

**BIG SKY RESORT AREA DISTRICT  
RESOLUTION NO. 2023-02R DRAFT**

**RESOLUTION OF THE BIG SKY RESORT AREA DISTRICT BOARD OF  
DIRECTORS RELATED TO PROCEDURES FOR THE ALLOCATION OF RESORT  
TAX FUNDS FOR FISCAL YEAR 2025: JULY 1, 2024 THROUGH JUNE 30, 2025**

PURSUANT TO THE AUTHORITY VESTED IN THE BIG SKY RESORT AREA DISTRICT BOARD OF DIRECTORS UNDER SECTION 7-6-1542, MCA, AND SECTION 7-6-1547(4), MCA, THE BOARD OF DIRECTORS HEREBY RESOLVES TO ADOPT RESOLUTION NO. 2023-02R AS FOLLOWS:

WHEREAS, the Big Sky Resort Area District (“District”) was created effective April 7, 1998 pursuant to sections 7-6-1531 through 1550, MCA; and

WHEREAS, members of the District Board of Directors (“Board”) have been duly elected by the electors residing within the District; and

WHEREAS, pursuant to section 7-6-1542, MCA, the Board may appropriate and expend revenue from the resort tax; and

WHEREAS, pursuant to section 7-6-1547(4), MCA, the Board is authorized to act by Resolution; and

WHEREAS, at duly noticed public meetings held on August 14, 2023, October 25, 2023, October 31, 2023, and November 8, 2023, the Board has discussed (a) its past and current procedures and rules related to its methodology of allocating resort tax funds; (b) its historical allocation of resort tax funds to impact areas; (c) its historical allocation of resort tax funds to various applicants; (d) the Our Big Sky Community Vision and Strategy; (e) the Big Sky Capital Improvement Plan; (f) the Roadmap for infrastructure investment, funding, and voter representation; (g) information from past award recipients related to their projected future needs; (h) various comments, input, and survey results from the public, including individuals, business owners, and community leaders; and (i) the amount of resort tax funds available in past years and projected to be available in Fiscal Year 25; and

WHEREAS, following these detailed discussions, the Board has determined certain changes are needed to its procedures, rules and methodology of allocation in order to continue to meet the needs of the residents and businesses within the District and the Big Sky Community, and to set and communicate expectations of the Board related to the funding priorities for the fiscal year, and to provide clarity to the public and applications

with respect to these priorities;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:**

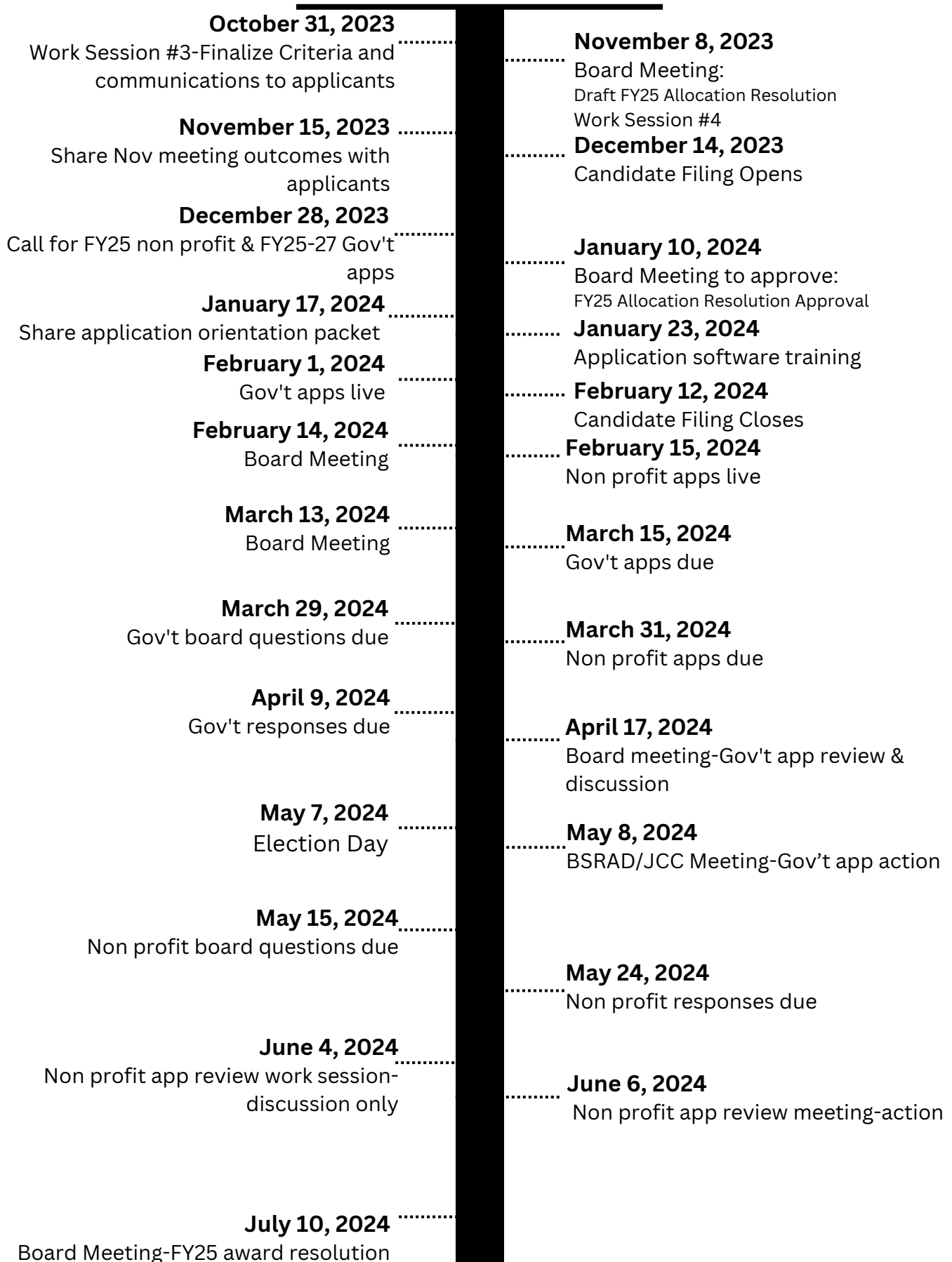
1. Recognizing the need to establish and clearly communicate important deadlines to the public and for applicants of resort tax funds, the Board hereby adopts the timeline set forth on **Exhibit A** for calendar year 2025 and the Fiscal Year 25 allocation cycle for resort tax funds.
2. Recognizing the significant and broad ranging funding needs of residents within the District and the Big Sky Community for governmental services, infrastructure and public works, housing, health and safety, arts, education and child care, continued economic development, and recreation and conservation, the Board has determined it shall:
  - a. Set aside from its available resort tax funds an amount for reserves consistent with the Board approved Reserve Funds Strategy and an amount for the District's operating budget; and
  - b. with the balance of the available resort tax funds, it shall establish certain impact areas and to allocate a percentage of available resort tax funds to each impact area; and
  - c. it hereby adopts the impact areas and funding percentages described in **Exhibit B** for Fiscal Year 25; and
  - d. it shall annually revisit these determinations during the Fall season and adjust both the designated impact areas and the designated funding percentages as it deems appropriate following public meetings and discussion.
3. Recognizing the number of applicants for resort tax funds has increased and the amount of funds requested by such applicants has increased, and recognizing the projected available resort tax funds will be less than the anticipated resort tax funds requests from applicants, the Board hereby adopts the eligibility requirements for funding requests for Fiscal Year 25 as set forth on **Exhibit C**. The Board further resolves to annually revisit these determinations during the Fall season and adjust the eligibility requirements as it deems appropriate following public meetings and discussions.
4. Recognizing the available resort tax funds are unlikely to meet the anticipated funding requests, and recognizing the Board must establish a procedure to assist it in to objectively rank the requests in each impact area and to clearly communicate such procedure, process and criteria to the public and to applicants, the Board hereby adopts the scoring system, criteria, weighting and evaluation procedures for the initial evaluation of funding requests for Fiscal Year 25 as set forth on **Exhibit D**. The Board further resolves to annually revisit these determinations during the Fall season and adjust the scoring system, criteria, weighting and evaluation procedures as it deems appropriate following public meetings and discussion.

5. Recognizing the need for clear communication to the public and applicants for how scores will be used by the Board in the allocation process for the Fiscal Year funding cycle, the Board hereby agrees it shall consider one impact area at a time, and will consider funding of projects in numerical scoring order from highest to lowest.
6. Recognizing that the District and the community of Big Sky faces challenges across its impact areas which might require large dollar spends on projects over the next several years as reflected in the Our Big Sky Community Vision and Strategy, the Big Sky Capital Improvement Plan, and the Roadmap for infrastructure investment, funding, and voter representation, the Board hereby agrees that in the event it does not make awards in the Fiscal Year 25 funding cycle which exhaust the percentage of funds allocated to a particular project area in this funding cycle, such “excess” funds shall be deposited in the reserve account, earmarked for use on projects within that specific project area in future years; and therefore directs its staff and professionals to create appropriate Fund Accounting and accounting ledgers within its reserve accounts to track funding by impact areas.
7. Recognizing some of these determinations, procedures, and criteria addressed in this Resolution are new, the Board directs its staff to promptly develop and implement a comprehensive public communications plan to disseminate this information to the general public and to all past applicants in advance of the opening of the application period for the Fiscal Year 25 funding cycle.

**PASSED and APPROVED** on this \_\_\_\_ day of \_\_\_\_\_, 2023 by a vote of \_\_ in favor and \_\_ opposed.

[insert Board Member signature blocks]

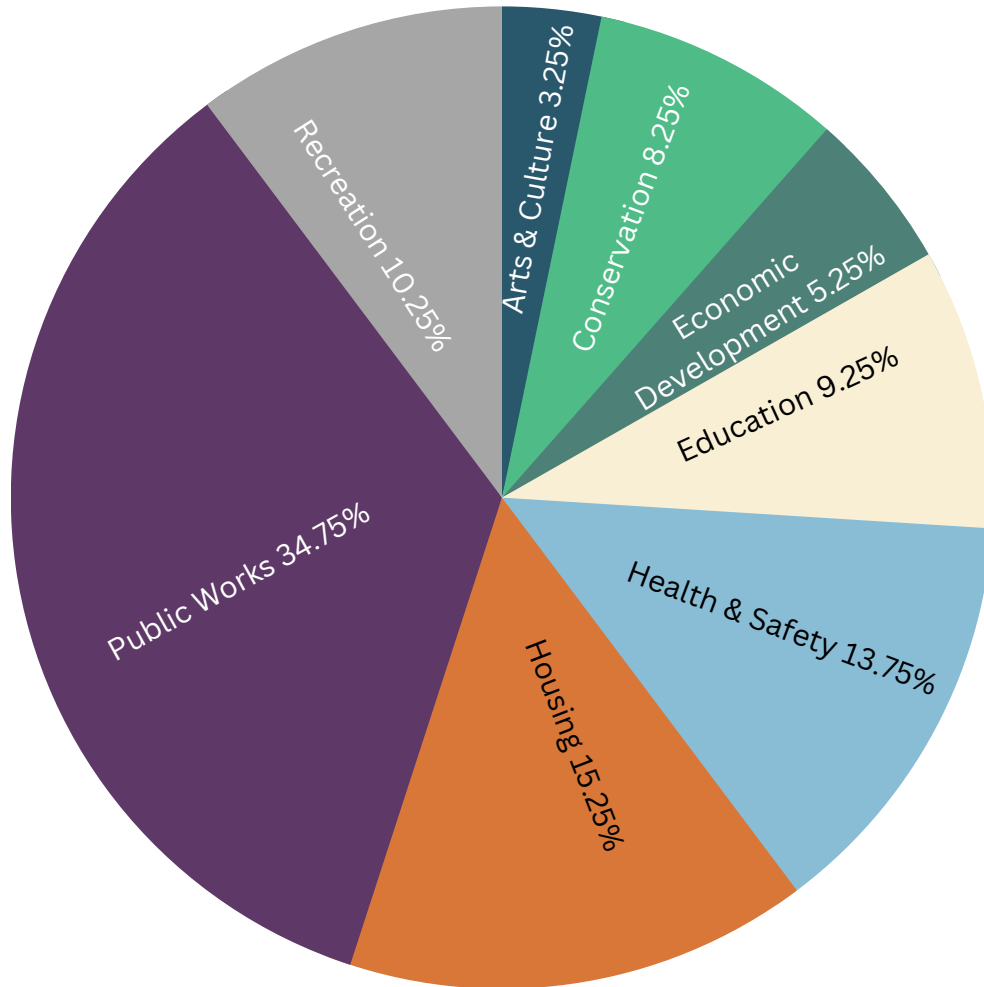
# Exhibit A: FY25 Process



DRAFT as of 10.31.2023

Subject to additional discussion and change

# Exhibit B: Impact Area Allocation



DRAFT as of 10.31.2023  
Subject to additional discussion and change

# Exhibit B: Impact Area Allocation

## IMPACT AREA DEFINITIONS

- **Arts and Culture:** Addresses stewarding creative expression, story-telling, and cultural participation.
  - *Examples include but are not limited to, performances, events, bilingual initiatives, and public art.*
- **Conservation:** Addresses sustainable efforts for current and future generations to live and play in Big Sky through thoughtful mitigation of human impact on the natural environment.
  - *Examples include but are not limited to, easements, studies, and preservation.*
- **Education:** Addresses multi-disciplinary inclusive education for all ages.
  - *Examples include but are not limited to skill training, instruction, and childcare.*
- **Economic Development:** Addresses balancing Big Sky's tourism-driven economy by sustainably growing prosperity and ensuring a high quality of life for Big Sky workers.
  - *Examples include but are not limited to, research, marketing, business development, and professional training.*
- **Health and Safety:** Addresses emergency, medical, and social services essential to the welfare of Big Sky -- in many cases, resulting in property tax or fee reduction.
  - *Examples, include but are not limited to, search and rescue, fire, medical, hospital, food security, social programs, and law enforcement.*
- **Housing:** Addresses long-term (30+ days) rental and ownership opportunities for Big Sky workers.
  - *Examples include but are not limited to, deed and affordability restrictions.*
- **Public Works:** Addresses core utilities and services used broadly by the community -- in many cases, resulting in property tax or fee reduction.
  - *Examples include but are not limited to, transportation, postal services, water and sewer, and other utilities.*
- **Recreation:** Addresses indoor or outdoor activities done for the enjoyment and health of residents and visitors.
  - *Examples include but are not limited to, parks, trails, public access, training, sports and recreation.*

DRAFT as of 10.31.2023

Subject to additional discussion and change

## Exhibit C: Eligibility Requirements

Minimum requirements for an application to be eligible for board review.

Requirement	Description	Applicable Investment Types	Evaluation Method
Matching Funds	For every dollar requested from Resort Tax 25 cents match from other funding source(s).	<ul style="list-style-type: none"> <li>• Administration</li> <li>• Capital</li> <li>• Programming</li> </ul>	Project budget
Preliminary Engineering Report	Capital for construction projects, \$50,000 and greater, must provide a preliminary engineering report (PER) by a licensed architect or engineer.	<ul style="list-style-type: none"> <li>• Capital (construction only)</li> </ul>	Document upload of PER
Submission Deadline	Application and supplement materials must be submitted on or before posted deadlines.	<ul style="list-style-type: none"> <li>• Administration</li> <li>• Capital</li> <li>• Programming</li> </ul>	Completion date
Active BSRAD Registration	Sponsors must be actively registered with the District by the application deadline.	<ul style="list-style-type: none"> <li>• Administration</li> <li>• Capital</li> <li>• Programming</li> </ul>	Registration status as of application deadline.
Application Score	Applications must receive a score of 60 or higher to be eligible for funding.	<ul style="list-style-type: none"> <li>• Administration</li> <li>• Capital</li> <li>• Programming</li> </ul>	Score
Management Agreement for Pass Through Funding	Sponsors with pass-through funding to another sponsor (Resort Tax funded entity) must have a formal agreement in place prior to submission.	<ul style="list-style-type: none"> <li>• Administration</li> <li>• Capital</li> <li>• Programming</li> </ul>	Uploaded document
Project Reports	Sponsors must be up to date on reporting to the District from the current fiscal year award.	<ul style="list-style-type: none"> <li>• Administration</li> <li>• Capital</li> <li>• Programming</li> </ul>	FY24 Project Reports

## Exhibit D: Score Criteria

The following is an outline of what criteria and traits the board prefers to invest in. Criteria will carry more weight and receive a higher score based on preference. Scores will be calculated based on application responses and data provided by sponsors.

Criteria	Description	Preference/Weight	Evaluation Method
Investment Type	What investment type is this project?	<ul style="list-style-type: none"> <li>• Highest: Capital-included in CIP</li> <li>• Middle: Capital &amp; Programming</li> <li>• Lowest: Administration</li> </ul>	Application question: Investment Type
SMART Community Need	Does this project meet an identifiable and measurable need outlined in the Our Big Sky Vision and Strategy, the Big Sky Capital Improvement Plan, and other guiding documents?	<ul style="list-style-type: none"> <li>• Highest: Addresses identified and measurable community need</li> <li>• Lowest: Does not address any identified and measurable community need</li> </ul>	Application question: SMART Metrics
Public Funds and Government Service Alignment	Is this project providing a service typically provided by a government agency? OR Is this a project (or similar to) that is funded by public tax dollars in other Montana communities?	<ul style="list-style-type: none"> <li>• Highest: Publicly funded elsewhere</li> <li>• Lowest: Not typically publicly funded</li> </ul>	Application question: provide 3 example of other communities
Audience Served	What the audience directly being served by this project?	<ul style="list-style-type: none"> <li>• Highest: Serves only residents</li> <li>• Middle: Serves residents and visitors</li> <li>• Lowest: Serves visitors only</li> </ul>	Application question: Audience served
Forecasting Accuracy	How accurately was this project forecasted on last year's application? <i>If the sponsor has not requested resort tax funds in the last 3 years the will receive the middle score.</i>	<ul style="list-style-type: none"> <li>• Highest: 0-15% forecasting variance YOY</li> <li>• Middle: 16-29% forecasting variance YOY</li> <li>• Lowest: 30% or greater forecasting accuracy YOY</li> </ul>	FY25 forecast provided on FY24 application
Funding History	Has the sponsor received resort tax funding in the last 3 years?	<ul style="list-style-type: none"> <li>• Highest: Received funds in last 3 years</li> <li>• Lowest: No funding in last 3 years</li> </ul>	Sponsor history



## Exhibit D: Score Criteria

Criteria	Description	Preference/Weight	Evaluation Method
Matching Funds	What portion of project costs are being requested of resort tax?	<ul style="list-style-type: none"> <li>• Highest: 25% or less requested of resort tax</li> <li>• Middle: 26-50% requested of resort tax</li> <li>• Lowest: 49-74% requested of resort tax</li> </ul>	Project budget data
Partnerships	How many partners does this project have?	<ul style="list-style-type: none"> <li>• Highest: 4 or more partners</li> <li>• Middle: 1-3 partners</li> <li>• Lowest: No partners</li> </ul>	Application question: Partnerships
Direct Expenses	What portion of the request is for direct expenses?	<ul style="list-style-type: none"> <li>• Highest: 80% or more direct expenses</li> <li>• Middle: 50-79% direct expenses</li> <li>• Lowest: less than 50% direct expenses</li> </ul>	Project budget data
Annuity	For how many years will this project need resort tax funding?	<ul style="list-style-type: none"> <li>• Highest: 1 year of RT funding</li> <li>• Middle 2-3 years of RT funding</li> <li>• Lowest: 3+ years of RT funding</li> </ul>	Application question: Annuity
Program Expense Ratio	What percentage of the sponsors expenses are programming related?	<ul style="list-style-type: none"> <li>• Highest: Program expense ratio 70% or higher</li> <li>• Middle: Program expense ratio of 51-69%</li> <li>• Lowest: Program expense ratio less than 50</li> </ul>	Sponsor efficiency worksheet data
Revenue Reliance	How financially reliant is the sponsor reliant on Resort Tax?	<ul style="list-style-type: none"> <li>• Highest: 0-32% of revenue from Resort Tax</li> <li>• Middle: 33-66% of revenue from Resort Tax</li> <li>• Lowest: 67-100% of revenue from Resort Tax</li> </ul>	Sponsor efficiency worksheet data

## Exhibit D: Score Criteria-PARKING LOT

Criteria	Description		Preference/Weight	Evaluation Method
Project Growth Rate- Based on total project cost. <i>Applies to repeat projects only</i>	The District has a preference to invest in recurring projects that grow at a sustainable rate.			Unsure how to objectively evaluate
Project funds	Rate at which funds are spent-trying to give less weight to projects that spend most funds in Q4			Unsure how to objectively evaluate
Project Completion	The District has a preference to invest in recurring projects that have been completed in a timely manner.			Unsure how to objectively evaluate

The criteria above were discussed during session 1. These 3 criteria will be very difficult to validate and measure. Staff recommends they are not included on the new scoring system.