to Lessor, City, its agents, officers, and employees against any and all claims against them which may arise from Lessee's use and occupancy of and operations at the Airport, to the extent of Lessee's indemnity obligations herein set forth. Lessee's obligations herein shall survive any termination of this Agreement or Lessee's activities on the Airport.

## Article 9
## Subleases; Responsibility for Sublessees

9.1 The Lessee shall not sublease the leased premises or any part of the leased premises without the prior express written consent of the Lessor. Any proposed sublease which the Lessee wishes the Lessor to approve must meet the intended use of the property. Any sublease agreement shall be in writing and the agreement shall be subject to the terms and conditions of this Agreement; sublessees shall maintain liability insurance in the amounts the Lessee sees fit; sublessees shall maintain other insurance coverage and amounts as the Lessee prescribes; and sublessees shall hold the Lessor harmless. Lessee shall accept full responsibility and liability for the acts and omissions of its sublessees.

9.2 This Lease is entered into with 26 Group, LLC, as the Lessee and holding company. The Parties acknowledge and agree that Essential Fuel, LLC, a Nebraska Limited Liability Company, operates the fuel station and conducts daily business activities on the leased premises as the authorized operating entity under this Lease. Such operational arrangement is expressly permitted and shall not constitute a sublease, assignment, or transfer requiring further approval by LESSOR. All other provisions of this Article remain unchanged.

## Article 10
## Defaults and Remedies

The occurrence of any one or more of the following events shall constitute a material default and breach of this Agreement by the Lessee or Lessor or City.

10.1 The filing of a voluntary petition in bankruptcy.

10.2 The institution of proceedings in bankruptcy and the adjudication of a party hereto as a bankrupt pursuant to such proceedings.

10.3 The taking by a court of assets pursuant to proceedings brought under the provisions of any Federal Reorganization Act.

10.4 The filing of any lien against the Airport or any of its property as the result of any act or omission of Lessee (except for the lien described in Article 28 below), if the lien is not discharged or contested in good faith by Lessee (as determined by the Lessor) within thirty (30) days of Lessee's receipt of notice of the lien, unless Lessee posts a bond within this time period equal to the amount of the lien.

10.5 The voluntary abandonment by Lessee of its operations at the Airport.

10.6 The appointment of a receiver of Lessee's assets, or any general assignment for the benefit of Lessee's creditors.

10.7 The failure of Lessor to uphold the terms and covenants of this lease.

10.8 The failure by Lessee to make any payment required by this Agreement for a period of ten (10) days after the time such payment becomes due, where such failure continues for a period of fifteen (15) days after written notice from the Lessor.

10.9 The falsification by the Lessee of any of its records or figures so as to deprive the Lessor of any of its rights under this Agreement.

10.10 The failure by Lessee to perform any of the covenants, conditions, or obligations imposed on it by this Agreement where the failure continues for a period of fifteen (15) days after written notice from the Lessor, unless a shorter time is specified in this Agreement.

10.11 Use of the leased premises for any purpose not specified in Section 4.3, Leased Premises

Use.

10.12 Notice that the Lessee is in violation of any local, state, or federal laws relating to the use of the premises, or to the storage, handling, or disposal of hazardous, toxic, or caustic substances or materials and the same is not contested or remedied by Lessee in a reasonable amount of time.

In the event of any default by the Lessee, the Lessor or City shall have the right to declare this Agreement terminated. In addition to the termination right described herein, the Lessor shall have the following rights and remedies upon default by Lessee:

10.13 The recovery of any unpaid rent, fees, and other payments due and owing at the time of termination, plus any unpaid rent and fees that would have been earned and other payments what would have been made if the Agreement had not been breached by Lessee.

10.14 The recovery of any damages, costs, fees (including, but not limited to reasonable attorney's fees) and expenses incurred by Lessor or City as a result of the breach of the Agreement by Lessee.

10.15 The removal of all persons from the Airport and the removal and storage at Lessee's expense of all of its property on the Airport.

10.16 Any other right or remedy, legal or equitable, that the Lessor or city is entitled to under applicable law.

In the event of any such termination as described above, the Lessor or City shall have the right at once and without further notice to the Lessee to enter and take full possession of the Leased Premises occupied by the Lessee under this Agreement. Upon the termination of this Agreement for any reasons, Lessee shall yield up all real property, space, and facilities to the Lessor or City in the same condition as when received, reasonable, and ordinary wear and tear and damage by the elements excepted. In the event of the failure on the part of the Lessee upon the termination of this Agreement to immediately remove from Airport all property owned by it, the Lessor or City might effect such removal and store such property at Lessee's expense. Lessee shall pay and discharge all reasonable costs, attorney fees and expenses that are incurred by the Lessor or City in enforcing the terms of this Agreement.

The failure of the Lessor or City to declare this Agreement terminated for any of the reasons set out above shall not bar the right of the Lessor or City to subsequently terminate this Agreement for any of the reasons set out above. Further, the acceptance of rental or fees by the Lessor for any period after a default by Lessee shall not be deemed a waiver of any right on the part of the Lessor to terminate this Agreement.

**Article 11**

**Cancellation by Lessee**

The Lessee may cancel this Agreement at any time that it is not in default in its obligations by giving the Airport Manager thirty (30) days written notice to be served as hereinafter provided after the happening of any of the following events, if such event materially impairs the conduct of Lessee's normal business on the Airport:

11.1 The issuance by a court of competent jurisdiction of any injunction in any way preventing or restraining normal use of the Airport or any substantial part of it, and the remaining in force of such injunction for a period of sixty (60) consecutive days, such injunction not being the result of any fault of Lessee;

11.2 The inability of Lessee to use, for a period of six (6) consecutive months, the Airport or any substantial part of it due to enactment or enforcement of any law or regulation, or because of fire, earthquake or similar casualty or Acts of God or the public enemy; or

11.3 The lawful assumption by the United States Government of the operation, control, or use of the Airport or any substantial part of it for military purposes in time of war or national emergency for a period of at least six months.

Failure of Lessee to declare this Agreement canceled for any of the reasons set out above shall not operate to bar or destroy the right of Lessee to cancel this Agreement by reason of any subsequent occurrence of the described events.

**Article 12**
**Remedies Cumulative; No Waiver**

All of the rights and remedies given to the Lessor, City, and/or Lessee in this Agreement are cumulative and no one is exclusive of any other. The Lessor, City, and/or Lessee shall have the right to pursue any one or all of such remedies or any other remedy or relief that may be provided by law, whether stated in this Agreement or not.

The failure of the Lessor to take action with respect to any breach by Lessee of any covenant, condition, or obligation in this Agreement shall not be a waiver of such covenant, condition or obligation or a subsequent breach of the same or any other covenant, condition or obligation. The acceptance by the Lessor of any rent or other payment shall not be a waiver by it of any breach by Lessee of any covenant, condition or obligation

**Article 13**
**Damage to Property of Lessee and Others**

The Lessor and City shall have no liability to the Lessee or its sublessees, contractors, guests or invitees for any damage to their property caused by fire, tornado, earthquake, windstorm, or other casualty resulting therefrom, or from other acts by other persons, including, but not limited to, third parties. The Lessor's and City's liability shall be governed by the Wyoming Constitution, Wyoming law, including the Wyoming Governmental Claims Act.

**Article 14**
**Damage to Leased Premises and Property**
**By Lessee and Others**

If any part of any Airport property is damaged by the act or omission of the Lessee, its agents, officers, employees, contractors, sublessees, and subcontractors, the Lessee shall pay to the Lessor and City, upon demand, the fair market value of labor and/or materials reasonably necessary to repair or replace the property.

**Article 15**
**Lessor Representative**

The Airport Manager is the official representative of the Lessor for the administration and enforcement of this Agreement.

**Article 16**
**Subordination**

This Agreement is and shall be subordinate to any existing or future agreement between the Lessor and the United States regarding the operation or maintenance of the Airport.

**Article 17**
**Governing Law;**
**Venue for Disputes**

This Agreement shall be deemed to have been made in, and shall be construed in accordance with the laws of the State of Wyoming. Any lawsuit related to or arising out of disputes under this Agreement shall be commenced and tried in the district court of Park County, Wyoming, and the Lessor and Lessee submits to the exclusive jurisdiction of the district court for such lawsuits.

Nothing in this Agreement shall be construed as a waiver of Lessor's and City's governmental immunity under Wyoming law and the Wyoming Governmental Claims Act. Lessor and City retains all of their immunities, limitations and protections under the Wyoming Governmental Claims Act.

**Article 18**
**Counterparts**

This Agreement has been executed in several counterparts, each of which shall be taken to be an original and all collectively but one instrument.

**Article 19**
**Severability**

In the event that any provision of this Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of any such provision shall in no way affect any other provision in this Agreement, provided that the invalidity of any such provision does not materially prejudice either the Lessor or Lessee in their respective rights and obligations contained in the valid provision of this Agreement.

**Article 20**
**Independence of Contract**

It is further mutually understood and agreed that nothing herein contained is intended or shall be construed as in any way creating or establishing the relationship of co-partners between the parties hereto, or as constituting the Lessee as the agent or representative or employee of the Lessor for any purpose or in any manner whatsoever.

**Article 21**
**Successor and Assigns Bound**

The Lessee shall be responsible for the obligations in Article 8 in perpetuity. Additionally, any payment obligation and repair obligation that exists as of the termination or cancellation of this Agreement shall extend until the obligation is satisfied. All of the provisions, covenants and stipulations in this Agreement shall extend to and bind the legal representatives, heirs, successors and assigns of the respective parties. The term of lease will continue in effect and inure to the benefit of any assigns, heirs, or successors interest of the Lessee.

**Article 22**
**Entire Agreement**

This Agreement contains and embodies the entire agreement between the Lessor, City and Lessee and supersedes and replaces any and all prior agreements, understandings and promises on the same subject whether written or oral.

**Article 23**
**No Assignment**

This Agreement may not be assigned, nor any part of it be assigned, without the express written consent of Lessor and City.

**Article 24**
**Holdover Possession of Leased Premises by Lessee**

In the event that Lessee should hold over and remain in possession of the leased premises after the expiration of this Agreement or termination for any cause, the holding over shall be deemed not to operate as a renewal or extension of this Agreement and shall create a tenancy from month to month which may be terminated at any time by the Airport Manager or Lessee with ten days prior notice.

**Article 25**
**Paragraph Headings**

All paragraph and subparagraph headings contained in this Agreement are for convenience in reference only and are not intended to define or limit the scope of any provision.

**Article 26**
**Notices**

Notices to the Lessor or Lessee provided for in this Agreement shall be hand delivered or sent by certified mail, addressed to:

| | |
|---|---|
| Lessor: | Lessee: |
| Airport Director | Eric Reichert |
| Yellowstone Regional Airport | President |
| P.O. Box 2748 | 26 Group, LLC |
| Cody, Wyoming 82414 | 1502 19th Avenue |
| | Scottsbluff, NE 69361 |

or to such other addresses as the parties may designate to each other in writing from time to time, and such notices shall be deemed to have been given when sent.

All payments shall be made payable to Yellowstone Regional Airport Joint Powers Board and sent to the attention of the Airport Manager at the Lessor's address stated above.

**Article 27**
**Waiver of Immunity for Breach of Contract**

Nothing in this Agreement shall be construed as a waiver of Lessor's or the City of Cody's governmental or sovereign immunity under the Wyoming Constitution and Wyoming law, nor shall it be construed as a waiver of the limitations, defenses and immunities provided under the Wyoming Constitution and Wyoming law.

**Article 28**
**Financing and First Leasehold Interest Deed of Trust**

Lessor acknowledges and consents that Lessee has or may obtain financing from First State Bank, Division of Glacier Bancorp, P.O. Box 1098, 1410 E. Valley Hwy 26, Torrington, WY 82240, which requires a First Leasehold Interest Deed of Trust (DOT) on Lessee's interest in this Lease. Lessor consents to the Bank's lien on the leasehold estate and agrees to execute all documents necessary to protect the Bank's interest, subject to review and approval by Lessor and City prior to the execution and recording of any lien documents, including any Deed of Trust. Lessor shall provide the Bank with any notice of default or termination and provide at least thirty (30) days to cure. Nothing in this section shall be construed as a waiver of any of the conditions or requirements described in this Agreement, including but not limited to those in Article 10, nor shall this section be construed as an authorization to allow any party to file a lien on the Leased Premises, or on any real property owned or operated by Lessor, the City of Cody or Park County, Wyoming.

**Article 29**
**Entity Clarification**

For administrative and financing purposes, this lease shall be held by 26 Group, LLC (the holding company) as Lessee. Essential Fuel, LLC (the operating entity) shall have the right to occupy, operate, and maintain the premises under this Lease. The lease by 26 Group, LLC to Essential Fuel, LLC shall not relieve 26 Group LLC of any of its obligations under this Agreement.

**Article 30**
**Sale of Property**

The parties understand that any sale of the Leased Premises is subject to Wyoming Statute

Section 15-1-112. Lessor and City of Cody agree that if they decide to sell the Leased Premises, they shall require, as a condition of such sale, that the buyer shall purchase the property subject to this Agreement, and that this Agreement shall be binding upon the buyer, and the buyer shall be obligated to fulfill the obligations of Lessor under this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their proper offices on the dates shown below.

**LESSOR: YELLOWSTONE REGIONAL AIRPORT JOINT POWERS BOARD**

_____________________________ Dated: December ____, 2025.
Board President
Lessor

**LESSEE: 26 GROUP, LLC:**

By:_____________________________
PRINT NAME: Eric Reichert Dated: December ____, 2025.

Title: President of 26 Group, LLC

**CITY OF CODY, WYOMING:**

BY:______________________________ Dated: __________________
LEE ANN REITER, MAYOR

Attest: __________________________
Clerk

**Meeting Date**: January 13, 2026
**Department**: Community Development
**Staff Reference:** Utana Dye

# AGENDA ITEM SUMMARY REPORT

## Introduction the Capstone project and the two interns from the University of Colorado Denver

**PROPOSED ACTION:**
None

**SUMMARY OF INFORMATION:**
In the fall of 2025, the City of Cody applied to host a capstone project and was ultimately selected for two.

A capstone is a client-based research project designed for students in the School of Public Affairs' master's programs. It requires them to synthesize the competencies gained throughout their studies. The students conduct independent research, complete a final written project demonstrating their qualifications, and present their findings orally to a committee of faculty and professionals in criminal justice or public affairs.

The City of Cody submitted two projects: one for the Cody Planned Unit Development (PUD) Regulations Rewrite and the other for Barriers to Attainable Housing. The selection for both projects means the City now has two interns working to gather information that will be valuable once the students complete their final reports.

Caleb Battersby, is working on becoming a Master of Urban and Regional Planning candidate at the University of Colorado Denver, graduating in May 2026. Caleb is focusing on zoning code strategies and a rewrite of the PUD section for his capstone project with the City of Cody. His academic and professional interests are in affordable housing, land use policy, and using data-driven planning to support local decision-making. Caleb brings relevant experience to the PUD code revision, having recently been involved in a similar process in Leadville, Colorado.

Amanda Spidel, is pursuing a master's in urban and Regional Planning at the University of Colorado Denver. She has a passion for housing policy, neighborhood planning, and equitable community development. Amanda spent two summers as an intern with the City of Englewood, Colorado. Where she gained hands-on experience in municipal planning, policy analysis, and public-sector processes. Her academic and professional work focuses on the intersection of land use regulation, housing affordability, and community-centered development, with particular attention to housing as a human right and the role of planning in advancing social equity.

**FISCAL IMPACT:**

NONE

**ATTACHMENTS:**
None

**Meeting Date**: January 13, 2026
**Department**: Administrative Services
**Staff Reference:** Tony Tolstedt

# AGENDA ITEM SUMMARY REPORT

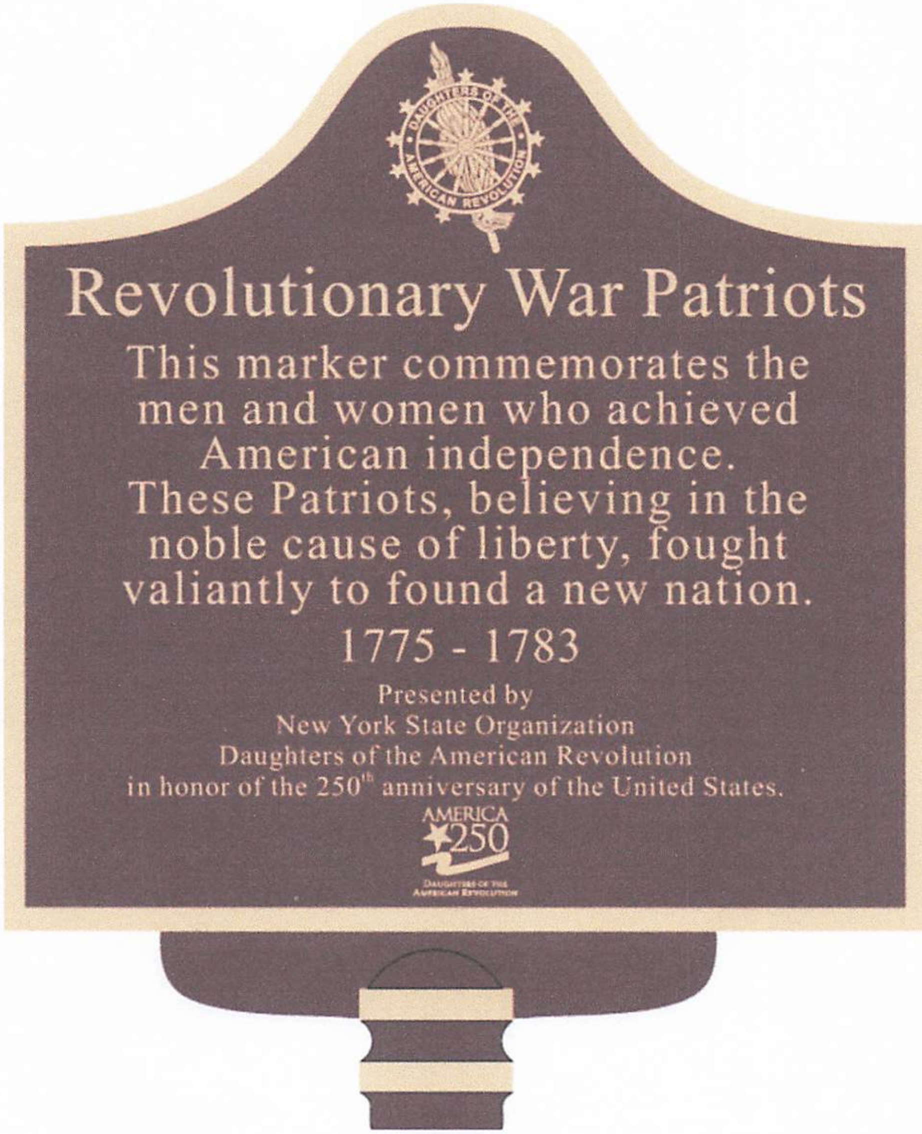
## Daughters of American Revolution (DAR) Request

**PROPOSED ACTION:**
Consider Daughters of the American Revolution National Project for the 250-year Anniversary of Our Nation's Founding.

**SUMMARY OF INFORMATION:**
The program has been established to honor the memory of the men and women with whom have a sacred compact to ensure that these United States of America continue as a government of the people, by the people, for the people. It is also designed to raise appreciation amongst current and future generations of Americans of our Patriots' sacrifice for their benefit. The location of the proposed plaque is to be determined.

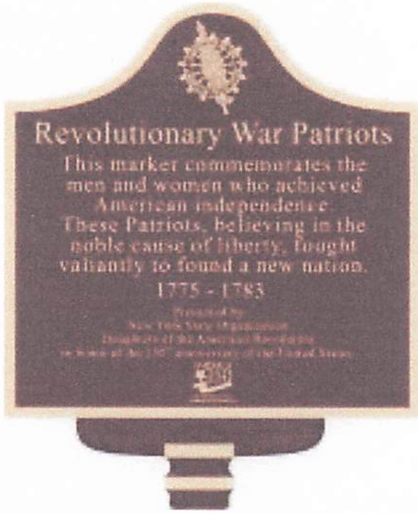
**FISCAL IMPACT:**
TBD

**ATTACHMENTS:**
1. DAR Plaque pic and desc
2. HG-7003




## NSDAR Patriot Marker Plaque Initiative and Specifications

The program has been established to honor the memory of the men and women with whom we have a sacred compact to ensure that these United States of America continue as a government of the people, by the people, for the people. It is also designed to raise appreciation amongst current and future generations of Americans of our Patriots' sacrifice for their benefit.




NSDAR Patriot Markers Plaque Initiative, cont'd.

We hope that these new markers will also become sources of pride for local communities to celebrate the brave Patriots who founded our nation – and a reminder of the importance of emulating their conviction, courage and cooperation toward national unity.

The beautiful bronze sign may be ordered as a 30"-x-30" stand-alone marker for $4,800 or as a 24"-x-24" plaque version for wall or stone at a cost of $2,400. States, chapters, clubs and individuals must first obtain permission from the Office of the Historian General to ensure that proper placement approvals have been received – but no other paperwork is required. The plaques must also be ordered from an NSDAR-approved vendor, whose contact information will be provided once applications are complete/approved.

Three items are necessary: 1) A letter of support from the sponsoring chapter/club/state society/state organization/individual. 2) A precise description of where the marker is to be located, ideally including sketches, photographs and/or maps of the site. 3) A written statement authorizing installation of the marker from the property owner/custodian of land where the marker is to be placed; that signed letter must be dated within the past year and cite the authority to grant permission. Materials may be submitted electronically to historian@dar.org or by mail to Office of the Historian General, NSDAR, 1776 D Street NW, Washington, DC 20006.

I am most grateful to Historian General Laura McCrillis Kessler and her office staff, America 250! Committee Chair Lynn Forney Young and the executive officers for enthusiastically supporting this ambitious effort to create a meaningful legacy in communities across the nation in preparation for the upcoming semiquincentennial. Please consider being part of this exciting endeavor to honor our Patriot ancestors and keep alive an appreciation for their valor and achievement. Can we do it? You know we can!

# DAR AMERICA 250! PATRIOT MARKER
## APPLICATION AND INSTRUCTIONS FOR APPROVAL

ADVANCE PERMISSION must be obtained from the Office of the Historian General before the purchase and placement of a DAR America 250! Patriot Marker. Firm plans for dedication should not be made until after the Historian General's letter of permission has been received by the applicant.

DAR applicant: ______________________________________________
(NAME)

DAR sponsor: ______________________________________________
(CHAPTER / CLUB / STATE SOCIETY / STATE ORGANIZATION)

Address: ______________________________________________
(STREET) (CITY) (STATE) (ZIP CODE)

Daytime phone: (______) ________________ E-mail: ______________________________

## Revolutionary War Patriots

**This marker commemorates the**
**men and women who achieved**
**American independence.**
**These Patriots, each believing in the**
**noble cause of liberty, fought valiantly**
**to found a new nation.**

**1775 – 1783**

**Dedicated in (YEAR) by**
**(*Sponsoring state, chapter or club*)**
**Daughters of the American Revolution**
**in celebration of the 250th Anniversary of the United States.**

**NAME OF CHAPTER/CLUB/STATE SOCIETY/STATE ORGANIZATION AS IT SHOULD APPEAR ON DAR AMERICA 250! PATRIOT MARKER:**

______________________________________________

**PHYSICAL DESCRIPTION OF MARKER:** *(Check one)*

30" x 30" Post and Cap Mounted Bronze Plaque ☐
24" x 24" Bronze Plaque for Mounting on Walls or Stone ☐
20" x 20" Bronze Plaque for Mounting on Walls or Stone ☐

**PROPOSED DATE OF DEDICATION**: ______________________________

**PLEASE INCLUDE ALL OF THE FOLLOWING ITEMS WITH THIS APPLICATION.**

1) A letter of support from the sponsoring chapter/club/state society/state organization.

2) A precise description of where the marker is to be located. If possible include sketches, photographs, and/or maps of the site.

3) Written statement authorizing installation of the marker from the property owner/custodian of land where the marker is to be placed. The letter must be dated within the past year. The signed, dated letter should include a statement explaining by what right the writer has the authority to grant permission.

---

**This form may be submitted electronically to historian@dar.org or by mail to**
**Office of the Historian General, NSDAR, 1776 D Street NW, Washington, DC 20006-5303.**

| **SUBMITTED BY** | **APPROVED BY (For Office Use Only)** |
|---|---|
| **Signature of Applicant:** ______________________ | **Office of the Historian General** |
| **National Number:** ______________________ | Date: ______________________ |
| **Date:** ______________________ | Initials: ______________________ |

**Meeting Date**: January 13, 2026
**Department**: Public Works
**Staff Reference:** Phillip Bowman

# AGENDA ITEM SUMMARY REPORT

## Water Rate Structure Discussion

**PROPOSED ACTION:**
Informational Only - Discussion of topics associated with the Water Rate Study

**SUMMARY OF INFORMATION:**
City Staff have been working with Bowen Collins and Associates (BCA) on the Treated Water and Raw Water Rate Study. Information was previously presented to the City Council about long term revenue needs, capital improvement project funding, and rate increase recommendations for FY 2026 at the Work Session held on May 13, 2025. Additional work has been completed on the Rate Study since that time, and additional topics proposed for discussion include the following:

- Treated Water Rate Structure - flat usage rate (current structure), seasonal usage rates, and tiered usage rates
- Water Policy and Water Policy Light - user charge equity of the City's current treated water policies
- System Investment Fees and Tap Fees - potential increase of charges for new development and subdivisions

Based on direction from the City Council during this discussion, the Final Rate Study will be completed and recommendations for future rate increases will be developed in early 2026. Completion of the Rate Study and recommendations will allow this information to be used when developing the FY 2027 Budget.

**FISCAL IMPACT:**
None at this time. Based on input and direction from the City Council, any user charge modifications will be taken into account as the FY 2027 Water Enterprise Fund revenue projections and potential rate increase recommendations are developed.

**ATTACHMENTS:**
1. PowerPoint - Rate Structure Discussion 01132026

# Water Rate and Capitalization Charge Study

**Emily Fica, P.E.**

Bowen Collins & Associates

January 13, 2026

# Project Objectives

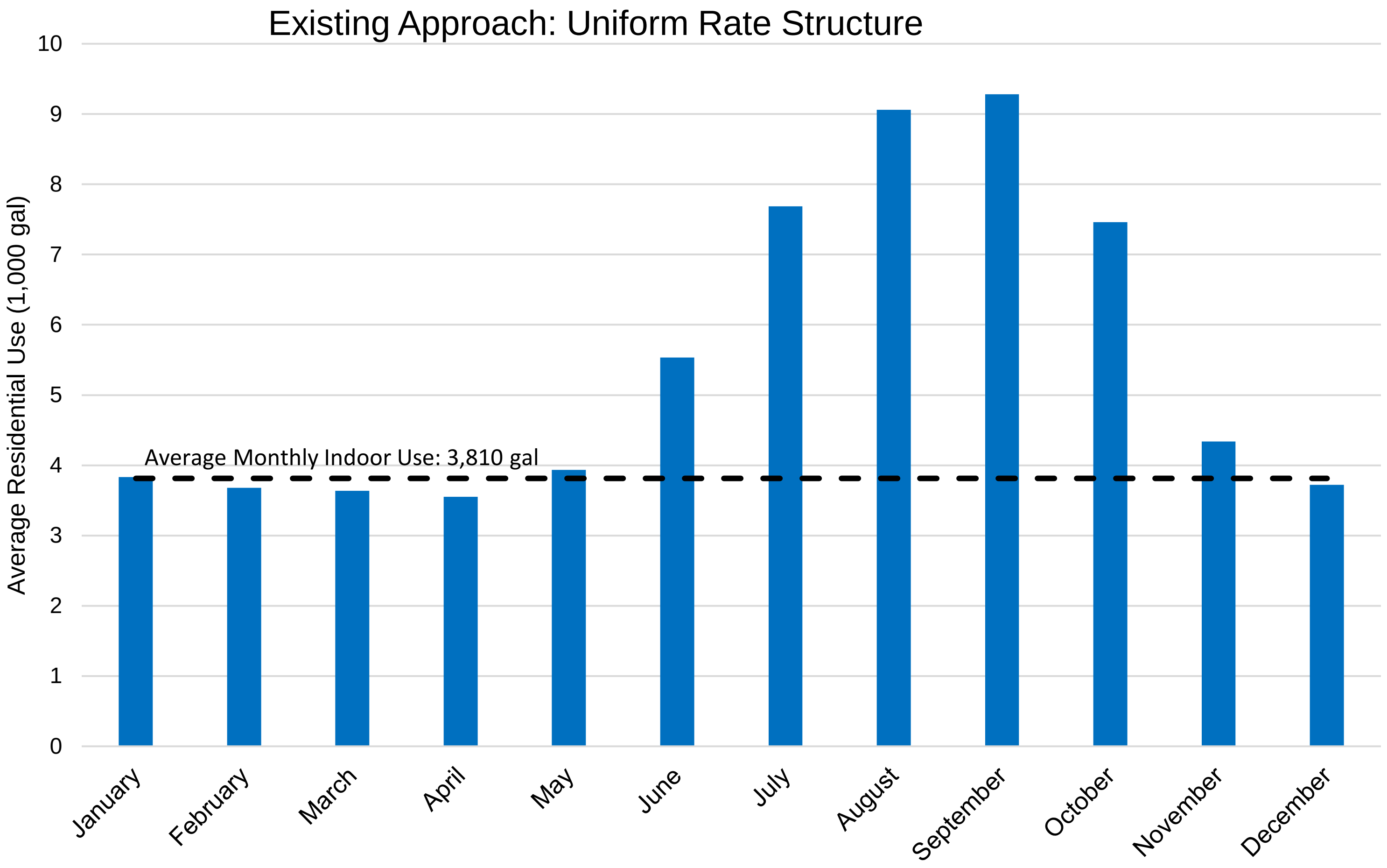
- How much funding is required to meet our needs?
- How do we pay for it?
- What rate structure changes should be considered?

BOWEN COLLINS & ASSOCIATES

# BC&A Rate Observations

- Rate Ratio: Current balance between base rates and volume rates appears reasonable
  - Cost of service would suggest 50 – 60% from base rates. Currently at 52%.
  - No change on the ratio is recommended
- Rate Structure: A change from existing uniform rate structure could be considered depending on City priorities
- Consider eliminating current “Water Policy” rates
- Consider revising balance of treated and raw water charges

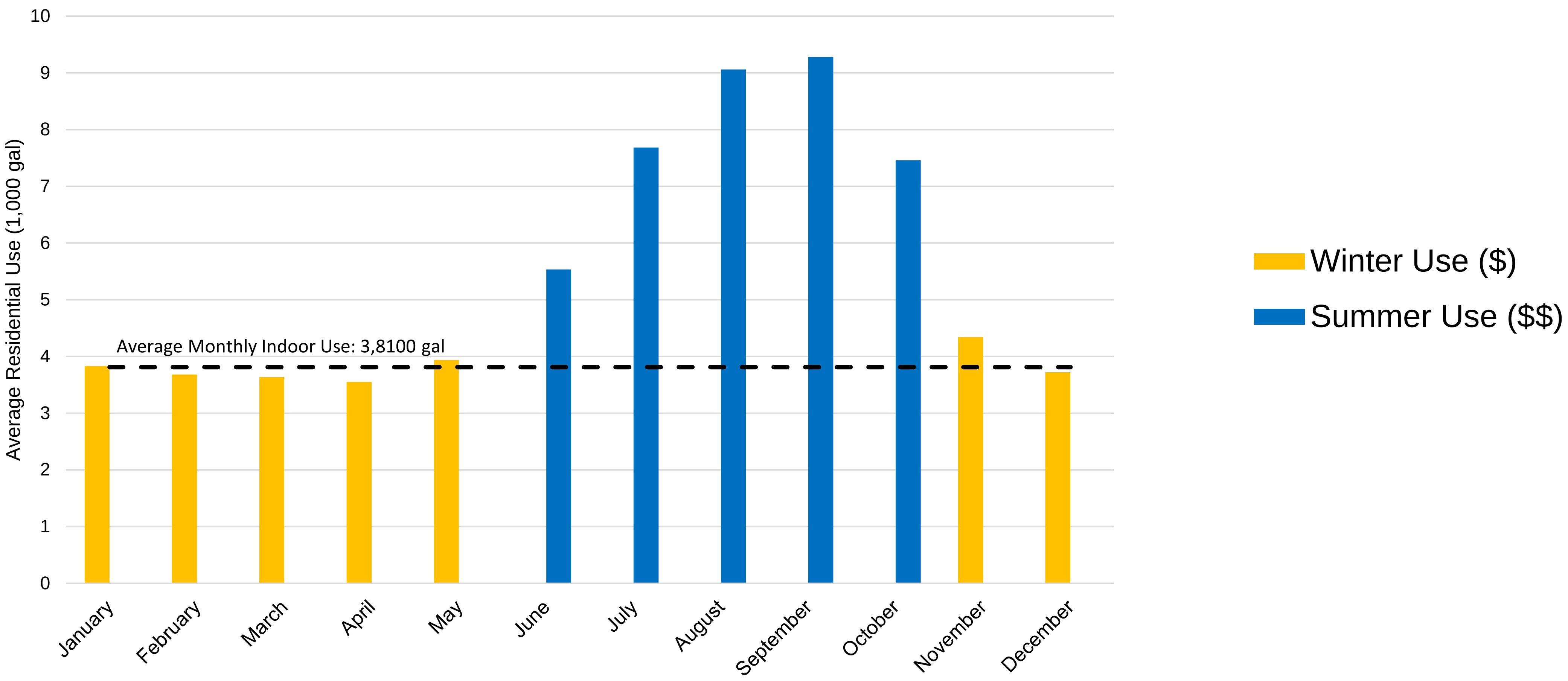
# Existing Approach: Uniform Rate Structure



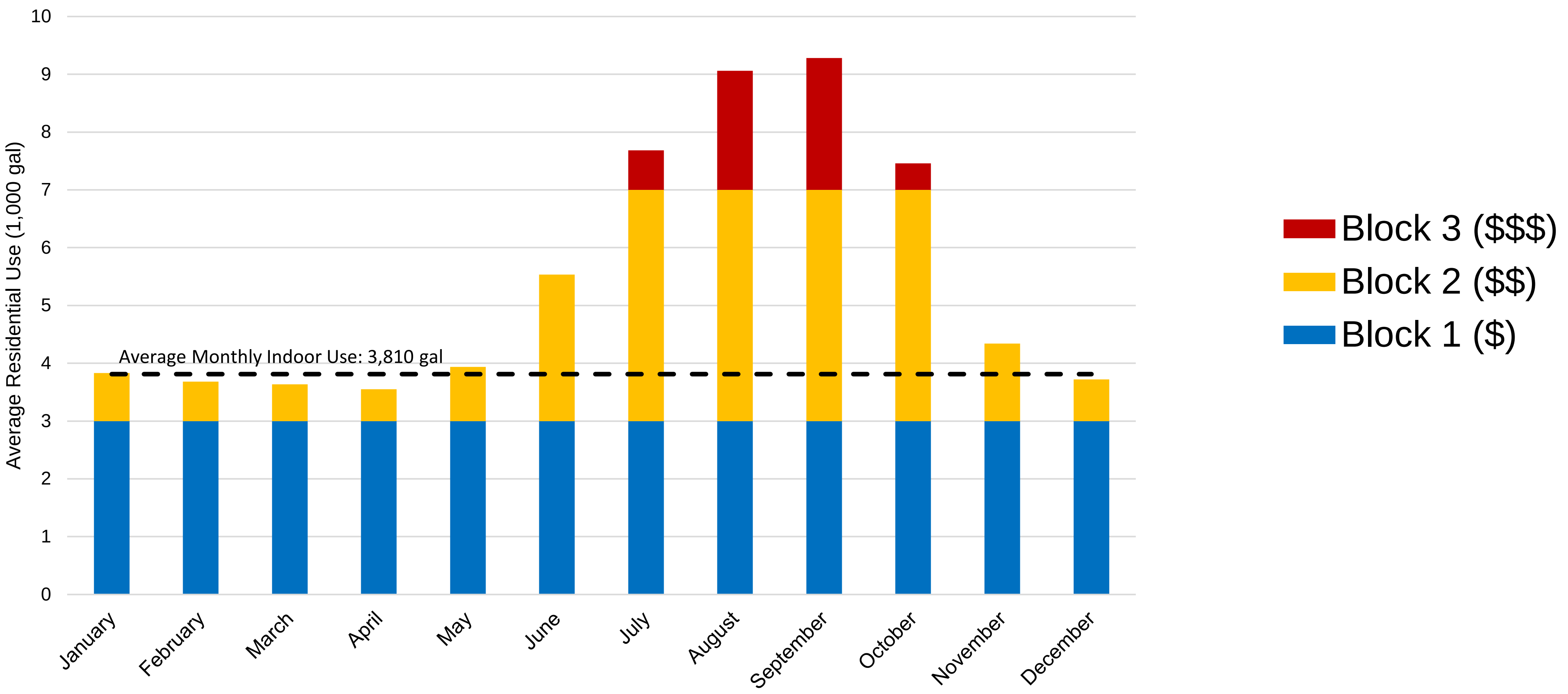

| Treated Water | | | |
|---|---|---|---|
| All treated water delivered to any water user by means of the City's water system shall be measured by a water meter. Charges for such water use are as listed below. | | | |
| Water Meter Size | SMP Pass-Through Charge | Monthly Base Rate | Monthly Charge per Each 1,000 Gallons of Usage |
| 3/4" | $11.00 | $17.65 | $3.53 |
| 1" | $22.00 | $35.30 | $3.53 |
| 1 1/2" | $44.00 | $70.60 | $3.53 |
| 2" | $77.00 | $123.55 | $3.53 |
| 3" | $176.00 | $282.40 | $3.53 |
| 4" | $308.00 | $494.20 | $3.53 |
| 6" | $704.00 | $1,129.60 | $3.53 |
| The SMP charge is a pass-through fee from Shoshone Municipal Pipeline. The monthly base rate is collected to offset system operation and maintenance costs. | | | |

BOWEN COLLINS & ASSOCIATES

# Seasonal Rate Structure



# Increasing Block Structure



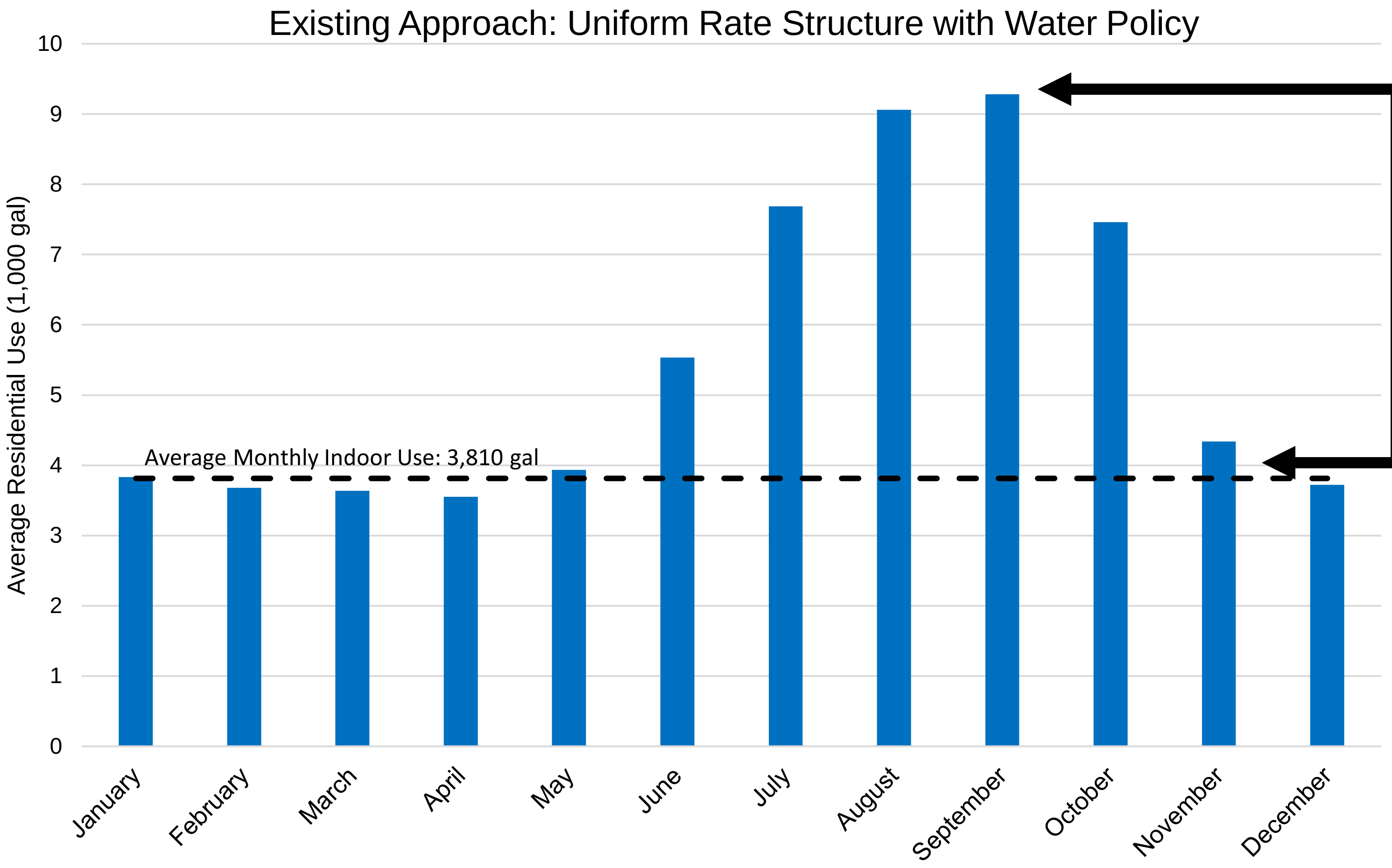
# Rate Structure Performance

| | Simplicity | Stability | Conservation Potential | Equitability | |
|---|---|---|---|---|---|
| Uniform | ★★★ | ★★★ | ★ | ★ | Typical water users subsidize high water users |
| Seasonal | ★★ | ★★ | ★★ | ★★ | More equitable with high variability in summer and winter use |
| Increasing Block | ★ | ★ | ★★★ | ★★★ | Most equitable when use varies among customers |

# Questions on Rate Structures?

BOWEN COLLINS & ASSOCIATES

# Existing Rate Structure: Water Policy




*What it is*: Customers that do not have access to raw water pay wholesale water rates for estimated outdoor usage (based on usage over their winter average or from a separate outdoor irrigation meter).

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# Existing Rate Structure: Water Policy

- What are the downsides to Water Policy / Water Policy Lite:
  - Water Policy customers account for up to 25% of water use in summer months (resulting in a negative impact to overall revenue)
  - There is no cost-of-service difference between serving those that are on water policy and those that are not (resulting in cost inequity)
  - Creates a defacto decreasing block schedule (peak summer use is less expensive than indoor use) which is counter to cost-of-service principles

# Balance of Treated vs. Raw Charges Analysis

- Results:
  - Average cost of outdoor water for culinary[1] = $412/year
  - Average cost of outdoor water for raw[2] = $171/year (42% of culinary costs)
  - Recommended ratio of raw water cost to culinary =70-80%
  - *Conclusion: Increasing raw water costs would create better balance*

[1] Based on average use for properties with an outdoor water meter
[2] Based on ¾-inch raw connection

BOWEN COLLINS & ASSOCIATES

# Next Steps

- Determine if the City wishes to consider a change in rate structure
- Determine if any changes shall be made to the “Water Policy” or any attempt made to better balance treated and raw water charges
- Convey decisions to BC&A
- BC&A to propose changes based on feedback

BOWEN COLLINS & ASSOCIATES

# Questions?

BOWEN COLLINS & ASSOCIATES

# Capitalization Charges

**Tap Fee**

Covers the cost for physically connecting the new water service tap to the existing water system

***One-time fee for new development***

**System Investment Fee**

Covers the proportionate share of cost of the existing water infrastructure already in place

# Capitalization Charges

- System Investment Fee charges (aka connection fees or impact fees) ensure new development pays for their portion of the existing system capacity
- Given Cody's projected growth, potential additional revenue from System Investment Fee charges is expected to be modest
- Increasing the System Investment Fee charge will more equitably distribute costs, but will not eliminate the need for rate increases and grants

# Questions on Capitalization Charges?

# Future Revenue Needs (2025 Analysis)

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035+ |
|---|---|---|---|---|---|---|---|---|---|---|
| 2021 MP Rate Increase Schedule | 8% | 8% | 8% | 8% | 8% | 8% | 6% | 2% | 2% | 2% |
| Proposed Rate Increase | 9% | 9% | 9% | 9% | 9% | 6% | 6% | 6% | 6% | 2% |