

# Town of West Yellowstone

Tuesday, June 17, 2014

West Yellowstone Town Hall, 440 Yellowstone Avenue

6:00 PM Work Session, 7:00 PM Council Meeting

## TOWN COUNCIL WORK SESSION AGENDA

West Yellowstone Community Aquatic Center, Potential Performance Analysis ∞

Discussion

## TOWN COUNCIL MEETING AGENDA

Pledge of Allegiance

Purchase Order #6215 to David Steed Co., Air Compressor, \$7500 ∞

Treasurer's Report

Claims ∞

Consent Agenda: **June 3, 2014, 2014 Work Session & Town Council Meeting** ∞  
**June 10, 2014 Pre-Season Fire Coordination Work Session** ∞  
**June 10, 2014 Work Session** ∞

Business License Applications ∞

- Hideaway RV Park, Resort Tax Bond Waiver Request ∞
- Montana Mobile Tech ∞

Advisory Board Report(s)

Operations Manager & Department Head Reports

Assignments Report

**Council Comments**

**Public Comment Period**

### **Emergency Response and Interagency Cooperation Presentation**

Brian Gootkin-Gallatin County Sheriff

Tim Reid-Yellowstone National Park

Scott Waldron-Hebgen Basin Fire District

### **NEW BUSINESS**

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Water and Sewer Rate Studies, Recommendations, Town Engineer Dick Dyer ∞

Discussion/Action

Unauthorized Sewer Connections, Recommendations, Town Engineer Dick Dyer ∞

Discussion/Action

Resolution No. 651, Commit Fund Balances to Special Revenue Funds ∞

Discussion/Action

FY 2013 Audit Results and Management Representation Letter ∞

Discussion/Action

Correspondence/FYI

- Letter, Retirement of Alec Hansen from the MT League of Cities & Towns ∞
- Letter, Wages for temporary truck drivers, Robbie Hermanson ∞

Meeting Reminders



**Policy No. 16 (Abbreviated)**  
**Policy on Public Hearings and Conduct at Public Meetings**

Public Hearing/Public Meeting

A public hearing is a formal opportunity for citizens to give their views to the Town Council for consideration in its decision making process on a specific issue. At a minimum, a public hearing shall provide for submission of both oral and written testimony for and against the action or matter at issue.

Oral Communication

It is the Council's goal that citizens resolve their complaints for service or regarding employees' performance at the staff level. However, it is recognized that citizens may from time to time believe it is necessary to speak to Town Council on matters of concern. Accordingly, Town Council expects any citizen to speak in a civil manner, with due respect for the decorum of the meeting, and with due respect for all persons attending.

- No member of the public shall be heard until recognized by the presiding officer.
- Public comments related to non-agenda items will only be heard during the Public Comment portion of the meeting unless the issue is a Public Hearing. Public comments specifically related to an agenda item will be heard immediately prior to the Council taking up the item for deliberation.
- Speakers must state their name for the record.
- Any citizen requesting to speak shall limit him or herself to matters of fact regarding the issue of concern.
- Comments should be limited to three (3) minutes unless prior approval by the presiding officer.
- If a representative is elected to speak for a group, the presiding officer may approve an increased time allotment.
- If a response from the Council or Board is requested by the speaker and cannot be made verbally at the Council or Board meeting, the speaker's concerns should be addressed in writing within two weeks.
- Personal attacks made publicly toward any citizen, council member, or town employees are not allowed. Citizens are encouraged to bring their complaints regarding employee performance through the supervisory chain of command.

Any member of the public interrupting Town Council proceedings, approaching the dais without permission, otherwise creating a disturbance, or failing to abide by these rules of procedure in addressing Town Council, shall be deemed to have disrupted a public meeting and, at the direction of the presiding officer, shall be removed from the meeting room by Police Department personnel or other agent designated by Town Council or Operations Manager.

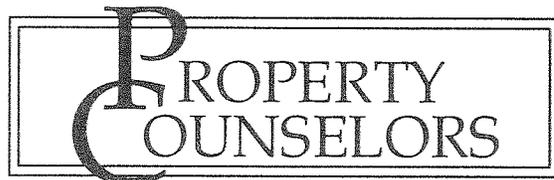
General Town Council Meeting Information

- Regular Town Council meetings are held at 7:00 PM on the first and third Tuesdays of each month at the West Yellowstone Town Hall, 440 Yellowstone Avenue, West Yellowstone, Montana.
- Presently, informal Town Council work sessions are held at 12 Noon on Tuesdays and occasionally on other mornings and evenings. Work sessions also take place at the Town Hall located at 440 Yellowstone Avenue.
- The schedule for Town Council meetings and work sessions is detailed on an agenda. The agenda is a list of business items to be considered at a meeting. Copies of agendas are available at the entrance to the meeting room.
- Agendas are always published at least 48 hours prior to Town Council meetings and work sessions. Agendas are posted at the Town Offices and at the Post Office. In addition, agendas and packets are available online at the Town's website: [www.townofwestyellowstone.com](http://www.townofwestyellowstone.com). Questions about the agenda may be directed to the Town Clerk at 646-7795.
- Official minutes of Town Council meetings are prepared and kept by the Town Clerk and are reviewed and approved by the Town Council. Copies of approved minutes are available at the Town Clerk's office or on the Town's website: [www.townofwestyellowstone.com](http://www.townofwestyellowstone.com).



**WEST YELLOWSTONE COMMUNITY  
AQUATIC CENTER  
POTENTIAL PERFORMANCE ANALYSIS**

**MARCH 2014**



REAL ESTATE RESEARCH & APPRAISAL



**WEST YELLOWSTONE COMMUNITY  
AQUATIC CENTER  
POTENTIAL PERFORMANCE ANALYSIS**

**MARCH 2014**

**PREPARED BY:**

**PROPERTY COUNSELORS**

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# I. INTRODUCTION AND SUMMARY

## INTRODUCTION

The West Yellowstone Community Aquatic Center is a proposed aquatic and recreation center to be located in West Yellowstone Montana. The proponent of the project is the West Yellowstone Aquatic Center (WYAC), a 501 C (3) corporation created to plan, design, develop, and operate the facility. WYAC has identified the need for a community recreation facility that would provide for year-round aquatic and fitness activity, that would serve both local residents and visitors to the Town, and serve as an economic stimulus for local business and the Town's finances. WYAC has defined a concept, secured preliminary commitment of the Town for a site, and solicited donations from public and private sources. WYAC has requested that our firm conduct an analysis of the potential performance of an aquatic facility in West Yellowstone based on the experience of similar facilities elsewhere. If our analysis confirms the need and adequate financial performance, WYAC can proceed with solicitation of public and private partners, commission a comprehensive feasibility study, and conduct preliminary design work.

This report documents the results of the performance analysis. It is organized in five sections:

- I. Introduction and Summary
- II. West Yellowstone Economic Conditions
- III. Performance of Similar Facilities
- IV. Potential Performance of West Yellowstone Facility
- V. Recommendations for How to Proceed

The findings and conclusions of the analysis are summarized in the remainder of this section.

## SUMMARY

### WEST YELLOWSTONE ECONOMIC CONDITIONS

The Town of West Yellowstone has a population of 1,271, less than 2% of the population in Gallatin County. Both the town and the county have relatively young populations in comparison to the state as a whole. The median household income of the town is comparable to that for the State, but below that for the surrounding county. Similarly, the

percent of households with income below the poverty line is much higher in West Yellowstone than in the entire county.

The number of visitors entering Yellowstone National Park at the west entrance in 2012 was 1,407,762. The number of visitors to the park has grown steadily in recent years, and six of the busiest years in the history of the park were in the past six years. Visitation to the park is extremely seasonal: 68% of total annual visitation in 2012 occurred in the three summer months and 91% occurred in the five months May through September.

## PERFORMANCE OF SIMILAR FACILITIES

There are several aquatic facilities in communities that are similar geographically to West Yellowstone. While such facilities differ in significant ways from what is proposed or what might ultimately be built in West Yellowstone, their experience provides many insights into the characteristics of each community, the characteristics of the facility, and the financial performance.

	City Population	Description	Operating Entity	Dev. Cost	Attendance	Expense Coverage
Oasis, Missoula MT	104,170	Outdoor Leisure Facility	Non-profit	\$4.5 million	70,000 to 100,000	138%
Bitterroot, Hamilton MT	4,348	Outdoor w/15yd indoor pool	Parks district	\$1.6 million	600-1000 /day summer	59%
Currents, Missoula MT	66,788	Indoor 20 yd pool with leisure features	City	\$7.0 million	49,000	66%
Mission Valley, Polson MT	4,488	25yd competitive pool	Non-profit	\$5.3 million	35,000	50%
The Wave, Whitefish MT	6,357	25 yd pool, leisure features, and dry-side recreation	Non-profit	\$7.2 million		130%
Paul Stock Center, Cody WY	9,520	25 yd pool, leisure features, and dry-side recreation	City	\$9.0 million	50,000 to 60,000	75%
Powell Aquatic, Powell WY	6,314	Indoor 20 yd pool with leisure features	City	\$10.0 million		50%
Worlands Aquatic, Worlands WY	5,487	Indoor 20 yd pool with leisure features	Joint Powers Board			

## POTENTIAL PERFORMANCE OF WEST YELLOWSTONE FACILITY

The users of the facility would be residents of the community, community organizations, and visitors. Residents would use the facility year-round for fitness and general recreation. A facility would be popular with the school for lessons and possibly a swim team. Both activities would occur during the school year. A community swim team could serve all ages and use the facility year-round. An aquatic facility would expand the visitor experience somewhat in the summer season, but much more dramatically in the winter. Use of the facility for recreational activities would be popular, particularly families with children. In the winter months, there are limited services in the park, but adults may take day trips, while leaving some family members in town to use the aquatic facility.

Based on the user profiles, the components of a facility can be listed in priority order based on the likely level of use: indoor leisure pool features (slides, moving water, and water playground), indoor fitness pool, outdoor pool with leisure features, competitive swimming pool, and non-aquatic elements. Facility concepts that combine these elements would likely achieve the following performance measures.

	Development Cost	Attendees	Operating Income	Visitor Town Spending
Indoor with fitness pool and leisure features	\$5.0 to \$6.0 million	45,000	(\$150,000)	\$1,166,025
Indoor with competitive pool and leisure features	\$6.0 to \$7.0 million	52,000	(\$200,000)	\$1,321,495
Indoor/outdoor with fitness pools and leisure features.	\$8.0 to \$9.0 million	60,000	(\$250,000)	\$1,943,375
Full recreation center with Indoor/outdoor aquatics	\$9.0 to \$10.0 million	70,000	(\$300,000)	\$2,332,050

## RECOMMENDATIONS FOR HOW TO PROCEED

1. Focus attention on facility that will include indoor fitness and recreational elements that will serve community needs, attract local users on frequent basis, and provide additional opportunity for visitors throughout the year.
2. Conduct research to refine attendance assumptions as part of comprehensive feasibility study.
3. Explore potential for public funding of portion of capital cost through bond measure.
4. Hire professional fundraising consultant to identify fundraising potential and plan.
5. Pursue grant funding through economic development and recreation programs.
6. Explore funding options for operating deficit. Consider the potential for town funding or recreation district collection of mill levy.
7. Prepare conceptual design based on desired features with assistance of professionals with aquatic facility experience.

## II. WEST YELLOWSTONE ECONOMIC CONDITIONS

The existing economic conditions in West Yellowstone provide a baseline for identifying needs and comparing potential performance to that of facilities in other communities. Existing conditions are presented in this section in terms of:

Demographic Conditions

Visitor Activity

### DEMOGRAPHIC CONDITIONS

The demographic conditions in West Yellowstone will affect needs for a facility and the ultimate utilization and financial performance. Table 1 provides a summary of several demographic measures for the Town, the surrounding county, and the state as a whole. As shown, the Town of West Yellowstone has a population of 1,271, less than 2% of the population in the County. Both the town and the county have relatively young populations in comparison to the state. The median household income of the town is comparable to that for the State, but below that for the surrounding county. Similarly, the percent of households with income below the poverty line is much higher in West Yellowstone than in the entire county.

**Table 1.  
Comparison of Demographic Characteristics**

	West Yellowstone	Gallatin County	Montana
<b>City Population-2010</b>	1,271	89,513	989,415
<b>Median Age</b>	32.2	32.4	39.9
<b>Median Household Income (ACS 2008-2012)</b>	\$45,147	\$52,211	\$45,456
<b>% Of HH's Below Poverty</b>	21.8%	13.3%	14.8%

Source: US Census Bureau, Community Fact Finder

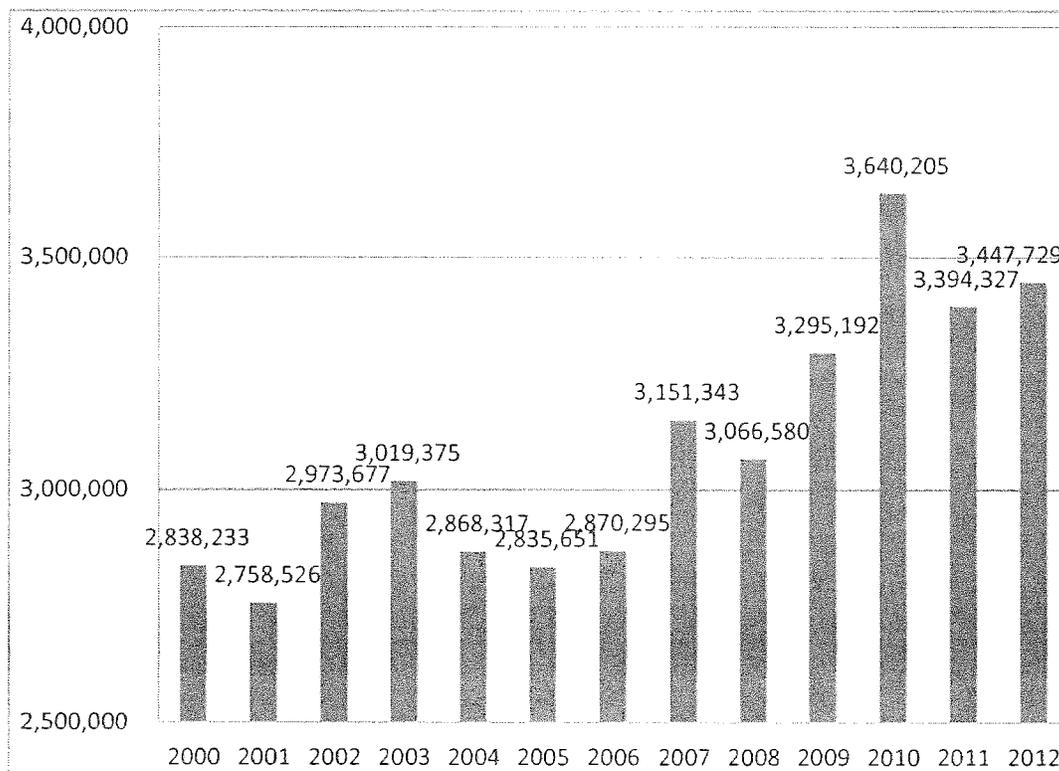
The population under 18 in West Yellowstone in 2010 was 266. This is approximately equal to the local school enrollment of 254 in January 2014.

Overall, the local population base is small, and the town is somewhat isolated. The presence of the National Park to the east and national forest lands to the north and west reduce the effective size of the natural market area for local-serving enterprises in West Yellowstone. The communities within 60 miles of West Yellowstone include Big Sky MT (2010 population of 2,300) Ashton ID (2010 population of 1,127) and Cameron MT (2010 population of 253).

## VISITOR ACTIVITY

The natural factors that reduce the size of the local population contribute to a large visitor base in the area. West Yellowstone is located at the west entrance to Yellowstone National Park. All visitors entering the park at this entrance pass through West Yellowstone. The West Yellowstone entrance is by far the busiest of the five entrances to the park, representing over 40% of total visitors each year, approximately twice as many as the next busiest entrance. The number of visitors through the west entrance in 2012 was 1,407,762. The number of visitors to the park has grown steadily in recent years to an annual total of almost 4 million as shown in the following figure. Six of the busiest years in the history of the park were in the past six years.

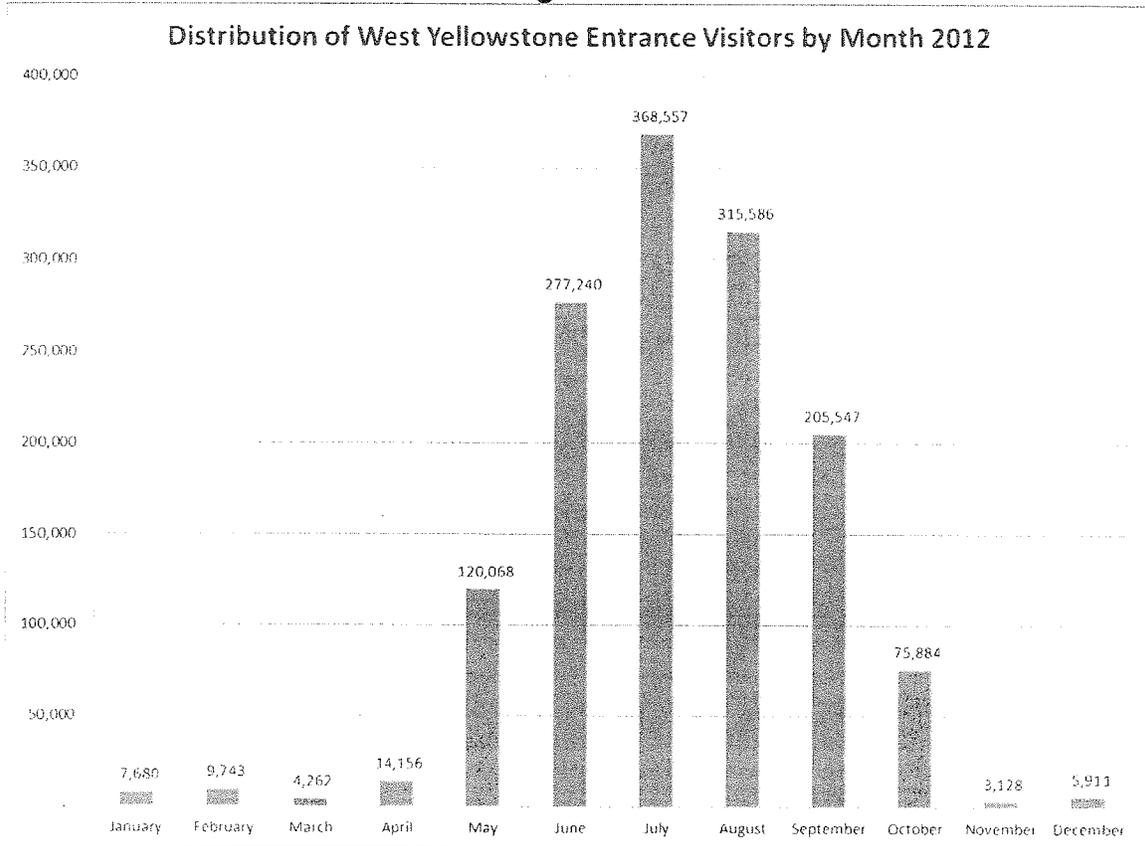
**Figure 1.**  
**Annual Visitors Yellowstone National Park**



Source: Yellowstone National Park

Visitation to the park is extremely seasonal, as shown by the distribution of visitors at the west entrance for 2012. 68% of total annual visitation occurs in the three summer months and 91% occurs in the five months May through September.

Figure 2.



Source: Yellowstone National Park

West Yellowstone collects a 3% resort tax on lodging, food and retail sales within the Town. The FY 2013 collections were \$3.5 million, equivalent to total sales of \$116 million. The City also collects a 4% lodging tax. The \$1.5 million collected in 2012 is equivalent to \$37.5 million in lodging revenues.

### III. PROPOSED FACILITY

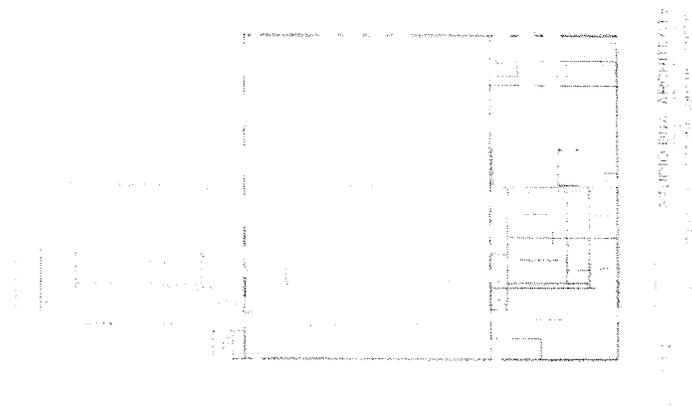
The West Yellowstone Community Aquatic Center is a proposed non-profit aquatic and fitness facility to be built in the Town of West Yellowstone. The facility would serve the residents and visitors to West Yellowstone on a year-round basis. The initial plans for the facility include a variety of fitness and recreational components.

- Indoor and Outdoor Pools with 2 Waterslides
- 2 Outdoor Hot Tubs
- 2 Indoor Hot Tubs
- Steam Room
- Wet Sauna
- Spa and Massage Therapy Room
- Exercise/Fitness Room, Hands-On Game Room
- Indoor Walking Track

The facility would also offer a conference/meeting room, restaurant w/ atrium seating, lounge w/ Wi-Fi and television, shower/locker rooms for men, women and family

The components that will ultimately be included within the facility will be determined as planning for the project proceeds. One purpose of this report is to evaluate potential elements and recommend the overall facility concept that is supportable by the community.

**Figure 3.  
Preliminary Facility Concept**



## **IV. EXPERIENCE OF SIMILAR FACILITIES**

There are several aquatic facilities in communities that are similar geographically to West Yellowstone. While such facilities differ in significant ways from what is proposed or what might ultimately be built in West Yellowstone, their experience provides many insights into the characteristics of each community, the characteristics of the facility, the financial performance, and any lessons learned in the planning and development process. Information on eight aquatic facilities in Montana and Wyoming is provided in Table 2 on the following pages and discussed in the remainder of this section.

### **COMPARISON OF KEY CHARACTERISTICS**

The facilities in Table 2 are the newest facilities in Wyoming and Montana and include:

- Oasis in Billings MT
- Bitterroot Aquatic in Hamilton MT
- Currents Aquatic in Missoula MT
- Mission Valley Aquatic in Polson MT
- The Wave in Whitefish MT
- Paul Stack Aquatic and Recreation in Cody WY
- Powell Aquatic in Powell WY
- Worland Aquatic in Worland WY

The key characteristics for each facility are compared below.

### **COMMUNITY POPULATION AND AGE**

The communities have populations less than 10,000, with the exception of Billings and Missoula. But even the smallest communities shown have populations that are three to four times the population of West Yellowstone at 1,271. The median age of the communities shown is generally higher than the 32.1 age in West Yellowstone. West Yellowstone has relatively more school age children.

**TABLE 2.  
COMPARISON OF AQUATIC FACILITIES**

Facility	Oasis	Bitterroot Aquatic	Currents Aquatic	Mission Valley	The Wave	Paul Stock Aquatic	Powell Aquatic	Worland Aquatic
<b>Location</b>	Billings MT	Hamilton MT	Missoula MT	Poison MT	Whitefish MT	Cody WY	Powell WY	Worland WY
<b>Community Characteristics</b>								
<b>City Population-2010</b>	104,170	4,348	66,788	4,488	6,357	9,520	6,314	5,487
<b>Median Age</b>	37.6	39.1	31.1	36.5	40.1	41.2	34.1	39.1
<b>Median Household Income (ACS 2008-2012)</b>	48,074.00	25,167.00	45,147.00	32,500.00	43,643.00	46,641.00	43,703.00	40,146.00
<b>% OfHH's Below Poverty</b>	13.1%	27.4%	20.9%	28.9%	12.3%	9.7%	13.8%	14.0%
<b>Annual Lodging Taxable Sale</b>	\$71,870,600		\$39,589,225		\$16,649,300	\$44,406,700		\$4,594,050
<b>Facility Description</b>								
<b>Total Building Area (sq. ft.)</b>	5,600		23,000	36,000	52,000	71,000		
<b>Year Built</b>	2012		2006	2013	2005	2001	2010	2013
<b>Features</b>				(expansion underway)				
<b>Aquatic</b>	Outdoor facility	Outdoor Pool 25 yd	20 yd 4 lane pool	25 yd 8 lane pool	25 yd pool	25 yd pool w/diving	25 meter 8 lane pool	25 yd pool w/diving
	0-depth	Indoor Pool 15 yd	2 slides	Warm water pool	40' by 25' warm pool	Leisure pool w/ slide	Splash pool	Activity pool w/ slide
	Slide	Outdoor slide	water playground		132' water slide	Therapy pool	Small Slide	Therapy pool
	Current channel		Spa		Jacuzzi	Spa	Lazy river	hot tub
<b>Dry-side</b>			None		Gym, fitness center	Gym, fitness center	Future phase	
<b>Original Development Cost</b>	\$4.5 million	\$1.6 million	\$7.0 million	\$5.3 million	\$7.2 million	\$9.0 million	\$10.0 million	
<b>Source of Funding</b>	Community Fundrais; Bond Issue City donate land	Community Fundrais; Bond Issue	City bond issue	Community Fundrais; Tax Credits	Community Fundrais; City Contribution	Community Fundrais; Community Fundrais	Community Fundrais; Capital facilities tax City Contribution Fundraising	

**Table 2.  
Comparison of Aquatic Facilities**

Facility	Oasis	Bitterroot Aquatic	Currents Aquatic	Mission Valley	The Wave	Paul Stock Aquatic	Powell Aquatic	Worland Aquatic
<b>Operating Entity</b>	Non-profit	Parks district	City	Non-profit County rec district administers mill levy Facility given to City	Non-profit Contract Management Facility given to City	City	City	Joint Powers Board
<b>Annual Attendance</b>	70,000 to 100,000	600-1000 /day summ- 100/day winter		49,000	35,000	50,000 to 60,000 Aquatic portion		
<b>Operating Income</b>								
<b>Fee Structure</b>								
Daily Admission	Adult: \$8.00 Senior: \$6.00 Youth: \$6.00	Adult: \$5.50 Senior: \$5.50 Youth: \$4.50	Adult: \$5.00 Senior: \$3.50 Youth: \$3.25 (resident rates)	Adult: \$5.00 Senior: \$4.00 Youth: \$3.00 (resident rates)	Adult: \$12.00 Senior: \$9.00 Youth: \$7.00	Adult: \$8.00 Senior: \$8.00 Youth: \$5.00 (resident rates)	Adult: \$5.00 Senior: \$4.00 Youth: \$4.00	Adult: \$6.00 Senior: \$5.00 Youth: \$4.00
<b>Revenue</b>	400,000	200,000	408,397	250,000	2,263,000	1,500,000	300,000	
<b>Expense</b>	290,000	340,000	617,094	500,000	1,744,000	2,000,000	600,000	
<b>Net Income</b>	110,000	(140,000)	(208,697)	(250,000)	\$19,000	(500,000)	(300,000)	
<b>Expense Coverage</b>	138%	59%	66%	50%	130%	75%	50%	

## **INCOME AND POVERTY**

The median household income in West Yellowstone is \$45,147, higher than the income in other communities shown with the exception of Billings and Whitefish. However, there is a greater disparity of income in West Yellowstone. 22% of households have income levels below the poverty level in West Yellowstone, a higher percentage than in any of the other communities except for Hamilton and Polson Montana.

## **VISITOR ACTIVITY**

One measure of visitor activity is annual lodging sales, which is closely tied to the number of overnight visitors. Data are available for lodging tax collections for several of these communities. Lodging taxable sales are \$37 million in West Yellowstone, well above the levels in communities other than the two larger cities. (The figures shown for Cody and Worland are both county-wide figures and thus overstate the amount in each city.) Visitor activity is particularly important to West Yellowstone and a major source of potential support.

## **FACILITY FEATURES**

The eight facilities differ in several key respects. The Wave and the Paul Stack center are multi-purpose recreations facilities with dry-side features such as gyms, sport courts, weight rooms, and aerobic studios. The Oasis in Billings is entirely outdoors except for lockers and a community room. Even among the indoor aquatic facilities there is a key difference between facilities with a large number of leisure elements such as slides, a current channel, or play features, and those that offer fitness or competitive swimming pools. Many of the facilities have multi-lane pools, but the eight lane pools are more suitable for competition than the pools with fewer lanes. Several facilities have warmer therapy pools that lend themselves to aquatics classes for seniors.

The mix of features reflects a combination of the segments that the facility is designed to serve and the amount of funding that is available for development and operation.

## **DEVELOPMENT COST AND SOURCE OF FUNDING**

The costs of the pools vary from \$1.6 million for the largely outdoor facility Bitterroot Center to \$10.0 million for the Powell Aquatic Center. Considering only the indoor facilities, the cost ranged from \$5.3 to \$7.0 million. The Wave and Paul Stack, both multi-purpose recreation centers were the oldest of the facilities, but still had development costs of \$7.0 to \$9.0 million.

All eight facilities were developed by public agencies or non-profit organizations. Oasis, Mission Valley, and the Wave were developed by non-profit organizations. Currents, Paul Stack and Powell were developed by cities; and Bitterroot and Worlands were developed by a recreation district or joint powers board. All of the facilities developed

by non-profits were funded largely by community fundraising, supplemented by grants, city in-kind contribution, or in the case of Mission Valley, federal tax credits. The cities or special districts usually passed bond issues.

The facility that is most similar to the West Yellowstone Aquatic Center as currently proposed, is a multi-purpose recreation center as at The Wave or Paul Stack. An aquatic center without the dry-side elements that combines a traditional pool with the leisure elements is Currents in Missoula. In either case the cost is \$7.0 million or more.

## **OPERATING ENTITY**

As noted above the eight pools were developed by either non-profit organizations, cities or special purpose districts. The operations of the centers are similar. Currents and Powell were developed and are operated by cities. Paul Stack was developed by a nonprofit, but given to the City to operate. Bitterroot and Worland were developed and are operated by special purpose districts. Oasis is owned and operated by a non-profit. The Wave was developed by a non-profit and given to the city, but operation responsibility was maintained by the non-profit who contracts with a private operator. Mission Valley is owned and operated by a non-profit, but a County recreation district oversees a small mill levy for operations.

## **ATTENDANCE**

Annual attendance at the aquatic side of the facilities varies from 35,000 to 100,000. An outdoor facility with leisure elements such as Oasis attracts 70,000 to 100,000 attendees in a short summer season. A facility such as Mission Valley which has few leisure features has attendance at the lower end of the range. Leisure features are generally considered to be important to maximizing attendance. However, Mission Valley has deliberately targeted their facility to complete swimming and fitness.

The pool operators report that most of their usage is by local residents. In some cases they identify usage by residents from surrounding communities within a one hour drive time. Visitors from outside the region were not considered a major source of usage.

## **FEE STRUCTURE**

The fees structures of the facilities generally provide for memberships and drop-in rates. In both cases, there may be a lower rate for residents. Rates shown in the table are drop-in rates for residents. Typical rates are \$3 to \$4 for youths and \$5 to \$6 for adults. The highest rates are for the Oasis, an outdoor leisure facility, and the two multi-purpose facilities, The Wave and Paul Stack.

The supportable admissions rate is usually related to the likely length of stay. Someone involved in a class or lap swim is not likely to stay as long as someone playing on slides or the other leisure features.

## **OPERATING INCOME AND EXPENSE COVERAGE**

The table summarizes total operating revenue and expense. Operating revenues include admissions, memberships, lessons, rentals and concessions, but not tax revenues or other taxpayer support. Operating expenses are all out-of pocket expenditures for salaries, supplies, purchased services and utilities; but do not include capital expenditures, depreciation or amortization. The ratio of operating revenues to operating expenses is the expense coverage ratio. It reflects the extent to which a facility can be self-supporting once it is built and operating.

As shown in the table, operating revenues vary from \$250,000 to \$400,000 for all the facilities except the large multi-purpose facilities. Operating expenditures are \$500,000 for the facilities other than the outdoor facilities or the large multi-purpose facilities.

The facilities operate at a deficit with a coverage ratio of 50% to 75%, except for the Oasis and The Wave. The Oasis is an outdoor facility with a short season, low personnel costs and low utilities cost. The Wave achieves a positive net income through its high rates, its broad range of facilities and programs, and perhaps its cost-effective contract with a private sector management company.

## **LESSONS LEARNED**

Representatives of the facilities shared the lessons they'd learned in terms of what works well and what they would do differently.

1. Know your community and its needs and plan a facility accordingly. A facility can address some or all of needs for recreation, fitness, or competition. Priorities need to be identified in order to make decisions as to what elements can be scaled back or eliminated in the face of cost constraints.
2. Don't overbuild. A facility that is larger than it needs to be or includes unnecessary features can lead to unsupportable operating requirements over time.
3. Provide for a source of funds to cover any operating subsidy. Earmarked revenues from dedicated tax sources are a source that can be relied upon.
4. Use designers and contractors with aquatic facility experience. These facilities are extremely specialized, and require careful planning and design to assure efficient and successful operation.
5. Prepare for lengthy planning and implementation process. Many of these facilities were planned and implemented over a period as long as 10 years. Proponents must be prepared for a lengthy commitment of time and resources.

6. Engage the services of a professional fundraiser for community funded facilities. Several million dollars were raised for many of these facilities. Such amounts are daunting without the assistance of specialists.
7. For facilities targeted to competitive swimming and fitness, harness the energy and commitment of the swimmer's families. This group can be very strong ambassadors for a project. Such facilities have specific requirements in terms of length (minimum 25 yards) and width (6 to 8 lanes).
8. For facilities targeted to recreation, provide as many leisure elements such as slides, aquatic playgrounds, and moving water. These elements provide a lengthy entertainment experience, and justify a longer length of stay and admission fee.
9. Plan for increased staffing for indoor facility.
10. Charge for everyone.
11. Provide consistent schedule and rules.
12. Be clear about any commitments made to supporters about membership fees and increases over time.

# **V. POTENTIAL PERFORMANCE OF PROPOSED FACILITY**

The future performance of an aquatic facility can be extrapolated in a rough way from the experience of the other facilities. The performance can be expressed in terms of user profile, facility features and development cost, attendance, and operating income.

## **USER PROFILE**

The users of the facility would be residents of the community, community organizations, and visitors.

### **RESIDENTS**

As a small town, West Yellowstone offers fewer recreation facilities than larger communities do. The school offers facilities for recreation, but they are limited and mostly used for school activities. The only aquatic facilities are small pools in the local hotels. Residents would use the facility year-round for fitness and general recreation. A traditional pool with multiple lanes for lap swim and fitness classes would also be used year-round.

### **ORGANIZATIONS**

The facility would be popular with the school for lessons and possibly a swim team. Both activities would occur during the school year. A community swim team could serve all ages and use the facility year-round.

### **VISITORS**

There is a wealth of recreational opportunities available to visitors to the National Park and the surrounding area. An aquatic facility would expand the visitor experience somewhat in the summer season, but much more dramatically in the winter. Visitor use for fitness activities would be somewhat limited because local hotels offer pools suitable for lap swims and some fitness equipment. Use of the facility for recreational activities would be popular, particularly families with children. In the winter months, there are limited services in the park, but adults may take day trips, while leaving some family members in town to use the aquatic facility.

## **FACILITY FEATURES AND DEVELOPMENT COST**

Based on the user profiles, the components of a facility can be listed in priority order based on the likely level of use.

- Indoor leisure pool features
- Indoor fitness pool
- Outdoor pool with leisure features
- Competitive swimming pool
- Non-aquatic elements

Facility concepts that combine these elements would likely require an initial investment of:

Indoor with fitness pool and leisure features	\$5.0 to \$6.0 million
Indoor with competitive pool and leisure features	\$7.0 to \$9.0 million
Indoor/outdoor with fitness pools and leisure features	\$8.0 to \$9.0 million
Full recreation center with Indoor/outdoor aquatics	\$9.0 to 10.00 million

## ATTENDANCE

Annual attendance by residents is limited by the small population base of the town. The population is 25% or less of the level at the other facilities shown. The level of local attendance will be maximized by reducing prices through low membership and pass rates, providing both fitness and recreational features, and encouraging use by the school and other organizations.

Use of the facility by visitors will be popular in the summer season, and also during weekends and holidays in spring winter and fall. Those visitors would stay in hotels that otherwise might be empty and represent a net increase in economic activity for the area.

Given these patterns and the experience at other facilities, it's likely that attendance would fall within the following ranges:

Indoor with fitness pool and leisure features	40,000 to 50,000
Indoor with competitive pool and leisure features	45,000 to 55,000
Indoor/outdoor with fitness pools and leisure features	50,000 to 70,000
Full recreation center with Indoor/outdoor aquatics	60,000 to 80,000

With the first and second facilities, admissions are assumed to be approximately two-thirds local. With the larger facilities and including the outdoor elements, the attendance is assumed to be 55% to 60% local.

## OPERATING INCOME

Operating income is affected by the scope of the facility, the level of attendance, the fees charged and the range of revenue sources available. The revenues are a function of attendance, average admission rates and percentage of income related to admissions. Average revenue rates are assumed at \$4 to \$6 per admission varying with the scope of the facility and the portion of the attendance that is non-local. Admission/membership revenue is assumed to be 60% to 65% of total revenue with the larger facilities generating more non-admissions revenues. Operating expenses are calculated based on an assumed expense coverage ratio determined from the experience of other facilities.

The potential income is estimated at the following levels.

	Revenue	Expense	Net Income	Expense Coverage
Indoor with fitness pool and leisure features	\$300,000	\$450,000	(\$150,000)	67%
Indoor with competitive pool and leisure features	350,000	550,000	(200,000)	64%
Indoor/outdoor with fitness pools and leisure features.	500,000	750,000	(250,000)	67%
Full recreation center with Indoor/outdoor aquatics	600,000	900,000	(300,000)	67%

The development costs, attendance and income estimates are based on the stated assumptions. To the extent that future events and experience differs from the assumed conditions, the results may differ significantly from the estimates.

# ECONOMIC IMPACT

The visitors to the aquatic center will spend money in the community, providing economic benefits to the town and local businesses. To the extent that the visitor group would not have made the trip in the absence of the facility, the total spending may be considered an economic benefit of the facility. While it is true that some of the attendees would already come to Yellowstone in the absence of the center, it is also true that a center can be critical component of a group's decision to visit West Yellowstone, particularly in the off-season.

	Visitor Attendees	Visitor Groups *	Avg Group Spending**	Total Visitor Spending
Indoor with fitness pool and leisure features	15,000	7,500	\$155.47	\$1,166,025
Indoor with competitive pool and leisure features	17,000	8,500	\$155.47	\$1,321,495
Indoor/outdoor with fitness pools and leisure features.	25,000	12,500	\$155.47	\$1,943,375
Full recreation center with Indoor/outdoor aquatics	30,000	15,000	\$155.47	\$2,332,050

\* Based on 2 attendees per group

\*\* Based on Institute for Tourism and Recreation Research, University of Montana.

## **VI. RECOMMENDATIONS FOR HOW TO PROCEED.**

Based on the performance estimates in the previous section and the experience of the other facilities described in Section IV, we recommend that the organization and the town proceed with the following steps.

1. Focus attention on facility that will include fitness and recreational elements that will serve community needs, attract local users on frequent basis, and provide additional opportunity for visitors throughout the year, but particularly during the off-season. If resources are available, add outdoor elements, and non-aquatic recreation features.
2. Conduct research to refine attendance assumptions. Conduct local household surveys on desired features, potential levels of use and supportable admission and membership rates. Conduct interviews with travel representatives and tour operators to determine potential for visitor capture. This analysis would be part of a comprehensive feasibility study.
3. Explore potential for public funding of portion of capital cost through bond measure.
4. Hire professional fundraising consultant to identify fundraising potential and plan.
5. Pursue grant funding through economic development and recreation programs.
6. Explore funding options for operating deficit. Consider the potential for town funding or recreation district collection of mill levy.
7. Prepare conceptual design based on desired features with assistance of professionals with aquatic facility experience.

P.O. BOX 1570

# TOWN OF WEST YELLOWSTONE MONTANA

PHONE: 406-646-7795  
FAX: 406-646-7511

info@townofwestyellowstone.com

## PURCHASE ORDER

Date *6-13-14*

Ship Via

Order No. **006215**

Department

TO: *David Steed Co*

ADDRESS: *3805 N Yellowstone Hwy, Idaho Falls, Id 83401*

PLEASE FURNISH THE TOWN OF WEST YELLOWSTONE WITH:

Quantity	Description
1	<i>Air Compressor</i>

Estimated Cost \$ *7,500<sup>00</sup>*

Authorized By \_\_\_\_\_

Requested By: 

VENDOR COPY - White OFFICE COPY - Canary

\* ... Over spent expenditure

Claim	Vendor #/Name/	Document \$/	Disc \$						Cash
Check	Invoice #/Inv Date/Description	Line \$		PO #	Fund Org Acct	Object	Proj	Account	
39936	2546 Century Link QCC	67.56							
	05/23/14 long dist chg	10.35		FINADM	1000 410510	345		101000	
	05/23/14 access fee/sm bus plan/tax	2.38		finadm	1000 410510	345		101000	
	05/23/14 long dist chgs (new)	49.70		finadm	1000 410510	345		101000	
	05/23/14 taxes	5.13		finadm	1000 410510	345		101000	
39937	2575 WY Tourism Business Improvement	6,691.13							
	06/01/14 May 2014 collections	6,691.13*		TBID	2102 411800	540		101000	
39939	2204 Republic Services	391.08							
	05/28/14 dumpster lease police	147.14		POLICE	1000 411258	534		101000	
	05/28/14 dumpster lease/shop	243.94*		PARK	1000 460430	534		101000	
39940	266 Utilities Underground Location	61.88							
	4055287 05/31/14 excavation notifications	30.94		WATER	5210 430500	357		101000	
	4055287 05/31/14 excavation notifications	30.94		SEWER	5310 430600	357		101000	
39941	2558 Hebgen Basin Fire District	43,143.00							
	06/15/14 June 2014	43,143.00		FIRE	1000 420400	357		101000	
39943	95 Energy West-Montana	1,526.03							
	05/30/14 nat gas - 62211 - updh	147.47		UPDH	1000 411252	344		101000	
	05/30/14 nat gas - 62017 - police sta.	34.82		POLICE	1000 411258	344		101000	
	05/30/14 nat gas - 12204-pub.svcs	65.41*		STREET	1000 430200	344		101000	
	05/30/14 nat gas - 62214- old firehall	18.00		PARK	1000 460430	344		101000	
	05/30/14 nat gas - 01603 - old bld insp	65.41*		STREET	1000 430200	344		101000	
	05/30/14 nat gas - 61962 - library	123.53*		LIBRAR	2220 460120	344		101000	
	05/30/14 nat gas - 07154 - Povah Ctr.	277.21*		POVAH	1000 411255	344		101000	
	05/30/14 nat gas - 62207 - pub svcs	299.43*		PUBSVC	1000 430200	344		101000	
	05/30/14 nat gas -17279 -Town Hall	432.40*		TWNHAL	1000 411250	344		101000	
	05/30/14 nat gas -17569-Sewer Lift	62.35		SEWER	5310 430600	344		101000	
39945	2088 Town West Yellowstone	810.70							
	06/01/14 utility chrgs, Chamber, 895	36.06		BLDGS	1000 411257	340		101000	
	06/01/14 utility chrgs, UPDL, 892	51.66*		BLDGS	1000 411252	340		101000	
	06/01/14 utility chrgs, PS Shops, 884	23.82		BLDGS	1000 411253	340		101000	
	06/01/14 utility chrgs, Povah Ctr, 887	48.18		BLDGS	1000 411255	340		101000	
	06/01/14 utility chrgs, Police Dept,886	30.38		BLDGS	1000 411258	340		101000	
	06/01/14 utility chrgs, City Park, 885	498.03		BLDGS	1000 411253	340		101000	
	06/01/14 utility chrgs, Library, 891	24.49		LIBRAR	2220 460120	340		101000	
	06/01/14 utility chrgs, Lift #1, 903	10.15		SEWER	5310 430600	340		101000	
	06/01/14 utility chrgs, Twn Hall, 921	87.93		TWNHAL	1000 411250	340		101000	

\* ... Over spent expenditure

Claim	Vendor #/Name/ Check Invoice #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
39947	2789 WEX Bank	2,744.25					
	06/01/14 07 Ford Expedition 6-54563A	320.04*		SS	1000 450135	231	101000
	06/01/14 06 Dodge Durango 6-1374	172.23		POLICE	1000 430200	231	101000
	06/01/14 10 Ford Crown Vic 6-34157A	214.41		POLICE	1000 420100	231	101000
	06/01/14 08 Ford Crown Vic 6-1437	114.79		POLICE	1000 420100	231	101000
	06/01/14 10 Ford Expedition 6-000046	273.25		POLICE	1000 420100	231	101000
	06/01/14 11 Ford Expedition 6-21425A	290.12		POLICE	1000 420100	231	101000
	06/01/14 77 Intl Dumptruck	0.00		STREET	1000 430200	231	101000
	06/01/14 78 Chevy Dumptruck	0.00		STREET	1000 430200	231	101000
	06/01/14 78 Autocar Dumptruck	0.00		STREET	1000 430200	231	101000
	06/01/14 85 Ford Dumptruck	0.00		STREET	1000 430200	231	101000
	06/01/14 140 G Grader	69.23		STREET	1000 430200	231	101000
	06/01/14 CAT 936 Loader	0.00		STREET	1000 430200	231	101000
	06/01/14 93 Dodge	71.18		STREET	1000 430200	231	101000
	06/01/14 95 Mobile Sweeper	0.00		STREET	1000 430200	231	101000
	06/01/14 97 Athey Sweeper	71.77		STREET	1000 430200	231	101000
	06/01/14 99 SS Snowblower	0.00		STREET	1000 430200	231	101000
	06/01/14 00 Freightliner Dump 6-60700A	0.00		STREET	1000 430200	231	101000
	06/01/14 Snowmobile	0.00		STREET	1000 420100	231	101000
	06/01/14 02 Freightliner Dump 6-54564A	212.59		STREET	1000 430200	231	101000
	06/01/14 08 Ford Pickup 6-1450	71.77		STREET	1000 430200	231	101000
	06/01/14 08 GMC Pickup 6-1484	329.01		STREET	1000 430200	231	101000
	06/01/14 08 CAT 938H Loader	0.00		STREET	1000 430200	231	101000
	06/01/14 08 904B MiniLoader	263.92		STREET	1000 430200	231	101000
	06/01/14 YNP Truck #1	0.00		STREET	1000 430200	231	101000
	06/01/14 YNP Truck #2	0.00		STREET	1000 430200	231	101000
	06/01/14 08 Ford Escape (multi-use)	53.87		DISPAT	1000 420100	231	101000
	06/01/14 14 Police Interceptor	151.74		POLICE	1000 420100	231	101000
	06/01/14 08 Ford Escape	64.33		PARKS	1000 410510	370	101000
39948	2716 CenturyLink	1,066.39					
	Still working out the long distance charges and credits from USBI.This bill included a credit of \$1865.00, but there is more to come. I split the credit among the departments using the same percentages that we allocate to each department. er						
	05/19/14 DSL Povah, 646-7982	56.25		POVAH	1000 411255	345	101000
	05/19/14 DSL Library, 646-7953	77.20*		LIBRAR	2220 460100	345	101000
	05/19/14 DLS Police 646-0231	71.25		POLICE	1000 420110	345	101000
	05/19/14 DSL Pub Serv Office 646-7949	64.00*		BLDINS	1000 430200	345	101000
	05/19/14 Sewer Treat 646-9027	38.36*		STREET	5310 430600	345	101000
	05/19/14 Sewer lift 646-5141	37.72*		SEWER	5310 430600	345	101000
	05/19/14 Disconnected 646-7273	7.25*		FIRE	1000 411254	345	101000
	05/19/14 PCC Elevator 646-7481	41.38		POVAH	1000 411255	345	101000
	05/19/14 Centrex Finance - 20%	-103.18		FINADM	1000 410510	345	101000
	05/19/14 Centrex, Police-20%	-103.18		POLICE	1000 420110	345	101000
	05/19/14 Centrex, Soc Ser -10%	-51.59		SOCSER	1000 450135	345	101000

\* ... Over spent expenditure

Claim	Vendor #/Name/	Document \$/	Disc \$						Cash
Check	Invoice #/Inv Date/Description	Line \$		PO #	Fund Org Acct	Object	Proj	Account	
	05/19/14 Centrex, Court - 10%	-51.59		COURT	1000 410360	345		101000	
	05/19/14 Centrex, Bld Ins - 10%	-51.59*		BLDINS	1000 430200	345		101000	
	05/19/14 Centrex, Street - 10%	-51.59*		STREET	1000 430200	345		101000	
	05/19/14 Centrex, PCC - 10%	-51.59		POVAH	1000 411255	345		101000	
	06/19/14 Centrex, Lib	-51.58*		COURT	2220 460100	345		101000	
	06/19/14 E911 Viper 646-5170	98.71		E911	2850 420750	345		101000	
	05/19/14 E911 255-9710	996.18		E911	2850 420750	345		101000	
	05/19/14 E911 255-9712	31.76		E911	2850 420750	345		101000	
	05/19/14 Alarm Lines, 646-5185	62.22		TWNHAL	1000 411250	345		101000	
39950	1514 Verizon Wireless	869.70							
	05/20/14 640-0512, SS Assist	38.81		SOCSER	1000 450135	345		101000	
	05/20/14 640-1103, Operator	38.81*		STREET	1000 430200	345		101000	
	05/20/14 640-1438, SS Director	38.81		SOCSER	1000 450135	345		101000	
	05/20/14 640-1460, Library Dir, SP	68.81*		LIBRAR	2220 460100	345		101000	
	05/20/14 640-1461, Facilities Tech, SP	68.81*		STREET	1000 430200	345		101000	
	05/20/14 640-1462, Operator, SP	68.81*		STREET	1000 430200	345		101000	
	05/20/14 640-1463, Deputy PSS, SP	68.81*		STREET	1000 430200	345		101000	
	05/20/14 640-1472, Ops Mgr, SP	68.81*		ADMIN	1000 410210	345		101000	
	05/20/14 640-1676, Rec Coord, SP	68.81*		REC	1000 460440	345		101000	
	05/20/14 640-1754, COP	38.81		POLICE	1000 420110	345		101000	
	05/20/14 640-1755, Police	38.81		POLICE	1000 420110	345		101000	
	05/20/14 640-1756, Police	38.81		POLICE	1000 420110	345		101000	
	05/20/14 640-1757, Police	38.81		POLICE	1000 420110	345		101000	
	05/20/14 640-1758, Police	38.74		POLICE	1000 420110	345		101000	
	05/20/14 640-1759, Police	38.81		POLICE	1000 420110	345		101000	
	05/20/14 640-7547, Facilities Tech	38.81		PARKS	1000 460430	345		101000	
	05/20/14 640-9074, PSS, SP	68.81*		BLDINS	1000 420531	345		101000	
39951	2853 Two Seasons Recycling	600.00							
	WY2014-227 05/31/14 monthly recycling fee	600.00*		PARKS	1000 460430	534		101000	
39973	2514 Kathy Arnado	256.00							
	06/10/14 reimb travel, CIT Training	256.00		SOCSER	1000 450135	370		101000	
39974	99906 Secretary of State	25.00							
	06/02/14 Reappointment, M. Gospodarek	25.00		FINADM	1000 410510	335		101000	
39975	2842 PayneWest Insurance	92.00							
	39071 06/06/14 notary bond, Gospodarek	92.00		FINADM	1000 410510	520		101000	
39976	2621 MDT	11,000.00							
	149 06/11/14 2014 sewer lagoon lease	11,000.00		SEWER	5310 430600	532		101000	

\* ... Over spent expenditure

Claim	Vendor #/Name/	Document \$/	Disc \$						Cash
Check	Invoice #/Inv Date/Description	Line \$		PO #	Fund Org Acct	Object	Proj	Account	
39977	2306 Brandy Holland	158.99							
	06/11/14 supplies	38.99		REC	1000 460440	220		101000	
	06/11/14 uniform	120.00		REC	1000 460449	226		101000	
39978	2647 Bigfork Web Development, Inc.	125.00							
	14379 06/03/14 transfer domain, 5 years	125.00		FINADM	1000 410510	356		101000	
39979	2195 Code Publishing Company	350.00							
	46731 06/02/14 WYMC annual hosting online	350.00		FINADM	1000 410510	356		101000	
39980	375 Black Mountain	737.00							
	18380 06/01/14 annual maint, Sales Tax progra	737.00		RT	2100 410540	355		101000	
39981	379 Energy Laboratories, Inc	607.00							
	3460650293 06/05/14 chemicals	309.50*		SEWER	5310 430640	357		101000	
	3460650874 06/13/14 chemicals	297.50*		SEWER	5310 430640	357		101000	
39982	489 MSE ANALYTICAL LABORATORY	207.00							
	1405072 06/02/14 water samples	207.00			5210 430500	357		101000	
39983	2255 Machinery Power & Equipment Co.	1,739.72							
	06/04/14 parts	838.09*		STREET	1000 430200	369		101000	
	06/05/14 parts	901.63*		STREET	1000 430200	220		101000	
39984	999999 SHANA BRENNAN	350.00							
	06/10/14 refund UPDL deposit	350.00		UPDL	2210 214000			101000	
39985	2792 NAMI-Bozeman	100.00							
	06/06/14 reigistration, K Arnado	100.00		SOCSER	1000 450135	370		101000	
39986	151 Gallatin County WY TS/Compost	865.25							
	05/31/14 transfer station charges	865.25*		PARKS	1000 460430	534		101000	
39987	725 Swan Cleaners	99.00							
	1280 06/03/14 jail laundry	99.00		JAIL	1000 420230	390		101000	
39988	2328 Anderson Precast & Supply, Inc.	320.00							
	69791-IN 06/04/14 3" thick grade ring	320.00*		DRAIN	1000 430235	357		101000	
39989	2826 Montana Underground	72,205.01							
	3 06/11/14 alley reconstruction, drainage	72,934.35		ALLEY	4070 430230	937		101000	
	3 06/11/14 1% MT Contractors tax	-729.34		ALLEY	4070 430230	937		101000	

\* ... Over spent expenditure

Claim	Vendor #/Name/ Check Invoice #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
39990	277 DEPARTMENT OF REVENUE	729.34					
	3 06/11/14 alley reconstruction, drainage	729.34		ALLEY	4070 430230	937	101000
39991	1417 DYER GROUP, LLC	9,485.00					
	14018 06/11/14 general engineering	1,085.00		ENGIN	5310 430600	354	101000
	14017 06/11/14 engineering, alley project 95%	8,400.00		ALLEY	4070 430230	937	101000
39992	2635 Jake's Automotive and Tire	1,763.67					
	10622 06/13/14 fuel pump, 06 Durango	426.27*		STREET	1000 430200	369	101000
	10600 06/11/14 tires, 936 Grader	1,337.40		STREET	1000 430200	239	101000
39993	2616 David Arnado	55.96					
	06/11/14 uniform, jeans-D. Arnado	55.96		SEWER	5310 430600	226	101000
39994	2733 James Patterson	186.97					
	03/21/14 reimb exam fees	140.00*		SEWER	5310 430600	380	101000
	05/22/14 reimb faucet	46.97		SOCSEW	1000 450135	220	101000
39995	2764 HD Supply Waterworks, Ltd.	446.32					
	C471508 06/06/14 curb box	446.32		WATER	5210 430500	369	101000
39996	2586 Waxie Sanitary Supply	3,110.07					
	74638733 06/09/14 frame	8.90*		PARKS	1000 460430	220	101000
	74638749 06/09/14 cleaning supplies	1,094.89*		PARKS	1000 460430	220	101000
	74623220 05/30/14 cleaning supplies	1,784.35*		PARKS	1000 460430	220	101000
	74613985 05/27/14 cleaning supplies	221.93*		PARKS	1000 460430	220	101000
39997	542 MT Department of Transportation	23,422.34					
	11454 06/04/14 Town Share, water truck	23,422.34		STREET	1000 430200	940	101000
39998	471 Northwest Pipe Fittings, Inc.	1,200.32					
	CM5274546 04/16/14 credit memo	-294.84		WATER	5210 430590	251	101000
	5293194 05/30/14 hand sink	781.80		PARKS	1000 460430	366	101000
	5299941 06/04/14 meters	713.36		WATER	5210 430590	251	101000
39999	38 Yellowstone Track Systems	55.00					
	6230 06/05/14 steel, cutting	55.00*		STREET	1000 430200	369	101000
40000	764 General Distributing Co.	41.85					
	234516 05/31/14 compressed O2	41.85*		STREET	1000 430200	220	101000

\* ... Over spent expenditure

Claim	Vendor #/Name/	Document \$/	Disc \$						Cash
Check	Invoice #/Inv Date/Description	Line \$		PO #	Fund Org Acct	Object	Proj	Account	
40001	135 Food Roundup	25.76							
06/01/14	supplies	25.76*		STREET	1000 430200	220		101000	
40002	2654 Community Health Partners	10.00							
05/01/14	help fund visit	10.00		HELP	7010 450135	351		101000	
40003	525 Gallatin County Clerk & Recorder	8.00							
14-07381	05/31/14 plats	8.00		FINADM	1000 410510	220		101000	
40004	2421 NAPA Auto Parts	200.21							
05/31/14	parts/supplies	119.96*		STREET	1000 430200	220		101000	
05/31/14	parts/supplies	67.67*		STREET	1000 430200	369		101000	
05/31/14	parts/supplies	12.58		SOCSEK	1000 450135	361		101000	
40005	999999 CAMDELARIA ARELLANO	350.00							
06/01/14	refund UPDL deposit	350.00		UPDL	2210 214000			101000	
40006	999999 KARLA SALINAS	350.00							
06/02/14	refund UPDL deposit	350.00		UPDL	2210 214000			101000	
40007	2441 Corporate Trust, TFM	103,241.25							
05/22/14	GO Bond principal	75,000.00		GOBOND	3050 490100	610		101000	
05/22/14	GO Bond interest	28,241.25		GOBOND	3050 490100	620		101000	
40008	40 Jerry's Enterprises	57.97							
05/31/14	supplies	47.98*		REC	1000 460440	216		101000	
05/31/14	supplies	9.99*		STREET	1000 430200	220		101000	
40009	533 Market Place	207.14							
05/31/14	Xmas GC x 4	200.00		LEGIS	1000 410100	220		101000	
05/31/14	supplies	7.14		WATER	5210 430500	220		101000	
40010	1454 Big Sky Publishing	732.37							
1100813	05/30/14 police officer ad	522.97		ADMIN	1000 410210	327		101000	
1100863	05/30/14 seasonal laborer ad	171.40		ADMIN	1000 410210	327		101000	
1100880	05/30/14 public hearing, budget	38.00		ADMIN	1000 410210	327		101000	
40011	2473 Pioneer Human Services	1,200.10							
33365	04/30/14 commodities	1,200.10		HELP	7010 450135	220		101000	
40012	171 Montana Food Bank Network	427.50							
39059-1	02/19/14 commodities	265.00		HELP	7010 450135	220		101000	
39058-1	02/19/14 commodities	162.50		HELP	7010 450135	220		101000	

\* ... Over spent expenditure

Claim	Vendor #/Name/ Check Invoice #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
40013	2673 First Bankcard	4,715.64					
	04/30/14 Sportsmans Warehouse, supplies	19.74*		SEWER	5310 430600	220	101000
	05/02/14 Godwin Manu, parts	357.01*		STREET	1000 430200	369	101000
	05/12/14 USPS, postage, H20 samples	33.05*		WATER	5210 430500	311	101000
	05/13/14 Mystery Purchase by James	960.00*		STREET	1000 430200	220	101000
	05/15/14 Barco Products, pet clean up	2,637.86		PARKS	1000 460430	365	101000
	05/16/14 Dell, laptop	668.98		REC	1000 460440	220	101000
	05/19/14 FC (credited off next mo.)	39.00		FINADM	1000 410510	870	101000
40014	2673 First Bankcard	1,302.25					
	05/16/14 IJump, deposit	48.97		SUMREC	1000 460449	871	101000
	05/19/14 Spire, deposit	50.00		SUMREC	1000 460449	871	101000
	05/18/14 Wingate Missoula, Dittmann	173.06		HELP	7010 450135	370	101000
	05/18/14 Wingate Missoula, K. Arnado	173.06		HELP	7010 450135	370	101000
	05/19/14 USPS, postage, H20 samples	21.35*		WATER	5210 430500	311	101000
	05/22/14 S&S Worldwide, supplies	206.54		SUMREC	1000 460449	220	101000
	05/23/14 S&S Worldwide, supplies	269.99		SUMREC	1000 460449	220	101000
	05/27/14 Power Systems, supplies	156.54		REC	1000 460440	220	101000
	05/27/14 Power Systems, supplies	202.74		REC	1000 460440	220	101000
40015	2291 American Express	1,403.40					
	05/04/14 Billings Hotel, Holtzen	467.80		FINADM	1000 410510	370	101000
	05/07/14 Billings Hotel, Gospodarek	187.12		FINADM	1000 410510	370	101000
	05/07/14 Billings Hotel, Roos	187.12		FINADM	1000 410510	370	101000
	05/07/14 Billings Hotel, Parker	187.12		LEGIS	1000 410100	370	101000
	05/07/14 Billings Hotel, Schmier	187.12		LEGIS	1000 410100	370	101000
	05/07/14 Billings Hotel, Forsythe	187.12		LEGIS	1000 410100	370	101000
	# of Claims 54	Total: 301,937.12					

301,937.12

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Fund/Account	Amount
1000 General Fund	
101000 CASH	\$91,279.03
2100 Local Option Taxation-Resort Tax	
101000 CASH	\$737.00
2102 TBID (Tourism Business Improvement	
101000 CASH	\$6,691.13
2210 Parks & Recreation	
101000 CASH	\$1,050.00
2220 Library	
101000 CASH	\$242.45
2850 911 Emergency	
101000 CASH	\$1,126.65
3050 GO Bond	
101000 CASH	\$103,241.25
4070 Parkway Construction/Mtn	
101000 CASH	\$81,334.35
5210 Water Operating Fund	
101000 CASH	\$1,164.32
5310 Sewer Operating Fund	
101000 CASH	\$13,087.22
7010 Social Services/Help Fund	
101000 CASH	\$1,983.72
Total:	\$301,937.12

WEST YELLOWSTONE TOWN COUNCIL  
**Work Session & Town Council Meeting**  
**June 3, 2014**

COUNCIL MEMBERS PRESENT: Mayor Brad Schmier, Jerry Johnson, John Costello, Cole Parker, Greg Forsythe

OTHERS PRESENT: Operations Manager Becky Guay, Finance Director Lanie Gospodarek, Chief of Police Gordon Berger, Public Services Superintendent James Patterson, Social Services Director Jack Dittmann

Assistant Public Services Superintendent David Arnado, Scott Clark, Tom Cherhoniak, Court Clerk Joyce Berger, Randy Wakefield, Fire Chief Scott Waldron, Assistant Fire Chief Shane Grube, Duston Portman, Brian McCoy, Grace McCoy, Michael Collins, Jewlz Collins, Bailee Parker, Aderhold, Kyla Binfet, Sandi Peppler, Brenda Martin, Olivia Gospodarek, Mike and Gayle Gavagan, Ed Geiger, Benny McCracken, Georgia McMillan

The Work Session is called to order by Mayor Brad Schmier at 6:00 PM in the West Yellowstone Town Hall, 440 Yellowstone Avenue, West Yellowstone, Montana.

Portions of the meeting are being recorded.

The Treasurer's Report with corresponding banking transactions is on file at the Town Offices for public review during regular business hours.

#### **WORK SESSION**

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Mayor Schmier calls the meeting to order and explains that the purpose of this work session is to discuss the FY 2015 budget. Finance Director Lanie Gospodarek briefly explains how the budget is put together and how to read the reports that are before the Council. She also explains fund accounting and some of the restrictions that are on the money that are in those funds. She explains that she has met with all the department heads to scrutinize the budget requests before they were put into the budget. She also explains the notes she adds to the budget to help everyone remember what is included where. Mayor Schmier directs the group back to the beginning of the General Fund and suggests they start working through the expenditures. Operations Manager Becky Guay explains that the Legislative Budget is the Council's budget and that is where they include expenditures like the donations the Town makes to the Yellowstone Foundation Bus and the fireworks show that is put on by the Chamber. Guay explains that the Administration budget is her budget. Johnson asks about the moving expenses for three employees in that budget. Guay explains that money is set aside to cover up to three new employees who may work for any department. They group briefly considers the finance budget, planning, elections, and engineering. Costello asks about the additional \$20,000 that was added to the Legal Services budget. Guay explains that they are aware of at least one potential lawsuit and felt they should appropriate additional funds to cover additional legal expenses. Costello asks multiple questions about the fund balance and what happens to the money that is left over in the fund at the end of the year. Guay explains that the money remains in the fund but Costello indicates that he will meet individually with Gospodarek for further clarification. The group briefly considers the budgets for each building that is owned and maintained by the Town.

The work session is adjourned at 6:45 PM. The Council Meeting is called to order at 7:00 PM.

#### **ACTION TAKEN**

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- 1) Motion carried to approve Purchase Order #6211 to purchase a new copier from Terrell's Office Machines for the Police/Dispatch Department for \$5495.00. (Schmier, Parker)
- 2) Motion carried to approve Purchase Order #6214 to Universal Blower Pac, Inc. to purchase three new Gaendra Blowers for the sewer system for \$8500.00 (Johnson, Parker)

- 3) Motion carried to approve Purchase Order #6213 from Sabol and Rice for... (Johnson, Costello)
- 4) Motion carried to approve the claims which total \$39,663.07. (Johnson, Parker)  
Forsythe abstains from claim #39770.
- 5) Motion carried to approve the Consent Agenda, which includes the minutes of the May 20, 2014 Work Session and May 20, 2014 Town Council Meeting. (Johnson, Parker)
- 6) Motion carried to approve Resolution No. 650, a budget amendment resolution for FY 2014. (Schmier, Parker)
- 7) Motion carried to approve the Outside Amplification Permit for the Wild West Yellowstone Rodeo car from June 18 through August 30, 2014 between the hours of 12 Noon and 7 PM. (Forsythe, Parker) Parker is opposed.
- 8) Motion carried to approve the Application to Maintain an Encroachment in accordance with the recommendations from Town Engineer Dick Dyer. (Johnson, Costello)
- 9) Motion carried to appoint Tom Cherhoniak to the Airport Advisory Board and relieve Dennis LaFever of his responsibilities of serving on the board. (Johnson, Costello)
- 10) Motion carried to approve the Repurchase Banking Services Agreement with FSB. (Johnson, Parker)
- 11) Motion carried to approve Resolution No. 469, a resolution canceling outstanding municipal warrants. (Johnson, Costello)

#### **Council Comments**

Council Member Cole Parker reports on the recent success of the Girls High School Track Team at the Class C State Tournament. Coach AJ Chlebnik reports that the team took 2<sup>nd</sup> Place at the District Meet, 3<sup>rd</sup> Place at the Divisional Meet, and 2<sup>nd</sup> Place at the State Meet. Bailee Parker and Jewlz Collins won five of the six events they competed in and the whole community is very proud of their success. Jewlz Collins, Olivia Gospodarek, Bailee Parker, and Kyla Binfet display the trophies they brought home. Mayor Schmier compliments the students for not just their ability, but their dedication and determination to succeed.

#### **Public Comment Period**

Scott Clark addresses the Council on behalf of the Yellowstone Community Aquatic Center. He explains that the Center approached the Council a little more than a year ago and requested land from the Town to build the facility. He says the Council at that time asked them to commission a feasibility study to determine how an aquatic center would do in West Yellowstone. He says that they hired Property Counselors out of Seattle, Washington to do the study and are ready to present the results to the Town at a work session. The Council agrees to meet with Scott and will schedule a work session in the near future.

Police Officer Brian McCoy addresses the Town Council. He says he is here tonight with a heavy heart to submit his resignation from the Police Department, effective at 6:00 AM on June 8, 2014, four days before the end of his probationary period. He thanks the Town for the opportunity to live and work in West Yellowstone. He admits that there have been challenges in the department over the past year and leadership issues, but feels the department can succeed. McCoy shakes hands with the Council Members and leaves the meeting.

Fire Chief Scott Waldron says he came prepared this evening to respond to a citizen who indicated he was coming to complain tonight about campfires. He says that there are some conflicting codes between the Town and the International Fire Code and they can work on clarifying that. He says that the IFC allows 36" fires as a ceremonial fire. He says he just wants

direction from the Town as how to address ceremonial or campfires. Guay indicates that she and Waldron will get together and discuss the issue.

Tom Cherhoniak says that there was \$28,000 put into the budget this year for a pavilion. He says that he has been trying to figure out how to make that project happen. The Council discusses the project and the fact that a location for the structure has not been agreed upon. After discussion, they suggest that the Downtown Improvement District and Parks & Recreation Advisory Board meet together to discuss location. The Council Members all indicate they would support reallocating the money into this year's budget. Gospodarek says that on the work session on the 24<sup>th</sup> of June, they will discuss Capital Expenditures and that would be a good time for the Council to discuss it.

#### **Public Hearing: FY 2014 Budget, Resolution No. 650**

Mayor Schmier reads Resolution No. 650, a resolution amending the FY 2014. The hearing was advertised in the May 23 and May 30, 2014 editions of the West Yellowstone News. No public comment is received.

#### **DISCUSSION**

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- 1) Schmier clarifies that this copier was not a budgeted item but the older copier failed and they do have enough funds in the budget to purchase the new one. Forsythe asks Martin if the copier that was selected is adequate, she indicates that it is.
- 2) Patterson explains that they need two blowers in each building and they have two that are out of order. He wants to purchase three blowers at this time so they have a backup. Forsythe does point out that they really don't have a choice on this one... ☺
- 3) Patterson explains that this blowers costs more because they have to have the company come up and install it. They can install the other blowers themselves.
- 7) Sandi Pepler says she enjoys the presence of the car, Ed Geiger says it adds an interesting element to West Yellowstone in the summer. Guay says she likes the "horns" on the car.
- 9) The Council directs the staff to send Dennis LaFever a letter thanking him for his service and relieving him of serving on the board.
- A) **Advisory Board Reports:** Fire Chief Scott Waldron reports to the Council on the 911 Adivosry Board Meeting. He says that the board met recently and discussed technology improvements that can be made in the dispatch center. They are putting together a technology committee to work on some of the issues.
- B) **Operations Manager & Department Head Reports:** Operations Manager Becky Guay reports on current issues: **Recruitments-- Police Officer** – We are currently recruiting for a POST-certified police officer. Applications received by June 6 will receive priority consideration, **Facilities Technicians** – We are currently recruiting for one full-time, seasonal, facilities technician to focus primarily on the management and operations of the Union Pacific Dining Lodge, **Seasonal Full-time Laborer** – We are still recruiting for a full-time season laborer to perform various parks, refuse removal and janitorial duties. We would also like to welcome back Richie Howe, as a seasonal laborer in the Public Services Department. Congratulations on your recent graduation from high school. Go Wolverines! **911 Advisory Committee** – The Committee met on May 21. Jerry Dupler, Timberline Communications, gave a brief report about the equipment review he conducted at the Dispatch Center on behalf of Fire Chief Scott Waldron. He reported that staff could benefit from additional training and also indicated that our equipment setup was somewhat unusual, but appeared that most of it was functioning properly. I am working with Brenda Martin, Head Dispatcher, to review training needs. The 9-1-1 Committee is working to put together a "technical subcommittee" to review equipment

requirements. **Dispatch Center Generator** – The Town experienced a power outage on May 25, causing 9-1-1 operations to switch over to the generator at the Dispatch Center. There was a delay in staff opening the doors of the generator room to help cool the equipment which could have resulted in a total system failure. Fortunately, staff from Hebgen Basin Fire District and the Town responded in time to keep the generator up and running. We are currently working to install a large, thermostatically-controlled fan that will automatically begin operation when the temperature in the room exceeds a given set point, and will also look at installing doors with more and/or larger louvers to help keep the temperature within the generator's operation range. **Parks and Recreation Advisory Committee** – The Committee will meet on May 28 to discuss the costs associated with moving the skating rink permanently to Pioneer Park, including pouring a concrete pad for the rink, installing new lighting and other improvements. James Patterson is researching costs for these activities and we will include them in this year's Capital Improvement Plan (CIP). The Committee also discussed possible improvements to the loop trail, using recycled materials generated by the Town, Yellowstone National Park, and potentially historic materials salvaged during the deconstruction of historic structures from the surrounding area. **Union Pacific Dining Lodge** – There were two events held in the UPDL this past weekend. We are working the kinks out and hope to have a full-time staff person on board in the near future to manage the facility. Thanks go out to Public Services and Social Services staff for working diligently to ensure the facility was ready to host its first events. **Parkway Drainage Project** – Montana Underground has started construction on the parkway drainage project for the summer. The project is expected to be completed in approximately 6 weeks. After the drainage improvements are completed, Town staff will grade the parkways to their final elevations. We will be placing a notice in this week's newspaper to update the public about this project. **Town Cleanup** – Cleanup day will be on June 14. We will be mailing letters, co-authored by the Chamber of Commerce and the Town, to local businesses and those holding snow encroachment permits to remind them of the cleanup and suggest the businesses "adopt-a-parkway" to help reduce litter and keep the Town looking its best. **Resort Tax Collections** – With only one month to go in the fiscal year, resort tax collections are up 6.08% over last year, even with significant decline in collections experienced during the closure of Yellowstone Park last October (collections were down by 63,710 or nearly 41% over October of 2012). The resort tax collection table is attached to this report for your reference.

Guay says that she did receive correspondence from that they were not received in time to include in the packet, one from Robbie Hermanson about the wages for temporary truck drivers and the other from Laura Burke regarding the fact that her water line was cut by the contractor doing the alley reconstruction project. She will respond to these letters and include it on the next agenda. Johnson says that now that it's spring, the "creeping" on to Town property has begun. He has noticed travel trailers parked on Town property that are connected to utilities and with Town Clean Up approaching they should be diligent about cleaning things up. Mayor Schmier asks the Department Heads if they have anything to report. Patterson explains that the letter Becky received from Laura Burke is because her water line was cut by Montana Underground working in the alley. He says that the shut-off valve was accidentally crushed. The Burkes knew they were without water at 6:30 PM but did not report the problem until 12:30 AM and he did not hear his phone when Dispatch tried to reach him in the middle of the night. He says the problem was fixed first thing the next this morning. Mayor Schmier asks Berger about his response at a previous meeting when he stated that someone from the Police Department was at the school every day. Schmier says that according to the report from Sheriff Gootkin, Gootkin checked with the school who indicated that has not been the case. Mayor Schmier asks Berger for an explanation. Berger clarifies that they are in the vicinity of the school every day but not necessarily in the school building every day. He refers to a letter from School Superintendent Lael Calton and response from Berger that was distributed to the Council about the issue prior to the meeting. Forsythe says that when Officer Conlon was working as the School Resource Officer, he was in the school at least three days a week. When he asked that question in the previous meeting, he

clearly meant “in the school” not just driving through the driveway. Guay says that they extremely short-staffed in the Police department and they do not have the manpower to place an officer at the school as much. She says they do not have an agreement with the school for a minimum number of hours and the school does not help fund that officer. She says that she is somewhat confused about the letter from Calton. She says that earlier in the year, she and Chief Berger met with Calton who indicated they did not need an officer at the school on a daily basis. She says that when they can get up to a fully staffed department and a new School Superintendent is hired, hopefully they can straighten out these details. Parker says that he has observed officers spending considerable amounts of time parked at various businesses and it seems to him that if they would allocate some of that time to the school then they wouldn’t have this problem. Schmier asks Berger if he has done anything since the MOU (Memorandum of Understanding) with Yellowstone National Park was cancelled. Berger says that he has not done anything and has not talked to anyone from the Park Service. Schmier asks if he has plans to do anything about it. Berger says that he does but he has been too busy and short-staffed to address it yet. He says its going to get worse before it gets better. Gospodarek indicates that the Finance Department is going well, they are working on the budget. Jack Dittmann says that they are getting a lot of volunteers for the clothing bank and food bank. He also adds that the Social Services Department is spending a lot of time at the school counseling students. Schmier asks the Department Heads what can the Council do to help them do their jobs. Only Berger responds and says that the Council should just let him do his job.

#### **CORRESPONDENCE**

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Forsythe asks Berger if he had an attorney prepare his response. Berger says he prepared it and had an attorney help him with it so it was “Politically Correct” because he tends to be very blunt. Forsythe says he doesn’t have a problem with being blunt. He says the report that was prepared by Sheriff Gootkin came from Berger’s employees. He questions why Berger felt it was necessary to use an attorney to respond. Berger says that considering everything that has happened recently he felt he needed to respond that way. Forsythe asks Berger if he prepared all the footnotes and references in the letter. Berger says that he looked that information up, from Homeland Security in Salt Lake. He says he and his attorney worked on it together. Guay clarifies that an employee has the right to consult legal counsel. Forsythe says he wants to know what they are going to do to fix this problem. He says he feels sorry for Officer McCoy, who just resigned tonight because he was not trained properly. He also feels sorry for the Sergeant, who also has not received the training he needed. Schmier says the department is clearly in turmoil and asks Berger what he is going to do about it. Berger says that he wants to the Council to communicate directly with him. He says that none of the newer Council Members have ever contacted him directly to find out what is going on. He suggests that they contact the Sheriff’s Office instead. Forsythe, Parker, and the rest of the Council deny contacting the Sheriff’s Department. The Sheriff stated that he first came down due to concerns from Berger’s employees. Forsythe asks who initiated the DCI investigation. Guay says that because of concerns that were raised last fall, she asked Gootkin to contact DCI with the permission and knowledge of the Mayor and Council at the time. Forsythe says he doesn’t understand how Berger can ask them to support him if none of the other agencies in the area or his employees do. He says the union steward from the Fire Department questioned his leadership, the Park Service canceled their MOU, and the Sheriff’s Department has also expressed serious concerns.

The meeting is adjourned. (8:30 PM)

ATTEST:

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Mayor

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Town Clerk

WEST YELLOWSTONE TOWN COUNCIL  
**Pre-Season Fire Coordination Work Session**  
**June 10, 2014**

COUNCIL MEMBERS PRESENT: Mayor Brad Schmier, John Costello, Greg Forsythe

US FOREST SERVICE REPRESENTATIVES PRESENT: Hebgen Basin District Ranger Cavan Fitzsimmons, Marianne Baumberger, Fred Jones, Tim Brickell, Mike Gagen, Liz Daly, Jeff Hill

YELLOWSTONE NATIONAL PARK REPRESENTATIVES PRESENT: Dan Hottle, Tara Ross, Les Brunton

OTHERS PRESENT: Operations Manager Becky Guay, Dispatch Supervisor, Brenda Martin, Hebgen Basin Rural Fire Chief Scott Waldron, WY Chamber Marketing Coordinator Wendy Swenson

The meeting is called to order by Mayor Brad Schmier at 12 Noon in the West Yellowstone Town Hall, 440 Yellowstone Avenue, West Yellowstone, Montana

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Mayor Schmier calls the meeting to order and introductions are made. Hebgen Basin District Ranger Cavan Fitzsimmons explains that this is their opportunity to ask questions and figure out who will be involved should a wildfire start in the vicinity of West Yellowstone. Marianne Baumberger explains that communication is very important during wildfire events and they need to understand consider all the affected agencies and organizations. Fred Jones briefly describes the 2013 Fire Season. He explains that there were 29 fires on the Gallatin in 2013 for a total of 12,000 acres, but the Emmigrant Fire was by far the largest. The Two Top and Mosquito fires were closest to West Yellowstone. Rainfall was fairly typical during the early summer months, but then they only received .22 inches of rain in August. He explains that this is a very unique area because they are in the proximity of three states and they have to consider how to handle fires that are close to state borders. Last year, everything dried out in August and then the fires started. September followed with 3 inches of rain, which was a pretty unusual pattern. Jeff explains that the 2013 season was extremely busy in this region and they were screaming for resources. Forsythe asks if the Forest Service communicates directly with the media. Baumberger explains that the Information Officer communicates directly with the Incident Command on the fire and then with the local media and the Associated Press. Sometimes, the national media will pick up the story but usually it comes from their affiliates. Dan Hottle, Public Relations Officer for YNP, explains that most of the news doesn't go past the regional news stations unless they do have an event that threatens Old Faithful. He says that last year, they had smoke in the area that actually came from fires two states away. He says it is difficult to communicate to tourists that the smoke is not from fire in the area. Baumberger says that she relies and appreciates Marysue Costello with the Chamber. The Chamber does a really good job of getting the word out and communicating with the tourists, hotel operators, etc. Fitzsimmons illustrates how last summer when the Two Top fire started, Marysue contacted him and asked for information she could send out in a "tweet." Fitzsimmons says that she released a tweet that the Forest Service was aware of the fires and the fires were staffed. He says that turned out to be highly effective and the phones at the Forest Service immediately stopped ringing. Baumberger explains that in this area, the Chamber is very helpful and they are able to send people out to distribute information. They also put up information boards around the community and down into Island Park and update them daily. Waldron says they also have a portable radio station that they can use to broadcast information. Baumberger says that she is always looking for the best way or person they can communicate with during a fire incident. Guay asks, that in the case of an evacuation, how do they handle a resident that refuses to leave. Baumberger says that the laws differ by state, but if a resident over the age of 18 refuses to leave, they do not have to. The Sheriff's Department will remove any children in the home, but an adult may stay. Waldron says that he has encountered that and they usually just make it clear that they will not return to perform any rescue services. He says as the flames and noise gets bigger, most people leave.

Fitzsimmons briefly describes the mitigation and fuel treatment efforts that have been conducted in the vicinity of West Yellowstone and projects that are underway. Fred Jones points out areas on the map where fuel has been reduced to establish fire breaks that will protect structures as

well as help out Yellowstone National Park. He also explains efforts they are making on the south plateau to open roads and make them accessible for fire equipment. He says they are making efforts to buffer roads around Rainbow Point and Duck Creek. Fitzsimmons emphasizes that they have made a lot of proactive efforts over the last three years to increase their chances of success. He explains that fuel reduction does not prevent fires, it only increases their chance of success. Schmier asks what is being done in Island Park, on the west side of the divide and to reduce the likelihood of fires coming over the divide. Liz Daly answers that they are not actually doing very much on the east side of their district. She says that is because there really isn't any development on the east side of their district and that is where they want fire to do its natural thing. The other issue is laws that protect grizzly bear habitat, so they have to rely on what Fitzsimmons can organize on this side of the divide. They usually concentrate more on protecting the subdivisions in their area. Mike Gagen also points out that in the case of a fire, they have to prioritize against what is also going on in the area. He says that during the Two Top fire last summer, they had multiple other fires in the area and they had to decide where to devote their resources.

The group discusses how a possible evacuation would be handled, a phone tree, and distribution of information. Baumgartner says that the word "evacuation" is a very scary word and they need to be careful and make sure the information is accurate before it spreads around. Fitzsimmons says that they need to get everything set up so if he or another key person is gone, they should be able to communicate as if that person was here. Mayor Schmier reminds the group that there are other groups that will come to help in the event of a major fire. In 1988, sprinkler pipe from Idaho was sent up and set up all around town and at Old Faithful which he believes made a major impact and helped saved the Town. Fitzsimmons suggests that they schedule more training this fall to help and educate local leaders. Guay asks how Yellowstone Park handles an evacuation. Hottle responds that their first priority is to empty the Park. There is more discussion and all that are present agree to continue to work to improve communications.

The meeting is adjourned. (12 Noon)

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Mayor

ATTEST:

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Town Clerk

WEST YELLOWSTONE TOWN COUNCIL

**Work Session**

**June 10, 2014**

COUNCIL MEMBERS PRESENT: Mayor Brad Schmier, Jerry Johnson, John Costello, Greg Forsythe, Cole Parker

OTHERS PRESENT: Finance Director Lanie Gospodarek, Public Services Superintendent James Patterson, Chief of Police Gordon Berger

The meeting is called to order by Mayor Brad Schmier at 6:00 PM in the West Yellowstone Town Hall, 440 Yellowstone Avenue, West Yellowstone, Montana

**Public Comment Period**

No public comment is received.

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Mayor Schmier calls the meeting to order. The purpose of the meeting is to discuss the budget for FY 2015. Finance Director Lanie Gospodarek says they would like to start by finishing the discussion of the General Fund tonight. She first describes the changes that have been made since the last meeting. The Council discusses multiple changes and budgeted items in the General Fund. They briefly discuss the annual contribution to Hebgen Basin Rural Fire District to provide fire protection for the Town. Based on the average of resort tax collection increases for the last five years, they anticipate that contribution will be just over \$546,000 for FY 2015. The Council asks multiple questions about salaries, the salary survey, and placement in the pay scale. The Police, Building Inspections, and Road & Street Services budgets are discussed. They have added \$25,000 to the sidewalk budget this year. Patterson explains that they need to start working on complying with the ADA (American Disabilities Act) around Town. He says that the federal law was passed nearly twenty years ago and they need to show efforts to comply. The Council agrees that there are multiple areas in town that need to be replaced. They discuss signage for the parkways and additional money to improve the empty lot east of the Town Hall, between the Town Hall and the Foundation Building. They also discuss purchasing additional bear-proof garbage cans and agree to add funds for six more garbage cans. Recreation, insurance, and the risk-share for Community Health Partners (CHP) are also discussed. CHP requested \$75,000 for the last fiscal year and they are anticipating that the request this year will be the same. Ed Geiger asks about the plan to turn management of the Union Pacific Dining Lodge over to the Yellowstone Historic Center. He says that in order to move forward, they have been working with attorney Mike Lilly to put that agreement together. He questions whether the Town is going to budget money to support the YHC to take over management. The group agrees that the Council indicated it wanted to move forward toward turning it over to the YHC. The work session for "Special Requests" is scheduled for July 8, 2014 and the Council advises Geiger to prepare something for that work session.

The Council also discusses the Enterprise Funds, Water and Sewer utilities. Gospodarek explains they don't have a lot of discretion in these funds because the funds are mandated to support themselves. They briefly discuss metering the Forest Service and National Park compounds. Patterson explains that replacing the big meters at the compounds would cost over \$30,000. He says he wants to put normal size meters on the buildings in the YNP compound, which would be significantly cheaper, but he is not sure what he wants to do about the 6" meter at the Forest Service compound. He does point out that the snow-hauling trucks that YNP loans the town every year are very valuable and saves the Town a lot of money, so he doesn't want to get to picky about how things are set up. Costello asks about the lease for the sewer lagoon. Gospodarek explains that they lease the land the sewer lagoon sits on from the Montana Aeronautics Division.

The meeting is adjourned. (8:15 PM)

June 10, 2014  
Town Council Work Session  
Minutes, Page 2

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Mayor

ATTEST:

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Town Clerk

# Town of West Yellowstone Business License Application

Business Name: Hydaway Trailer Park  
 Applicant: John Schmitt  
 Contact Person: J  
 Mailing Address: P.O. Box 669  
 Physical Address of Business: West Yellowstone, MT 59758-3204 *Elkhart*  
 Phone Number: 406-7735 Fax Number: 646-9702  
 Email Address: JV552@ymail.com Website: \_\_\_\_\_

Signature of Property Owner of Record: *Paul Schmitt*

Subdivision: Old Town  
 Block: 4 Lot: 1

Zoning District, please mark one:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> B-3 Central Business District (Old Town) | <input type="checkbox"/> PUD Planned Unit Development (Grizzly Park)            |
| <input type="checkbox"/> B-4 Expanded Business District (Grizzly Park)       | <input type="checkbox"/> Residential Districts, Home Occupations Only (Mad Add) |
| <input type="checkbox"/> E-2 Entertainment District (Grizzly Park)           |   |
| <input type="checkbox"/> New Business  | <input checked="" type="checkbox"/> Transfer of Ownership                       |
| <input type="checkbox"/> Change of Location                                  | <input type="checkbox"/> Name Change  |

- Is this business licensed by the State of Montana?  Yes  No
- Appropriate City/County/Health Dept approvals (if applicable)  Yes  No (please attach)
- If this business is located in Grizzly Park, has the business been approved by the Grizzly Park Architectural Committee (GPAC)?  Yes  No

**Type of Business** Please explain in detail the following: number of units, seating capacity, etc. Contractors should list trailers and equipment and where these items will be stored.

13 RV Spots 2 - Tent Spots  
3 Aft Rentals

Business License Fee: \$ 74.00  
 Resort Tax Bond: \$ Request to waive

*Paul Schmitt*  
 Signature of Applicant

Total Amount Due: \$ 74.00

Signature of Applicant  
5/20/2014  
 Date

FOR OFFICE USE ONLY				
Date Approved by Town Council: _____				
Date _____	Check # _____	Amount \$ _____	License # _____	
SCN _____	BLP _____	STX _____	BLC _____	RDX _____

SCHMIER FAMILY PARTERSHIP  
P.O. Box 669 406 646 9702  
WEST YELLOWSTONE, MT. 59758

Town of West Yellowstone  
P.O. Box 1570  
West Yellowstone, Mt. 59758

RE: Hideaway RV Park

Due to the change of the ownership of the Hideaway RV Park in West Yellowstone from Gwen Kashmier to the Schmier Family Partnership, we would like to ask for a waiver of the bond for The collection of the resort tax.

We have been in business in West Yellowstone for 47 years through Jerry's Enterprises .

The Schmier Family Partnership has the ownership of all the rental properties.

Thank you for your consideration in this matter.

  
Sincerely

Jerald D. Schmier

Manager

# Town of West Yellowstone Business License Application

Business Name: Montana Mobile Tech  
Applicant: RANDY Kleindorfer  
Contact Person: RANDY Kleindorfer  
Mailing Address: P.O. Box 231 Virginia City, MT. 59755  
Physical Address of Business: 110 E. Wallace Virginia City, MT. 59755  
Phone Number: 480-495-9579 Fax Number: \_\_\_\_\_  
Email Address: \_\_\_\_\_ Website: \_\_\_\_\_

Signature of Property Owner of Record: 

Subdivision: \_\_\_\_\_  
Block: \_\_\_\_\_ Lot: \_\_\_\_\_

Zoning District, please mark one:

- B-3 Central Business District (Old Town)       PUD Planned Unit Development (Grizzly Park)  
 B-4 Expanded Business District (Grizzly Park)       Residential Districts, Home Occupations Only (Mad Add)  
 E-2 Entertainment District (Grizzly Park)

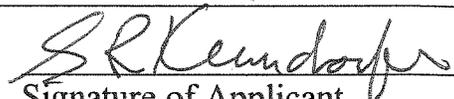
- New Business       Transfer of Ownership  
 Change of Location       Name Change

- Is this business licensed by the State of Montana?  Yes  No
- Appropriate City/County/Health Dept approvals (if applicable)  Yes  No (please attach)
- If this business is located in Grizzly Park, has the business been approved by the Grizzly Park Architectural Committee (GPAC)?  Yes  No

**Type of Business** Please explain in detail the following: number of units, seating capacity, etc. Contractors should list trailers and equipment and where these items will be stored.

Mobile R.V. Repair Service - based out of town

Business License Fee: \$ 50.00  
Resort Tax Bond: \$ 500.00

  
Signature of Applicant

Total Amount Due: \$ 550.00

Signature of Applicant \_\_\_\_\_  
6-4-14  
Date

### FOR OFFICE USE ONLY

Date Approved by Town Council: \_\_\_\_\_

Date \_\_\_\_\_ Check # \_\_\_\_\_ Amount \$ \_\_\_\_\_ License # \_\_\_\_\_

SCN \_\_\_\_\_ BLP \_\_\_\_\_ STX \_\_\_\_\_ BLC \_\_\_\_\_ RDX \_\_\_\_\_



ENGINEERING • PLANNING • MANAGEMENT

## MEMORANDUM

To: Town of West Yellowstone  
From: Winston R. Dyer, PE – Town Engineer  
Date: 30 December 2013  
Re: Water User Rates

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You have requested us to examine your current water user rates and make recommendations for adjustment as appropriate. Additionally, questions and concerns have arisen about connection fees. The following information is given in response to these requests.

### **Water User Rate**

We obtained revenue and expense information from your records on the water system for the previous fiscal year. Taking out special expenditures (meters, machinery, etc.), last year's revenues were slightly under the total of expenses and desired set-asides for depreciation and future bond fund amounts for the year. Also, records also indicate you have 1,117 volume ratio units (VRU's) on the books for billing.

Attached is a worksheet assembled to evaluate the water user rate. Under the "Expenses" section you have been setting aside an annual amount of \$30,000 for future bonds to assist with special projects designated in the CIP (water meter replacements, additional spring collection facilities, etc.) and \$50,000 in a depreciation fund that can be used for other future capital improvements.

We examined last year's operational expenses to find those that are regular and recurring, which were determined to be about \$142,000. We then multiplied that total by 103% to include an inflationary factor to reflect the likely total value of expenses in the coming year, which is thus projected to be around \$146,000.

The expense summary shows the total amount of anticipated expenses for operating and maintaining the water system in the coming year is expected to be about \$226,000. The water user rate structure will need to assure that at least this amount is generated in collected revenues over the course of the year to meet the projected expenses.

The "Users" portion of the worksheet summarizes the number of water connections of the various sizes and multiplies them by their corresponding VRU factor to determine the total number of VRU's to be billed in the system, which is 1,117. The VRU factor is an indication of how much demand a given connection size (service line and water meter) makes on the water system. It is similar to the equivalent user factor in sewer flow and provides a way to compare different water meter and service line sizes to that of a typical household for equitable billing purposes.

The typical residential household connection (3/4" size) is taken as 1.0 VRU and other sizes are compared to that standard. For example, a 1" size water service line and water meter will carry

1.6 times as much flow as the typical 3/4" size for a household connection and therefore is capable of demanding 1.6 times more out of the water system in a given instant.

Water supply, storage, and distribution facilities had to be built large enough to meet that demand and therefore a 1" connection is assigned a VRU factor of 1.6 so it can pay its proportionate share of demand on the water system as compared to a typical household connection's demand. By the same logic, other larger water meter and accompanying service line sizes are assigned VRU factors according to the different demands they place on the system due to their corresponding ability to draw more water from the system in a given instant.

The concept of your water user rate structure is to have a "*base fee*" assessed to all users in proportion to their number of VRU's and then a "*usage rate*" to be charged based on the actual amount of water used. In theory, the "base fee" is set up to cover all the fixed costs of the system – those costs that must be paid regardless of whether any water is actually used. Examples of fixed costs include bond repayment or other financing costs, depreciation, reserve amounts, insurance, administration, water quality monitoring and testing, etc. Sometimes a portion or all of the labor costs are added to the fixed costs of the system.

The usage rate is based on variable costs – those costs which are directly associated with the amount of water used and thus tend to vary accordingly. Examples include power and pumping costs, repairs and maintenance, chlorine, some or all of associated labor costs, etc. It makes sense that all such costs be distributed among the users in accordance with their actual portion of usage of the system, which is done through the usage rate component of the water user rate.

The next portion of the worksheet entitled "Base Fee" examines the base fee amount needed to distribute the fixed costs among the 1,117 VRU's in the system. Our initial analysis (and please note that the distribution of costs between fixed and variable can be adjusted to be anything necessary or desired) indicates about \$126,000 per year in fixed costs for the system. Dividing this by the 1,117 VRU's and 12 months of billing would suggest a *minimum* base fee of \$9.40 per VRU per month. This compares to the current water base fee rate of \$10.15 per VRU per month.

The "Usage Rate" portion of the worksheet then determines the variable costs (= total expenses minus fixed costs), which comes to about \$100,000 expected in the coming year. These costs are recovered based on the total amount of water sold and so we looked at your records to determine that amount. Unfortunately the current accounting system does not easily or readily identify the total amount of gallons sold (which should be looked at and fixed if possible), but we were able to back-calculate from last year's revenue information to determine that there were approximately 198,000 one thousand gallon units of water sold last fiscal year (198 million total gallons).

Dividing the \$100,000 anticipated variable costs by 198,000 one thousand gallon units of water suggests the usage rate should be \$0.51 per each 1,000 gallons of water used. This compares to the current water usage rate of \$0.40 per 1,000 gallons of water used.

The top of the second page of the worksheet examines the projected income if the current base fee and usage rate remain unchanged. This suggests that about \$215,251 would be collected, which compares to the anticipated \$226,000 total anticipated expenses – which shows you will be short and therefore need to adjust the water user rates.

There are a number of ways that the water system expenses can be divided up between fixed costs and variable costs; and thus many different ways of determining appropriate base fee and

usage rates. The next section of the worksheet looks at three options for adjusting the water user rates to meet the projected expenses in the coming year.

Option A looks at increasing both the current base fee and the current water usage rate proportionately as needed to meet anticipated expenses. This indicates that the base fee will need to be raised to \$10.70 per VRU per month, and the usage rate will need to be raised to \$0.42 per 1,000 gallons of water used.

Option B considers increasing the base fee as needed to meet expected expenses and leaving the current usage rate unchanged. This option indicates that the base fee would need to be raised to \$10.95 per VRU per month, and the usage rate would remain unchanged at the current \$0.40 per 1,000 gallons of water used.

Option C considers leaving the base fee unchanged and then increasing the usage rate to meet the needed expenses. This option indicates that the base fee will stay at the current \$10.15 per VRU per month, and the usage rate would then need to be raised to \$0.46 per 1,000 gallons of water used.

In reality there are numerous ways in which the base fee and usage rate can be adjusted in order to meet anticipated expenses. This depends on how much of the projected expenses are allocated to fixed costs (base fee) and how much are allocated to variable costs (usage rate).

To assist in determining how this can best be accomplished, it will be helpful to know that *in general*, raising the base fee tends to have greater impact on residential users, whereas raising the usage rate tends to have greater impact on commercial (large water volume) users.

With that as a background, we recommend you give consideration to Option C. Raising the usage rate puts most of the burden on large water users who are the ones creating the most demand on your water system and who are the users that can more easily pass on rate increases to their clients as part of the goods or services they market. Additionally, higher usage fee rates generally tend to encourage water conservation – which is always helpful in operating and maintaining any water system.

To further put this in perspective, under Option C most residential monthly water bills will increase less than \$1.00 per month and a typical motel's (~325,000 gallons per month) monthly water fee increase will be around \$20 per month in the summertime.

This user fee change is expected to generate around \$227,000 in revenue compared to \$226,000 in anticipated expenses for the coming year. To have just a little more cushion, you may consider setting the user rate at \$0.48 or \$0.50 per 1,000 gallons which will bring in about \$4,000 to \$8,000 more in revenue per year.

Where the overall water user fee is recommended to be increased, the usual discussion about regularly adjusting utility rates to account for inflation becomes moot this time around.

### **Connection Fees**

The discussion about connection fees for the water system follows the same logic and presentation as given in the separate memo on Sewer User Rates. First, appropriate connection fees require latecomers to pay their share of existing facilities that have been constructed (which they can now easily use), and secondly, connection fees provide an effective

and logical mechanism for replacing capacity in the future that is now being committed to the new users as they hook onto the system.

A reasonable determination of an appropriate connection fee is made by taking the total cost of all the water facilities and dividing it by the total capacity available. The new water user is then assessed their proportionate share of this cost for their required capacity as compared to the total system capacity available.

Currently there is about \$4.6 million worth of capital improvements in your water supply, storage, and distribution facilities and the water supply capacity is about 2.5 million gallons per day. Therefore the capital cost to be able to furnish and properly supply a gallon of drinking water per day for a new user is  $\$4.6 \text{ M} \div 2.5 \text{ MGD} = \$1.84$  per gallon of water demand per day.

According to the latest Census there is an average of 2.06 persons per household in West Yellowstone and the industry standard design flow for water use is about 120 gallons of water per person per day. So a typical household's share of today's cost of the current facilities would be  $\$1.84 \times 2.06 \text{ persons} \times 120 \text{ gallons per person per day} = \$455$ .

Putting aside capital today to replace the committed capacity in the normal 20 year timeframe, and factoring in anticipated inflation at 3-4% per year over the next 20 years, suggests that in order to have sufficient capital in 20 years to replace the value of today's facilities used by a typical household, you would need  $\$455 \times 1.99$  present worth factor = \$906 collected today.

Now add to that \$250 cost for public works to go out and inspect the new connection being made, and another \$250 in administrative costs to set up the account in the billing system, and we get \$1,406 total value and cost of a typical household water connection.

This is close to the current connection fee of \$1,500 (which was based on slightly more people per household from the previous Census) and illustrates what the connection fee represents and how it was derived. Since there haven't been major additional improvements to the water system facilities and the anticipated inflation rate is much the same as was used when the connection fee was last calculated 5 years ago, the current water system connection fee of \$1,500 appears to be both adequate and justifiable.

As we indicated in the Sewer User Rates analysis memo, many communities overlook the cost of replacing capacity in determining connection fees and thus end up with an artificially lower connection fee reflecting only the recapture of labor costs to inspect construction of the new connection and setting the new account up in the billing system.

We therefore recommend the water system connection fee remain unchanged for now and that it be consistently and universally applied to all new water system users.

**-- End of Water User Rate Analysis --**



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Owner-Project <i>West Yellowstone</i>	Feature <i>Water User Fee</i>		
By <i>WED</i>	Chk'd By	Rev. By	Project No.
Date <i>Dec 13</i>	Date	Date	Sheet <i>1</i> of <i>2</i>

### Expenses

Future Bond (Meters, Springs, etc.) = \$ 30,000  
Depreciation = 50,000  
Operation Costs \$142,000 x 1.03 = 146,000  
Total \$ 226,000

### Users

3/4"	356 x 1.0 VRU	=	356
1"	68 x 1.6	=	109
1 1/2"	55 x 2.4	=	132
2"	34 x 5.9	=	201
3"	9 x 14.3	=	128
4"	8 x 20.7	=	166
6"	1 x 25.6	=	25
Total Accounts	531	Total	1,117 VRU's

### Base Fee

Fixed Costs (Bonds, Depr, Insur, Admin, Prof Fees) = \$ 126,000  
Rate = \$ 126,000 ÷ 1,117 VRU's ÷ 12 mos. = \$ 9.40/VRU/mo

### Usage Rate

Variable Costs \$ 226,000 - 126,000 = \$ 100,000  
Water Sold ~ 198,000 1,000 gal units  
Rate = \$ 100,000 ÷ 198,000 1,000 gal units = \$ 0.51/1,000 gal



Owner-Project WY		Feature Water User Fee... Cont'd	
By	Chk'd By	Rev. By	Project No.
Date	Date	Date	Sheet 2 of 2

Projected Income (at current rates)

$$\begin{aligned}
 & \$10.15 \times 1,117 \text{ VRU's} \times 12 \text{ mos} = \$136,051 \\
 & \$0.40 \text{ per } 1,000 \text{ gal} \times \frac{198,000,000 \text{ gal sold}}{4,000 \text{ gal units}} = \underline{79,200} \\
 & \text{Total } \$215,251
 \end{aligned}$$

This is not sufficient to cover the projected \$226,000 in expenses → rates must be adjusted.

Options

A. Increase proportionately:

$$\begin{aligned}
 & \text{base fee } \$10.70 \times 1,117 \times 12 \text{ mos} = 143,423 \\
 & \text{Usage } \$0.42 \times 198,000 = \underline{83,160} \\
 & \text{Total } 226,583
 \end{aligned}$$

B. Increase Base Fee, Leave Usage:

$$\begin{aligned}
 & \text{base fee } \$10.95 \times 1,117 \times 12 \text{ mos} = 146,774 \\
 & \text{Usage } \$0.40 \times 198,000 = \underline{79,200} \\
 & \text{Total } 225,974
 \end{aligned}$$

C. Leave Base Fee, Increase Usage:

$$\begin{aligned}
 & \text{base fee } \$10.15 \times 1,117 \times 12 \text{ mos} = 136,051 \\
 & \text{Usage } \$0.46 \times 198,000 = \underline{91,080} \\
 & \text{Total } 227,131
 \end{aligned}$$



ENGINEERING • PLANNING • MANAGEMENT

## MEMORANDUM

To: Town of West Yellowstone  
From: Winston R. Dyer, PE – Town Engineer  
Date: 16 December 2013  
Re: Sewer User Rates

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You have requested us to examine your current sewer user rates and make recommendations for adjustment as appropriate. Additionally, there are some questions or concerns on the “equivalent user” rate structure and also connection fees. The following is given in response to these requests.

### Sewer User Rate

Working with information we obtained from your records for the previous fiscal year, we have examined revenues and expenses. Revenues well exceeded the total of expenses and desired set-aside depreciation and capital improvement fund amounts for the year. Back calculating from the received revenues also identified the total number of equivalent users being billed as about 2,245 (average for the year). This is consistent with the presently reported 2,277 equivalent users from your records.

On the expenses side we were particularly looking for regular and recurring expenses that need to be accounted for in the user rate to assure that appropriate revenues for future ongoing operation of the sewer system are collected through the sewer user rate.

Attached is a PDF file of a worksheet constructed to evaluate the sewer user rate. Under the “Expenses” section you will note that there are not any current bonds to be repaid and you have been setting aside an annual amount of \$48,000 for depreciation and an additional \$52,000 to build up a capital improvement fund for future sewer improvements. Then we went through last year’s operational expenses to find those that are regular and recurring, which were determined to be about \$167,000. We then multiplied that total by 3% to add an inflationary factor to reflect the likely total value of expenses in the coming year, which is thus projected to be \$172,000.

The summary shows the total amount of anticipated expenses for operating the sewer system in the coming year is \$272,000. The rate structure will need to assure that at least this amount is generated in collected revenues over the course of the year.

The worksheet then looks at the *minimum* sewer user rate that would be required to meet the projected expenses. Dividing the \$272,000 anticipated expenses by the currently reported 2,277 equivalent users (staff refers to them as “single-family equivalents”) and the 12 months of monthly billing, we would need a minimum sewer user rate of \$10.18 per equivalent user per month to meet the projected expenses. This compares to the current sewer user fee of \$13.50/user/month.

When the current sewer user fee was established in 2009 it was set at a level that would collect sufficient additional revenues to be able to capitalize a major portion of the main pump

station/pressure line replacement project that was just beginning at that time. This successfully provided the necessary component of revenues for that project over subsequent years. While that particular need for financing has been fulfilled, we note the current user fee of \$13.50 per equivalent user per month is still a very reasonable and attractive sewer user rate as it is among the lowest in the entire State.

In fact, the Montana Department of Commerce's current target rate for the sewer user fee in West Yellowstone is \$30.61 per equivalent user per month. This value was established by the population of the community and the median household income as reported in the 2010 Census. This number represents where funding agencies would expect the Town to be with your sewer rates as a minimum before such agencies would be in a position to offer financial assistance for future upgrade or improvement projects.

The foregoing user rate analysis indicates that it is possible to actually reduce your current sewer user rate. However, where it is already affordable, is still well below MDOC's target rate, and has been in effect and unchanged over the past 5 years, we do not recommend reducing it at this time.

Additionally, we always recommend our clients consider regularly adjusting utility user rates to keep pace with inflation. Our experience has shown that small, regular adjustments to accommodate inflation are rather easy for system users to absorb whereas the practice of keeping rates constant and then making large adjustments to suddenly accommodate needed utility system improvements is difficult to implement – both for individual users and also politically for the Owner.

Inflationary cost adjustment of the user rate is most easily and justifiably accomplished by applying the change in the Consumer Price Index (CPI) since the time of the last rate adjustment, or at least over the most recent 12 months, to account for inflationary pressures on costs. The ratio of CPI factors between January 2009 when the sewer user rate was last adjusted and today is 1.11, and the CPI factor ratio over the most recent 12 months is 1.01. These values would suggest a sewer user rate of either \$14.99 or \$13.64 per equivalent user per month, respectively, if one of these two CPI user rate inflation adjustments is to be considered and applied.

If not, the attached worksheet demonstrates that the current sewer user rate of \$13.50 per user per month should produce sufficient revenue to properly operate and maintain the sewer system through the coming year (\$368,874 projected revenue vs. \$272,000 likely costs and set-asides).

### **Equivalent Users (Single-Family Equivalents)**

The rate structure currently in your sewer user ordinance is based on the "equivalent user" system. The system is by far the most common and widely used sewer user charge system for smaller municipalities across the country because it is consistent and reasonably accurate, it is straightforward to implement and administer, and it meets EPA regulations for municipalities to have a user charge system that charges each user and does so in an equitable manner.

With respect to usage of the sewer system, an equivalent user is defined as the amount of wastewater produced by the typical, average household in the Town. To make other uses easily measured and financially comparable and equitable to what the typical household produces and is billed for sewer flow, an equivalent user table has been developed and incorporated in your sewer ordinance to predict sewer production from other uses and compare them to the typical household.

For example, a school does not mimic the wastewater production of a typical home but the amount of wastewater generated per student in a typical school is fairly constant just about everywhere – varying only as to whether or not there is a cafeteria present (food preparation/cleanup). It is therefore possible to measure the amount of wastewater usually generated at the school for a typical student and compare it with the amount usually produced by a typical household over the same timeframe (normally a month).

Based on studies conducted in various parts of the country by the EPA and other governmental agencies, it has been determined that the wastewater produced by a typical student in a school with no cafeteria is usually equal to about 0.02 times the amount of wastewater produced by a typical household during the same timeframe. This factor increases to 0.03 times the amount of wastewater produced by a home when the school has a cafeteria.

Thus a school with a cafeteria and 50 students would be expected to generate 50 students x 0.03 equivalent users per student = 1.5 total equivalent users. That is, such a school would usually generate 1.5 times the amount of wastewater flow as a typical household during a given period of time (usually the monthly billing cycle). Therefore the equivalent user method provides an easy way to measure and predict the amount of wastewater generated by the school and likewise easily invoice the school for its use of the sewer facilities in a fashion similar to that of a typical home.

Other similar nationwide studies have likewise identified the equivalent sewer flows produced by other uses and their more easily measured associated quantity – such as motels (per room), offices (per employee), restaurants (per seat), churches (per congregation), etc. Applying the equivalent user value to the total amount of the measured quantity associated with a user's primary use is an easy way to predict the expected sewer flow for any given entity. Likewise an appropriate amount for billing can be determined by comparing the equivalent user result to (and multiplying it by) the billing of a typical home.

Your original equivalent user fee schedule was founded on a model sewer user ordinance prepared by EPA in the late 1970's for various types of uses based on nationwide studies as described above. At the time of implementation your particular schedule was "tweaked" slightly in a couple of categories to more closely reflect trends and expected sewer flows for various types of uses as observed in the intermountain area.

EPA has not officially updated that equivalent user schedule to our knowledge, and there wouldn't be much need for that since sewer usage associated with various types of users remains fairly constant or at least stays in the same proportion to the typical user. Your current Equivalent User Schedule was most recently updated and adjusted in August 2011 when a line item for recreational vehicles (RV spots), which had not been previously included in the original table, was added to reflect the fact that several major RV parks were springing up in Town.

Our experience with other communities is that once an equivalent user fee schedule (table) is developed, it is generally left unchanged unless a new type of development occurs that requires the addition of a new classification that isn't listed (such as was illustrated above for RV parks). Normally the equivalent user value in the Schedule is not changed unless someone can show by scientific analysis and study (across several typical examples and not just for one instance) that the equivalent user rate is in error with respect to the amount of wastewater produced by that use as compared to a typical household.

Note also that the total equivalent user value for any given customer (connection) is never less than 1.0.

For miscellaneous uses that don't fit those that are listed in the Schedule (or optionally as needed and appropriate), there is an open class at the end of the Schedule which reflects the total amount of wastewater generated by the typical household in a month (6,500 gal/month in West Yellowstone's case). The total equivalent users for a miscellaneous user can then be calculated by dividing the total amount of expected sewer flow by the 6,500 gal/month, and that user is then billed according to the resulting number of equivalent users thus calculated.

Please consult with us if you have identified any uses not included in the Schedule that either should be, or at least that need an appropriate equivalent user assignment for billing purposes.

The advantage of the equivalent user system is that it is a simple and easily applied method of measurement to reliably predict the sewer flow of various types of uses and equitably compare that to a typical household and apply corresponding monthly sewer user billings. The number of equivalent users for any entity is intended to be calculated when that new development initially applies for sewer service and proposes the total amount of wastewater expected to be generated – whether that be number of employees, total number of rooms available for use, demonstrated and verifiable gallons/month of sewer flow, etc.

The disadvantage of the equivalent user system is that it does require periodic check up on the non-household sewer users to make sure that the initial assumptions in terms of expected sewer use are still valid and haven't substantially increased or decreased. Fortunately this is usually a small portion of the total number of system users (connections). Most communities conduct this evaluation every 2-3 years – generally by visual observation of the various entities, and/or interviews with the owners or managers as may be needed or appropriate.

Lastly, the sewer user fee is applied and invoiced to each entity each month regardless of whether the facility is occupied. The fact is that significant capital investment has already been made that must be recaptured, and operation and maintenance costs are necessarily incurred on a continual basis, in order to be able to serve any given entity "on demand". Therefore all users equitably share these costs in order that the system and its capacity are readily and immediately available to all at any time.

### **Alternate User Charge System**

The question has been asked if there is another equitable means to determine sewer user charges other than the above-described "equivalent user" method. There are, but options are somewhat limited because sewer flow from individual users is not normally measured or otherwise easily quantified.

One approach that a number of communities have begun to implement in the past couple of decades is to examine metered water flow into the property. Generally speaking, about 80% of the water delivered to a property (not used for irrigation or other unique consumptive uses) will return to the sewer system. Therefore, a number of municipalities look at metered water used during the winter months (when there isn't any irrigation and unlikely to be other large consumptive uses) and use that as an indication of the average amount of wastewater produced throughout the year.

In our area, the average water use over 2-3 months' time during the winter is generally used to identify the sewer flow from a property. The sum total of all predicted sewer flows for the entire system are added together and a particular property's proportion of the total sewer flow is multiplied by the anticipated annual expenses to determine that property's share of the cost – which becomes the monthly sewer user fee when divided by 12 months' time.

Often this is translated into a usage rate (like you currently have for water usage) – and a charge per so many 1,000 gallons of water use is calculated and then applied to each user's average sewer flow determined from examining winter (or non-irrigation) water use. This charge to each user remains constant over a year's time until a new assessment of that user's sewer use is made at the end of the year (or appointed timeframe) by examining the most recent year's non-irrigation water uses.

This method works reasonably well where most properties are continually occupied during the winter months, but in West Yellowstone that could be a challenge. However, where there generally aren't large irrigation uses anywhere then perhaps looking at July water uses for all users would give as good a picture of each property's proportionate use of the sewer system as any by revealing the likely maximum demand.

The way this is administrated is to take whatever proportionate use is determined for a given property and assign that amount for a year's time until the proportionate water usage is then re-evaluated system-wide for all users. This makes it fairly easy to administer and likewise account for changes in use and operation of properties that may occur over time.

We would be happy to assist if you would like to further investigate using this sewer user charge method.

### **Connection Fees**

Connection fees are charged for two basic reasons:

- To have latecomers pay their share of the existing facilities and capacity available for their use that others have already paid for, and
- To provide a means to increase the system capacity at some future date to replace the amount of capacity being committed today to the new user.

In the first instance, longtime users of the system have already paid substantial amounts for the capital cost of building and improving the collection system, pumping facilities, and treatment plant through the years. It would be unfair to those who have paid for the facilities to offer the use of the sewer system to a new user for anything less than a proportionate share of the cost already incurred and paid for by current and previous users. An appropriately calculated sewer system connection fee addresses this concern.

Secondly, part of the attraction of a community is having sewer system capacity available to accommodate newcomers and growth. At the same time, if too much of the available capacity is committed to new system users, then at some point there ceases to be capacity available for yet others desiring to connect on and use the system. This is addressed by having each new user pay an equitable fee (i.e., connection fee) that accounts for the share of capacity now being committed to them – which thereby provides the financial resources to assure that capacity can be replaced in the future when system upgrades and/or expansion are undertaken.

A reasonable determination of this cost of capacity, and therefore an appropriate connection fee amount, is made by taking the total cost of all the sewer facilities and dividing it by the total capacity available. The new user is then assessed their proportionate share of this cost for their required capacity as compared to the total system capacity available – with appropriate adjustments as will be explained.

In the case of West Yellowstone, you have approximately \$7.0 million worth of capital improvements in your wastewater collection, pumping, and treatment facilities. The limiting capacity is the amount of wastewater that can be properly treated at the treatment plant which currently is about 1.2 million gallons per day. Therefore the capital cost to be able to receive and properly handle a gallon of wastewater per day from a new user is  $\$7.0 \text{ M} \div 1.2 \text{ MGD} = \$5.83$  per gallon of demand per day.

According to the latest Census there is an average of 2.06 persons per household in West Yellowstone and the industry standard design flow is 100 gallons of wastewater per person per day. So a typical household's share of today's cost of the current facilities would be  $\$5.83 \times 2.06 \text{ persons} \times 100 \text{ gallons per person per day} = \$1,201$ .

Normally major expansions of wastewater treatment facilities and capacity are made about every 20 years. Factoring in anticipated inflation at 3-4% per year over the next 20 years gives a present worth factor of 1.99. So in order to have sufficient capital in 20 years to replace the value of today's facilities used by a typical household, you would need  $\$1,201 \times 1.99 = \$2,390$  collected today. Now add to that \$250 cost for public works to go out and inspect the new connection being made, and another \$250 in administrative costs to set up the account in the billing system and we get \$2,890 total value and cost of a typical household sewer connection.

This compares with the current connection fee of \$2,900 and illustrates what that number represents and how it was derived. Since there haven't been major additional improvements to the wastewater facilities and the anticipated inflation rate is much the same as was used when the connection fee was last calculated 5 years ago, the current \$2,900 appears to be sufficient.

We know there are several smaller systems that probably don't understand and thus are not likely to have applied this approach to determining an appropriate sewer connection fee. Basically, they just charge the cost of their employee's time to observe the new connection and set up the account in the administrative/billing system. Then when a major expansion project comes along, they charge everyone the same amount – without being able to reduce the overall cost by having adequately collected proper connection fees along the way. This is unfair to the existing system users who thus end up paying more than their share in such a situation.

Hopefully the foregoing discussion will help those concerned understand and feel better about your sewer connection fee – which is not an unreasonable number. When one begins to think about all the difficulty in expanding your current facilities (surrounded by government owned and controlled ground) and meeting future environmental regulations by having adequate (and therefore updated) wastewater facilities, again this number is not unrealistic. Having set aside some capital reserves through this process will be fair and equitable to all system users.

Accordingly, we suggest new users be invited consider the sewer connection fee to be a normal cost of doing business – one that can either be recaptured through judicious planning of business expenses and value of product or services over time, or at least (as in the case of homeowners) can be slowly but steadily recaptured over the user's long-term commitment to be on and use wastewater facilities that have been made available for use via a similar commitment/investment on the part of previous system users.

We therefore recommend the sewer connection fee remain unchanged for the moment and that it be consistently and universally applied to all new users.

**-- End of Sewer User Rate Analysis --**



**DYER**  
GROUP LLC

ENGINEERING • PLANNING • MANAGEMENT

Owner-Project  
West Yellowstone

Feature  
Sewer User Fee

By  
WRD

Chk'd By

Rev. By

Project No.

Date  
Dec 13

Date

Date

Sheet 1 of 1

### Expenses

Bonds	\$ 0
Depreciation	48,000
Capital Improvement	52,000
Operation Costs $\$167,000 \times 1.03 =$	<u>172,000</u>
Total	<u>\$ 272,000</u>

### Users (SFE)

Total Eq. Users 2,277

### User Rate

$$\$ 272,000 \div 2277 \text{ SFE} \div 12 \text{ mos} = \$10.18/\text{e.u./month}$$

### Current Rates

$\$13.50/\text{SFE}/\text{mo}$

Revenue:  $\$13.50 \times 2277 \text{ SFE} \times 12 \text{ mos} = \$368,874$

Need: (as above)

272,000 OK

Rate does not need to be adjusted and in fact could be reduced if desired (see accompanying memo however).



ENGINEERING • PLANNING • MANAGEMENT

## MEMORANDUM

To: Town of West Yellowstone  
From: Winston R. Dyer, PE – Town Engineer  
Date: May 2, 2014  
Re: Unauthorized Additional Sewer Connections

---

You have requested our input and recommendations on a seriously growing problem in Town where existing sewer users are making additional connections to their sewer service lines and adding additional demand on the sewer system. In many cases this is apparently being done without specific permission or approval from the Town, and therefore without appropriate compensation to the Town.

Today we toured the Town and saw several instances where this is occurring. Typically an existing small business or home may have added several individual spots and associated sewer hookups for RV trailers on their property. Our concern with this practice is twofold: first, it adds additional demand onto the wastewater facilities that is not clearly known and therefore not properly planned for, and secondly, in most cases it has been done without proper consideration for paying appropriate connection fees and increased user rates.

When such connections are made it creates a demand on the presently existing (and therefore currently limited) capacity of the wastewater facilities. Granting permission for hookup is done on a routine basis but allows us to control the whole process and understand what the demands on the system are and that need to be appropriately provided for. It also allows proper planning for upgrading and adding future capacity in terms of wastewater collection, conveyance, treatment, and disposal.

Additionally, the payment of appropriate hookup fees has been established in your regulations to provide the means for future replacement of the amount of capacity being demanded. When hookups are done serendipitously, that robs the public of the opportunity to accumulate those funds and have them available to properly provide for future capacity.

In a similar fashion, if such connections are made then the increased flow creates additional cost for operation and maintenance of the wastewater facilities. Without appropriate administrative adjustment to the amount of equivalent users for that property, there is no corresponding adjustment in the monthly user fee to address and provide for the increased operational costs.

We helped you enact a system for your sewer user charges that addresses these concerns. No one is allowed to hook onto the system in Town (or in this case, make any *additional* hookups to the system) without first having obtained a permit and specific approval to do so. This helps us maintain control over the system, provides appropriate knowledge of the demands that must be provided for, and gives us the opportunity to properly inspect connections to see that they are done in a manner to eliminate potential damage or deterioration to the wastewater facilities.

The current ordinance has an established connection fee tied to the amount of equivalent users. If additional connections are made within a property that place additional demand on the system and therefore result in a corresponding increase in the number of equivalent users, then a proportionate additional sewer connection fee can and should be charged. This will provide the funds in the ongoing capital improvement fund to be able to one day replace that committed capacity with more – making it available for yet others who will follow.

Likewise your current ordinance has a user charge system based on an equivalent user table. If additional connections are made on a property that result in additional flow to the system, the table provides the basis for adjusting the current equivalent user rate assigned to that property to a new, appropriate value. Then in the billing process whatever the current base rate for sewer use happens to be will be multiplied by the appropriate number of equivalent users to determine and issue an appropriate monthly billing based on that property's potential use of the sewer system.

Lastly, the ordinance calls for occasional inventory of the entire system to review all properties and their associated amount of development creating wastewater flow, which corresponds to demand on the system. Each property in Town should be periodically inspected to verify the facilities that are on the sewer system and see that the equivalent user rate for that particular property either is adequate or is adjusted as needed. As individual inventories are updated, the clerks will enter that information into the billing system so that it is appropriately accounted for. This means not only adjusting the monthly user rate, but also invoicing for an additional connection fee as appropriate.

Let us illustrate with an example. Suppose there is a small business that currently is on the sewer system and is charged an equivalent user rate of 1.0 as the business and number of associated employees is small enough (less than 20) to result in that amount. Now the business comes and places 4 individual RV pads with sewer hookups on their property to serve as a living quarters for their seasonal employees. This creates demand on available wastewater system capacity and will cost more to handle and treat the additional wastewater.

Your current equivalent user table establishes that each of these RV units has the capacity to contribute up to 0.6 times the demand of a regular equivalent user, and thus they are assigned an "equivalent user" value of 0.6. With 4 RV connections multiplied by the equivalent of 0.6 typical homes (i.e., equivalent users), this property has just added a total equivalent of 4 units x 0.6 equivalent users per unit = 2.4 equivalent users (new homes) that will place a corresponding demand on the sewer system.

That will demand capacity that needs to be allocated to properly receive, handle, and treat the increased wastewater flows. The current system connection fee is \$2,900 per equivalent user. While the original business has already paid their connection fee for the one equivalent user for the basic business, an additional connection fee of 2.4 equivalent users x \$2,900 connection fee per equivalent user = \$6,960 should be assessed to this property as an appropriate connection fee to have the capital necessary to one day replace that amount of capacity that just got demanded and committed.

Now that property is currently being billed for the monthly sewer user fee at 1.0 equivalent users. However the 4 additional RV spots have an additional 2.4 equivalent users of potential sewer flow that needs to be handled, treated, and eventually disposed of. The property now has a total equivalent user basis of 1.0 original + 2.4 additional for the RV's = 3.4 total equivalent users. The corresponding monthly user rate would now become 3.4 times the base rate, or in this case  $3.4 \times \$13.50 = \$45.90$  per month (instead of the current \$13.50 per month).

We recognize these are significant increased costs for that business, but also remind you that the connection fees and monthly user costs are based on the real and actual cost of providing capacity and handling the extra wastewater being generated. If that business adds 4 RV spots, then these are the associated true costs to the public, and by ordinance such costs need to be covered by the property owner.

Now it has been quite some time since the properties within the Town have been appropriately inventoried to verify their current (and appropriate) total number of equivalent users. This appears to have been appropriately done for all *new properties* and new hookups coming onto the system that went through the proper permitting process, but we are confident that there are a number of existing properties in Town that have not been appropriately inventoried and therefore updated through the years.

We recommend that the Town immediately commence a program to physically visit each of the properties in Town, talk with the owners or operators whenever possible, and thereby accurately determine the demand on the system and the corresponding total number of "equivalent users" for each property. Further, we strongly suggest that this be done on a Town-wide basis as opposed to just the more recent obvious offenders - to assure it is fair and equitable for all and no one gets singled out. That way those whose fees get adjusted first before others will not be able to claim any unfairness in their case.

When the inventory is complete, we suggest that changes be made as needed and appropriate to the equivalent user inventory for all users in the billing system at the same time, so all the monthly bills get adjusted at the same time. Additionally, it would be wise to put together a cover letter or communication of some type explaining what has taken place and why changes are necessary – and then sending that communication to the property owner along with a quick notation of their updated total equivalent user amount.

We recognize this represents a significant effort, but as we are now facing greater sewer demand from potential expansion of the Town as well as the type of unaccounted for growth that apparently has been occurring in the past few years, this inventory effort will provide a firm basis for properly managing your wastewater facilities, adequate means to cover the associated costs of operation and maintenance, and necessary capital for appropriate future expansion of the facilities.

Thank you for the opportunity to consult with you on this important matter. Please let us know how we may assist further in this recommended effort.

RESOLUTION NO. 651

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WEST YELLOWSTONE, IN THE COUNTY OF GALLATIN AND STATE OF MONTANA TO EMPLOY THE REQUIREMENTS OF THE GOVERNMENT ACCOUNTING STANDARDS BOARD STANDARD 54 (GASB 54).

WHEREAS, the Town allocates general tax, State entitlement and interest revenues for expenditure on the specific purpose of certain special revenue funds,

WHEREAS, the Town council is required by law to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and in conformity with such, intends to continue to commit the fund balance resources of special revenue funds, allocate these general revenue sources and report the activity of the specific purpose in a special revenue fund.

THEREFORE BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF WEST YELLOWSTONE, MONTANA:

That the Town council commits allocated general tax, State entitlement and interest revenues for expenditure on the specific purpose of the following funds:

<u>Fund Name</u>	<u>Fund</u>	<u>Fund Name</u>	<u>Fund</u>
Marketing and Promotions (MAP)	2101	Gas Tax Apportionment	2820
Tourism Business Improvement District (TBID)	2102	911 Emergency	2850
Off-Street Parking	2111	Crime Victims Assistance	2917
UPDH Parks/Building Rental	2210	Cemetery Perpetual Care	2701
Teen Center Donations	2211	Community Garden	2213
Recreation Program Scholarships	2214	Comm. Trans. Enhancement	2956
Library	2220	Help Fund	7010
Cemetery	2240		
Drug Forfeiture	2390		
Community Block Development Grant (CDBG)	2392		

The specific amount formally committed will be determined by the Finance Director in conjunction with the Operations Manager by means of the following: (1) Review fund balance as of June 30<sup>th</sup>, 2014 (2) determine necessary cash reserve to be maintained in the fund, and (3) determine if excess fund balance will be retained in the fund as a commitment for the specific purpose or transferred to the General Fund

PASSED AND ADOPTED BY THE TOWN COUNCIL OF THE TOWN OF WEST YELLOWSTONE, MONTANA, THIS 17th DAY OF JUNE 2014, AND APPROVED BY THE MAYOR OF THE TOWN OF WEST YELLOWSTONE.

\_\_\_\_\_  
Mayor

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

ATTEST \_\_\_\_\_  
Town Clerk



May 6, 2014

To the Honorable Mayor, Town Council, and Audit Committee  
Town of West Yellowstone, Montana:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Yellowstone, Montana for the year ended June 30, 2013. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Governmental Auditing Standards

As stated in our engagement letter dated October 28, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on December 4, 2013.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of West Yellowstone are described in Note 1 to the financial statements. New accounting policies for deferred outflows of resources, deferred inflows of resources, and net position per GASB Statement No. 63 were adopted during the fiscal year ended June 30, 2013. The application of existing policies was not changed during the year ended June 30, 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the capital assets' useful lives, potential impairments, and depreciation are estimates. We evaluated the key factors and assumptions used to develop the estimates in determining that the capital asset balance is reasonable in relation to the financial statements taken as a whole.



Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the summary of significant accounting policies and the disclosure of annual debt service requirements for long-term debt.

The disclosures in the financial statements are neutral, consistent and clear

#### Difficulties Encountered in Performing the Audit

We are pleased to report that we encountered no difficulties with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. All adjusting journal entries proposed by us were subsequently recorded by management. Refer to the attachment to this letter for a detailed listing of the adjusting journal entries.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 6, 2014.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or, a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant check with us to determine that the consultant has all the relevant facts. There were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and audit standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Current Year Findings

- I. *Finding:* During field work, we tested a sample of expenditures. In our testing, we noted that the Town's internal controls are not always followed consistently. In the sample of 40 expenditures, we noted two with no account coding and three with no department approval.

*Recommendation:* The Town's internal controls and procedures relating to expenditures should be followed consistently. (The Town's policies require account coding and department approval on all expenditures)

*Response:* The requirement of coding and approval was implemented within the last five years at the recommendation of our auditors. This procedure is accepted and understood by all department heads. The Finance Department recognizes its responsibility to review claims presented for payment and will review them more carefully to ensure proper coding and approval.

- II. *Finding:* During expenditures testing, we noted on expense reimbursement to the Operations Manager that did not have separate approval.

*Recommendation:* To achieve adequate segregation of duties, all expense reimbursements to the Operations Manager should be approved by a Town Council member.

*Response:* This procedure is accepted and understood. The Finance Department recognizes its responsibility to review claims presented for payment, including claims made by the Operations Manager for reimbursement. A Town Council member will review and approve these expense reimbursements.

Prior Year Finding and Current Status

- I. *Finding:* Per MCA 7-6-4033, the Town is limited to actual expenditures to not exceed budgeted appropriations per the original or amended budget. These appropriations may be amended through a public hearing. The Town had the following funds with expenditures exceeding final budgeted appropriations:

Tourism Business Improvement District Special Revenue Fund:	\$6,654
Community Garden Special Revenue Fund:	\$597
Community Facilities Capital Projects Fund:	\$440

*Recommendation:* The Town's governing body should closely monitor budget versus actual expenditures during the year to make the appropriate amendments in a timely manner.

*Current Status:* The Town is in compliance for fiscal year 2013.

Town of West Yellowstone, Montana  
Audit Communication Letter  
May 6, 2014  
Page 4

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Town.

This report is intended solely for the information and use of the Mayor, Members of the Town Council, the Audit Committee, the Town's management, and the Montana Department of Administration and is not intended to be used and should not be used by anyone other than the specified parties.

Sincerely,

*Amatics CPA Group*  
Bozeman, Montana

TOWN OF WEST YELLOWSTONE  
 JUNE 30, 2013 AUDIT

PROPOSED ADJUSTING JOURNAL ENTRIES

Fund	Account	Debit	Credit
General	1000.510500 Pension Payments		3,278.48
General	1000.335050 State Shared Revenue/Pensions	3,278.48	
Library	2220.510500 Pension Payments		5,698.74
Library	2220.335050 State Shared Revenue/Pensions	5,698.74	
Water	5210.510500 Pension Payments		4,695.39
Water	5210.335050 State Shared Revenue/Pensions	4,695.39	
Sewer	5310.510500 Pension Payments		3,426.66
Sewer	5310.335050 State Shared Revenue/Pensions	3,426.66	
<i>[To adjust state "on-behalf payments" to PERS and MPORS pension plans.]</i>			
CDBG	2392.223900 Deferred revenue	1,482.00	
CDBG	2392.126009 Notes receivable		1,482.00
<i>[To adjust CDBG loan and deferred revenue balances to reflect current year payments.]</i>			
General	1000.223100 Deferred Revenue	7,121.00	
General	1000.311010 Tax Revenue	7,818.00	
General	1000.132000 Due from Other Governments		7,818.00
General	1000.113000 Tax Revenue Receivable		7,121.00
<i>[To accrue revenue for property taxes measurable and available at fiscal year end.]</i>			
<b>REVERSING ENTRIES TO BE MADE 7/1/2013:</b>			
General	1000.311010 Tax Revenue	7,121.00	
General	1000.223100 Deferred Revenue		7,121.00
General	1000.113000 Tax Revenue Receivable	7,121.00	
General	1000.132000 Due from Other Governments		7,121.00
<i>[To reverse revenue accrual for property taxes measurable and available.]</i>			

TOWN OF WEST YELLOWSTONE  
STATEMENT OF NET POSITION - CONVERSION WORKSHEET  
JUNE 30, 2013

	Total Governmental Funds	Dr. (Cr) Adjustments	Dr. (Cr) Reclassifications	Total Governmental Activities
<b>ASSETS</b>				
Cash and investments	2,355,719	- (1)		2,355,719
Restricted cash and investments	201,701			201,701
Receivables, net	103,848	- (1)		103,848
Inventories				-
Notes receivable	19,776			19,776
Deferred charges	-	- (12)		-
Internal balances	-	- (1)		-
Capital assets (Note 1):				
Land and construction in progress	-	596,400 (2)		596,400
		1,527,727 (2)		1,527,727
Other capital assets, net of depreciation	-	- (1)		4,840,338
		- (13)		
		5,117,778 (2)		
		(277,440) (8)		
<b>Total assets</b>	<b>2,681,044</b>			<b>9,645,509</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	33,281	- (12)		33,281
Fiduciary fund payable	-			-
Compensated absences payable			(29,000) (C)	29,000
Current portion capital leases			- (A)	-
Deferred revenue	116,233	19,776 (4)		-
		65,460 (5)		
		30,997 (6)		
		- (7)		
Current portion long-term debt	-		(215,072) (A)	215,072
Long-term liabilities (Note 2)				-
Compensated absences		(1)		124,561
		(151,057) (3)	29,000 (C)	
		(2,504) (11)		
Capital leases			- (A)	-
Legal settlement payable		- (12)		-
Due in more than one year		(1,735,916) (3)	215,072 (A)	2,729,258
		96,312 (10)		
		(1,304,726) (10)		
<b>Total liabilities</b>	<b>149,514</b>			<b>3,131,172</b>
<b>NET POSITION</b>				
Net investment in capital assets				
Nonspendable	57,787			57,787
Restricted	478,221		478,221 (F)	-
Restricted for Gen Gov			-	-
Restricted for Pub Safe			-	-
Restricted for Pub Works			(75,382) (F)	75,382
Restricted for Pub Health			-	-
Restricted for Social and Economic			-	-
Restricted for Cult and Rec			(3,881)	3,881
Restricted for Housing and Comm Dev			(57,348) (F)	57,348
Restricted for Other			-	-
Restricted for Debt Service			(329,632) (F)	329,632
Restricted for Capital Projects			(11,978) (F)	11,978
Committed	974,695		974,695 (F)	-
Assigned	-		- (F)	-
Unassigned	1,020,827	(3,982,807)	3,045,440 (F)	1,958,194
<b>Total net position</b>	<b>2,531,530</b>			<b>6,514,337</b>
<b>Total liabilities and net position</b>	<b>2,681,044</b>			<b>9,645,509</b>

TOWN OF WEST YELLOWSTONE  
STATEMENT OF ACTIVITIES - CONVERSION WORKSHEET  
JUNE 30, 2013

	Total Governmental Funds	Dr. (Cr) Adjustments	Dr. (Cr) Reclassifications	Total Governmental Activities
<b>REVENUES</b>				
Taxes and assessments	\$ 3,550,067	19,949 (6)	(3,253,322) (B) 276,796 (E)	-
Property taxes			531,109 (B)	531,109
Local option taxes			44,214 (B)	44,214
Resort taxes			2,677,999 (B)	2,677,999
Licenses and permits	50,812		50,812 (E)	-
Intergovernmental	571,333		571,333 (G) - (H)	-
Grants and cont - unrestricted			(255,838) (G)	255,838
Operating grants and cont			(238,340) (G)	238,340
Capital grants and cont			(77,155) (G)	77,155
Charges for services	56,687	7,090 (5)	(359,472) (E) - (H)	409,069
Fines and forfeitures	31,864		31,864 (E)	-
Interest on investments	9,029	- (4)		9,029
Loan repayment	1,482	1,482 (4)		-
Other	62,471		- (G)	62,471
Total revenues	<u>4,333,745</u>			<u>4,305,224</u>
<b>EXPENDITURES</b>				
Current				
General government	1,007,463	16,379 (8) (1,669) (11)		1,025,511
Public safety	1,427,493	86,487 (8) 835 (11) - (12)		1,514,815
Public works	352,245	57,702 (8) - (11) - (12) - (9)		409,947
Public health	159	- (5) - (11) - (12) 13,687 (8)		13,846
Social and economic services	121,838			121,838
Culture and recreation	381,521	103,185 (8)		484,706
Other	169,303	- (4) - (9) - (12)		169,303
Capital outlay	1,507,865	(1,507,865) (2)		-
Debt service				
Principal payments	96,312	(96,312) (10)		-
Interest and fiscal fees	61,923			61,923
Total expenditures	<u>5,126,122</u>			<u>3,801,889</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	392,830	- (9)	392,830 (D)	-
Operating transfers out	(392,830)	- (9)	(392,830) (D)	-
Proceeds of long-term debt	1,304,726	1,304,726 (10)		-
Sale of capital assets	16,555	4,420	- (H)	12,135
Total other financing sources (uses)	<u>1,321,281</u>			<u>12,135</u>
Net change in fund balances	528,904			515,470
<b>FUND BALANCE -</b>				
beginning of year	<u>2,002,626</u>	(3,996,241)		5,998,867
Prior period adjustment		-		-
<b>FUND BALANCE -</b>				
end of year	<u>\$ 2,531,530</u>			<u>\$ 6,514,337</u>

TOWN OF WEST YELLOWSTONE  
 ADJUSTING JOURNAL ENTRIES  
 JUNE 30, 2013

Adjusting Entry Number	Account	Debit	Credit
(2)	Land	596,400	
	Construction in progress	1,527,727	
	Other capital assets, net of depreciation	5,117,778	
	Capital asset expenditures		1,507,865
	Net position - beginning		5,738,460
	Loss on disposal	4,420	
	To record capital assets and to capitalize capital asset expenditures.		
(3)	Net position - beginning	1,886,973	
	Long-term debt - Due in more than one year		1,735,916
	Long-term compensated absences		151,057
	To record beginning balance in long-term liabilities.		
(4)	Deferred revenue	19,776	
	Net position - beginning		21,258
	Other expenditure		-
	Investment revenue		-
	Loan repayment	1,482	-
	To adjust revenue based on modified accrual accounting in the fund financial statements to the accrual basis for the government-wide financial statements for CDBG.		
(5)	Deferred revenue	65,460	
	Taxes and assessments revenue	7,090	
	Net position - beginning		72,550
	To adjust revenue based on modified accrual accounting in the fund financial statements to the accrual basis for the government-wide financial statements for general fund.		
(6)	Deferred revenue	30,997	
	Taxes and assessments revenue	19,949	
	Net position - beginning		50,946
	To adjust revenue based on modified accrual accounting in the fund financial statements to the accrual basis for the government-wide financial statements for SID's and property taxes.		
(8)	General government expenditure	16,379	
	Public safety expenditure	86,487	
	Public works expenditure	57,702	
	Public health expenditure	13,687	
	Culture and recreation	103,185	
	Other capital assets, net		277,440
	To record depreciation expense and allocate to governmental activities.		
(10)	Capital debt issued other financing source	1,304,726	
	Debt service - principal expenditure		96,312
	Long-term liabilities more than one year	96,312	
	Long-term liabilities more than one year		1,304,726
	To adjust debt related other financing source and uses to zero and to adjust effect on long-term liabilities.		
(11)	General Government Expenditures	1,669	
	Public Safety Expenditures	835	
	Long-term compensated absences		2,504
	To adjust for change in compensated absences in current year.		

TOWN OF WEST YELLOWSTONE  
RECLASSIFICATION JOURNAL ENTRIES  
JUNE 30, 2013

Reclassification Entry	Account	Debit	Credit
(A)	Long-term debt Current Portion of Long-Term Debt	215,072	215,072
	To reclassify current portion of long-term debt and capital lease.		
(B)	Taxes and assessments Property taxes Local option taxes Resort taxes	3,253,322	531,109 44,214 2,677,999
	To reclass taxes to reporting categories on Statement of Activities		
(C)	Long-term compensated absences payable Compensated absences payable	29,000	29,000
	To reclass current portion of long-term compensated absences payable.		
(D)	Transfers in Transfers out	392,830	392,830
	To offset transfers and correct internal service transfers.		
(E)	Fines and forfeitures revenues Licenses and permits revenues TBID Charges for services revenues	31,864 50,812 276,796	359,472
	Reclass certain revenues into charges for services for reporting purposes.		
(F)	Net investment in capital assets Restricted for public works Restricted for culture and recreation Restricted for housing and community development Restricted (uncategorized) Restricted for debt service Restricted for capital projects Committed Assigned Unrestricted net position	478,221 974,695 3,045,440	4,020,135 75,382 3,881 57,348 329,632 11,978
	To reclass to proper net position categories.		
(G)	Intergovernmental revenues Unrestricted grants and contributions Capital grants and contributions Operating grants and contributions	571,333	255,838 77,155 238,340
	To reclass grants to those restricted for operations and capital purchases.		

**TOWN OF WEST YELLOWSTONE  
10 S FAITHFUL STREET  
WEST YELLOWSTONE, MONTANA 59758**

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May 6, 2014

Amatics CPA Group  
PO Box 1207  
Bozeman, MT 59771-1207

This representation letter is provided in connection with your audit of the financial statements of the Town of West Yellowstone, Montana, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 6, 2014, the following representations made to you during your audit.

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 28, 2013, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.

**Financial Statements (continued)**

6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and responses.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.
9. The effect of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

**Information Provided**

11. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Town Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

**Information Provided (continued)**

14. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's financial statements communicated by employees, former employees, analysts, regulators, or others.
16. Except as made known to you, we have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the Town's related parties and all related party relationships and transactions of which we are aware.

**Government – specific**

19. We have made available to you all financial records and related data.
20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. We have a process to track the status of audit findings and recommendations.
22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
23. We have provided our views on reporting findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
24. The Town has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objective, including legal and contractual provisions for reporting specific activities in separate funds.

**Government – specific (continued)**

26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis of recording a loss contingency, or for reporting on noncompliance.
27. As part of your audit, you assisted with the preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
28. The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you.
29. The Town has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
30. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
31. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
32. The financial statements properly classify all funds and activities.
33. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
34. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
35. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
36. Provisions for uncollectible receivables have been properly identified and recorded.
37. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
38. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
39. Interfund, internal, and intra-entity activity balances have been appropriately classified and reported.

**Government – specific (continued)**

40. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
41. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
42. We have appropriately disclosed the Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
43. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
44. With respect to the combining and individual nonmajor fund financial statements.
  - a. We acknowledge our responsibility for presenting the combining and individual nonmajor financial statements in accordance with accounting principles generally accepted in the United States of America, and we believe that the combining and individual nonmajor fund financial statements, including its form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual nonmajor fund financial statements have not changed from those used in the prior period, and we have disclosed to you significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b. If the combining and nonmajor individual fund financial statements are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

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Brad Schmier, Mayor

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Lanie Gospodarek, Finance Director

TOWN OF WEST YELLOWSTONE  
 JUNE 30, 2013 AUDIT

PROPOSED ADJUSTING JOURNAL ENTRIES

Fund	Account	Debit	Credit
General	1000.510500 Pension Payments		3,278.48
General	1000.335050 State Shared Revenue/Pensions	3,278.48	
Library	2220.510500 Pension Payments		5,698.74
Library	2220.335050 State Shared Revenue/Pensions	5,698.74	
Water	5210.510500 Pension Payments		4,695.39
Water	5210.335050 State Shared Revenue/Pensions	4,695.39	
Sewer	5310.510500 Pension Payments		3,426.66
Sewer	5310.335050 State Shared Revenue/Pensions	3,426.66	
	<i>[To adjust state "on-behalf payments" to PERS and MPORS pension plans.]</i>		
CDBG	2392.223900 Deferred revenue	1,482.00	
CDBG	2392.126009 Notes receivable		1,482.00
	<i>[To adjust CDBG loan and deferred revenue balances to reflect current year payments.]</i>		
General	1000.223100 Deferred Revenue	7,121.00	
General	1000.311010 Tax Revenue	7,818.00	
General	1000.132000 Due from Other Governments		7,818.00
General	1000.113000 Tax Revenue Receivable		7,121.00
	<i>[To accrue revenue for property taxes measurable and available at fiscal year end.]</i>		
<b>REVERSING ENTRIES TO BE MADE 7/1/2013:</b>			
General	1000.311010 Tax Revenue	7,121.00	
General	1000.223100 Deferred Revenue		7,121.00
General	1000.113000 Tax Revenue Receivable	7,121.00	
General	1000.132000 Due from Other Governments		7,121.00
	<i>[To reverse revenue accrual for property taxes measurable and available.]</i>		

TOWN OF WEST YELLOWSTONE  
STATEMENT OF NET POSITION - CONVERSION WORKSHEET  
JUNE 30, 2013

	Total Governmental Funds	Dr. (Cr) Adjustments	Dr. (Cr) Reclassifications	Total Governmental Activities
<b>ASSETS</b>				
Cash and investments	2,355,719	- (1)		2,355,719
Restricted cash and investments	201,701			201,701
Receivables, net	103,848	- (1)		103,848
Inventories				-
Notes receivable	19,776			19,776
Deferred charges	-	- (12)		-
Internal balances	-	- (1)		-
Capital assets (Note 1):				
Land and construction in progress	-	596,400 (2)		596,400
		1,527,727 (2)		1,527,727
Other capital assets, net of depreciation	-	- (1)		4,840,338
		- (13)		
		5,117,778 (2)		
		(277,440) (8)		
<b>Total assets</b>	<b>2,681,044</b>			<b>9,645,509</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	33,281	- (12)		33,281
Fiduciary fund payable	-			-
Compensated absences payable			(29,000) (C)	29,000
Current portion capital leases			- (A)	-
Deferred revenue	116,233	19,776 (4)		-
		65,460 (5)		-
		30,997 (6)		-
		- (7)		-
Current portion long-term debt	-		(215,072) (A)	215,072
Long-term liabilities (Note 2)				-
Compensated absences		(1)		124,561
		(151,057) (3)	29,000 (C)	
		(2,504) (11)		
Capital leases			- (A)	-
Legal settlement payable		- (12)		-
Due in more than one year		(1,735,916) (3)	215,072 (A)	2,729,258
		96,312 (10)		
		(1,304,726) (10)		
<b>Total liabilities</b>	<b>149,514</b>			<b>3,131,172</b>
<b>NET POSITION</b>				
Net investment in capital assets				
Nonspendable	57,787			57,787
Restricted	478,221		478,221 (F)	-
Restricted for Gen Gov			-	-
Restricted for Pub Safe			-	-
Restricted for Pub Works			(75,382) (F)	75,382
Restricted for Pub Health			-	-
Restricted for Social and Economic			-	-
Restricted for Cult and Rec			(3,881)	3,881
Restricted for Housing and Comm Dev			(57,348) (F)	57,348
Restricted for Other			-	-
Restricted for Debt Service			(329,632) (F)	329,632
Restricted for Capital Projects			(11,978) (F)	11,978
Committed	974,695		974,695 (F)	-
Assigned	-		- (F)	-
Unassigned	1,020,827	(3,982,807)	3,045,440 (F)	1,958,194
<b>Total net position</b>	<b>2,531,530</b>			<b>6,514,337</b>
<b>Total liabilities and net position</b>	<b>2,681,044</b>			<b>9,645,509</b>

TOWN OF WEST YELLOWSTONE  
STATEMENT OF ACTIVITIES - CONVERSION WORKSHEET  
JUNE 30, 2013

	Total Governmental Funds	Dr. (Cr) Adjustments	Dr. (Cr) Reclassifications	Total Governmental Activities
<b>REVENUES</b>				
Taxes and assessments	\$ 3,550,067	19,949 (6)	(3,253,322) (B) 276,796 (E)	-
Property taxes			531,109 (B)	531,109
Local option taxes			44,214 (B)	44,214
Resort taxes			2,677,999 (B)	2,677,999
Licenses and permits	50,812		50,812 (E)	-
Intergovernmental	571,333		571,333 (G) - (H)	-
Grants and cont - unrestricted			(255,838) (G)	255,838
Operating grants and cont			(238,340) (G)	238,340
Capital grants and cont			(77,155) (G)	77,155
Charges for services	56,687	7,090 (5)	(359,472) (E) - (H)	409,069
Fines and forfeitures	31,864		31,864 (E)	-
Interest on investments	9,029	- (4)		9,029
Loan repayment	1,482	1,482 (4)		-
Other	62,471		- (G)	62,471
Total revenues	<u>4,333,745</u>			<u>4,305,224</u>
<b>EXPENDITURES</b>				
Current				
General government	1,007,463	16,379 (8) (1,669) (11)		1,025,511
Public safety	1,427,493	86,487 (8) 835 (11) - (12)		1,514,815
Public works	352,245	57,702 (8) - (11) - (12) - (9)		409,947
Public health	159	- (5) - (11) - (12) 13,687 (8)		13,846
Social and economic services	121,838			121,838
Culture and recreation	381,521	103,185 (8)		484,706
Other	169,303	- (4) - (9) - (12)		169,303
Capital outlay	1,507,865	(1,507,865) (2)		-
Debt service				
Principal payments	96,312	(96,312) (10)		-
Interest and fiscal fees	61,923			61,923
Total expenditures	<u>5,126,122</u>			<u>3,801,889</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	392,830	- (9)	392,830 (D)	-
Operating transfers out	(392,830)	- (9)	(392,830) (D)	-
Proceeds of long-term debt	1,304,726	1,304,726 (10)		-
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<b>FUND BALANCE -</b>				
beginning of year	<u>2,002,626</u>	(3,996,241)		5,998,867
<b>Prior period adjustment</b>				
<b>FUND BALANCE -</b>				
end of year	<u>\$ 2,531,530</u>			<u>\$ 6,514,337</u>

TOWN OF WEST YELLOWSTONE  
 ADJUSTING JOURNAL ENTRIES  
 JUNE 30, 2013

Adjusting Entry Number	Account	Debit	Credit
(2)	Land	596,400	
	Construction in progress	1,527,727	
	Other capital assets, net of depreciation	5,117,778	
	Capital asset expenditures		1,507,865
	Net position - beginning		5,738,460
	Loss on disposal	4,420	
	To record capital assets and to capitalize capital asset expenditures.		
(3)	Net position - beginning	886,973	
	Long-term debt - Due in more than one year		1,735,916
	Long-term compensated absences		151,057
	To record beginning balance in long-term liabilities.		
(4)	Deferred revenue	19,776	
	Net position - beginning		21,258
	Other expenditure		-
	Investment revenue		-
	Loan repayment	1,482	-
	To adjust revenue based on modified accrual accounting in the fund financial statements to the accrual basis for the government-wide financial statements for CDBG		
(5)	Deferred revenue	65,460	
	Taxes and assessments revenue	7,090	
	Net position - beginning		72,550
	To adjust revenue based on modified accrual accounting in the fund financial statements to the accrual basis for the government-wide financial statements for general fund.		
(6)	Deferred revenue	30,997	
	Taxes and assessments revenue	19,949	
	Net position - beginning		50,946
	To adjust revenue based on modified accrual accounting in the fund financial statements to the accrual basis for the government-wide financial statements for SID's and property taxes		
(8)	General government expenditure	16,379	
	Public safety expenditure	86,487	
	Public works expenditure	57,702	
	Public health expenditure	13,687	
	Culture and recreation	103,185	
	Other capital assets, net		277,440
	To record depreciation expense and allocate to governmental activities.		
(10)	Capital debt issued other financing source	304,726	
	Debt service - principal expenditure		96,312
	Long-term liabilities more than one year	96,312	
	Long-term liabilities more than one year		1,304,726
	To adjust debt related other financing source and uses to zero and to adjust effect on long-term liabilities.		
(11)	General Government Expenditures	1,669	
	Public Safety Expenditures	835	
	Long-term compensated absences		2,504
	To adjust for change in compensated absences in current year.		

TOWN OF WEST YELLOWSTONE  
RECLASSIFICATION JOURNAL ENTRIES  
JUNE 30, 2013

Reclassification Entry	Account	Debit	Credit
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	To reclassify current portion of long-term debt and capital lease.		
(B)	Taxes and assessments Property taxes Local option taxes Resort taxes	3,253,322	531,109 44,214 2,677,999
	To reclass taxes to reporting categories on Statement of Activities.		
(C)	Long-term compensated absences payable Compensated absences payable	29,000	29,000
	To reclass current portion of long-term compensated absences payable.		
(D)	Transfers in Transfers out	392,830	392,830
	To offset transfers and correct internal service transfers.		
(E)	Fines and forfeitures revenues Licenses and permits revenues TBID Charges for services revenues	31,864 50,812 276,796	359,472
	Reclass certain revenues into charges for services for reporting purposes.		
(F)	Net investment in capital assets Restricted for public works Restricted for culture and recreation Restricted for housing and community development Restricted (uncategorized) Restricted for debt service Restricted for capital projects Committed Assigned Unrestricted net position	478,221 974,695 3,045,440	4,020,135 75,382 3,881 57,348 329,632 11,978
	To reclass to proper net position categories.		
(G)	Intergovernmental revenues Unrestricted grants and contributions Capital grants and contributions Operating grants and contributions	571,333	255,838 77,155 238,340
	To reclass grants to those restricted for operations and capital purchases.		

# MONTANA LEAGUE OF CITIES AND TOWNS

P. O. BOX 1704, HELENA, MT 59624-1704  
(406) 442-8768 FAX (406) 442-9231  
E-mail: mlct@mt.net Website: mtleague.org

June 6, 2014

Dear League Members, Colleagues and Friends:

On behalf of the Montana League of Cities and Towns Board of Directors this letter is to inform you that Alec Hansen, our stellar Executive Director, has decided to retire after 32 years of working for and serving the MLCT. Alec and his wife Colleen have decided that it is time for them to move to Missoula to be closer to their children and grandchildren. We applaud Alec for his hard work and the incredibly positive influence he has had in improving the quality of life for residents all across Montana. We wish Alec and his family the very best. The tentative timeline for Alec to retire is in August 2014.

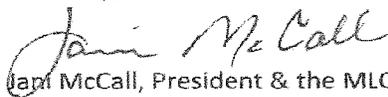
A Search Committee has been appointed and a plan is in place to hire an Interim Director, while the recruitment and hiring of a New Executive Director is completed. This is a very busy time of year for the League with the upcoming MLCT Fall Conference in West Yellowstone and the start of the 2015 Montana Legislature in January. The League Board will meet on June 26-27 for strategic planning, fine tuning the recruitment process and regular League business.

I have had the honor of working with Alec for 17 years. Many of you have known and worked with him much longer. Alec and League members charted a course for the League three decades ago and as a result the MLCT continues to be very successful in supporting Montana's cities and towns.

We look forward to working with you to strategically map the future of the Montana League of Cities and Towns. The Board and I will continue to keep you informed as the recruitment and transition process continues.

Thank you for all of your hard work to ensure that Montana's communities are great places to live, work and play.

Sincerely,



Jani McCall, President & the MLCT Board of Directors

JM/jm

To: West Yellowstone Town Council

5/31/14

From: Robbie Hermanson  
PO Box 202  
West Yellowstone, MT 59758

Re: Wages for temporary truck drivers

I am writing this letter to make you aware of my experience while working for Public Works Department this past winter. I was approached by James Patterson and he asked if I could help out the department by filling in as a truck driver because they had lost one employee and were not going to fill that position. I agreed to do so.

As most of you are aware, I have helped the street department numerous times in the past and have done it as a volunteer. This time I told James that if he was going to use me on a regular basis that I would like to be paid for my time. James called me in as a truck driver for several days between January and April of 2014. In May I filled out my employee paperwork and at the end of May I received my paycheck for the winter season. Much to my surprise I was paid \$11.48 per hour to drive a truck in a professional position that requires a CDL license. I was requested to start work as early as 4am and on one occasion worked until 8pm during the spring thaw. I fulfilled these duties as requested as any dedicated employee would.

The point of my letter today is to make you aware of the ridiculously low wage that was paid to me for the work that was performed. I have discussed this with James Patterson who informed me that the wages were set by the city manager and his hands were tied. There was nothing else he could do to improve the situation. James also told me that it was his intention to hire more temps in the future for this same task. It is my opinion that you will not find reasonably qualified personnel to do this job for this wage and I am asking you to evaluate this to improve the performance and ability for the Public Works Department to perform in the future. I have done a wage comparison for truck drivers as follows.

Private Sector \$16.00 - \$24.00 per hour  
Park Service \$20.00 - \$24.00 per hour  
Montana State \$17.00 - \$19.00 per hour

Thank you for your consideration in this matter.

Respectfully,

