



APPENDIX A: EXISTING CONDITIONS SUMMARY REPORT



BIG SKY RESORT AREA DISTRICT

GOVERNANCE STUDY: EXISTING CONDITIONS SUMMARY REPORT

2025

EXISTING CONDITIONS SUMMARY REPORT

ACKNOWLEDGMENTS


Big Sky Resort Area District
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INTRODUCTION

The Existing Conditions Summary Report is the framework which will be utilized to analyze potential changes in the governance structure of Big Sky, Montana. The Existing Conditions Summary Report is part of the larger Governance Study which seeks to develop scenarios that reflect community values and provides a detailed analysis of how these potential governance frameworks would affect the community.

Big Sky is a unique community, known for its dynamic mix of residents, visitors, and businesses, as well as its position as a gateway to outdoor recreation and tourism in the region. The Existing Conditions Summary Report examines Big Sky's current governance structure, how services are provided to the community, the existing infrastructure utilized by the community, how those services and infrastructure are funded, and potential constraints to governance change to provide a comprehensive understanding of how governance changes might influence the community.



The study area for this report encompasses the Big Sky Census-Designated Place (CDP) in Gallatin and Madison Counties, Montana. Big Sky is a well-known resort community with many recognizable and distinct internal localities such as Mountain Village, Meadow Village, Town Center, and the Gallatin Canyon. The CDP was chosen as the overarching study area because it encompasses these localities and easily corresponds to data sources such as the 2020 Census. Throughout the document, there will be references to other areas inside and adjacent to this boundary, such as special purpose district boundaries or other taxing entities.

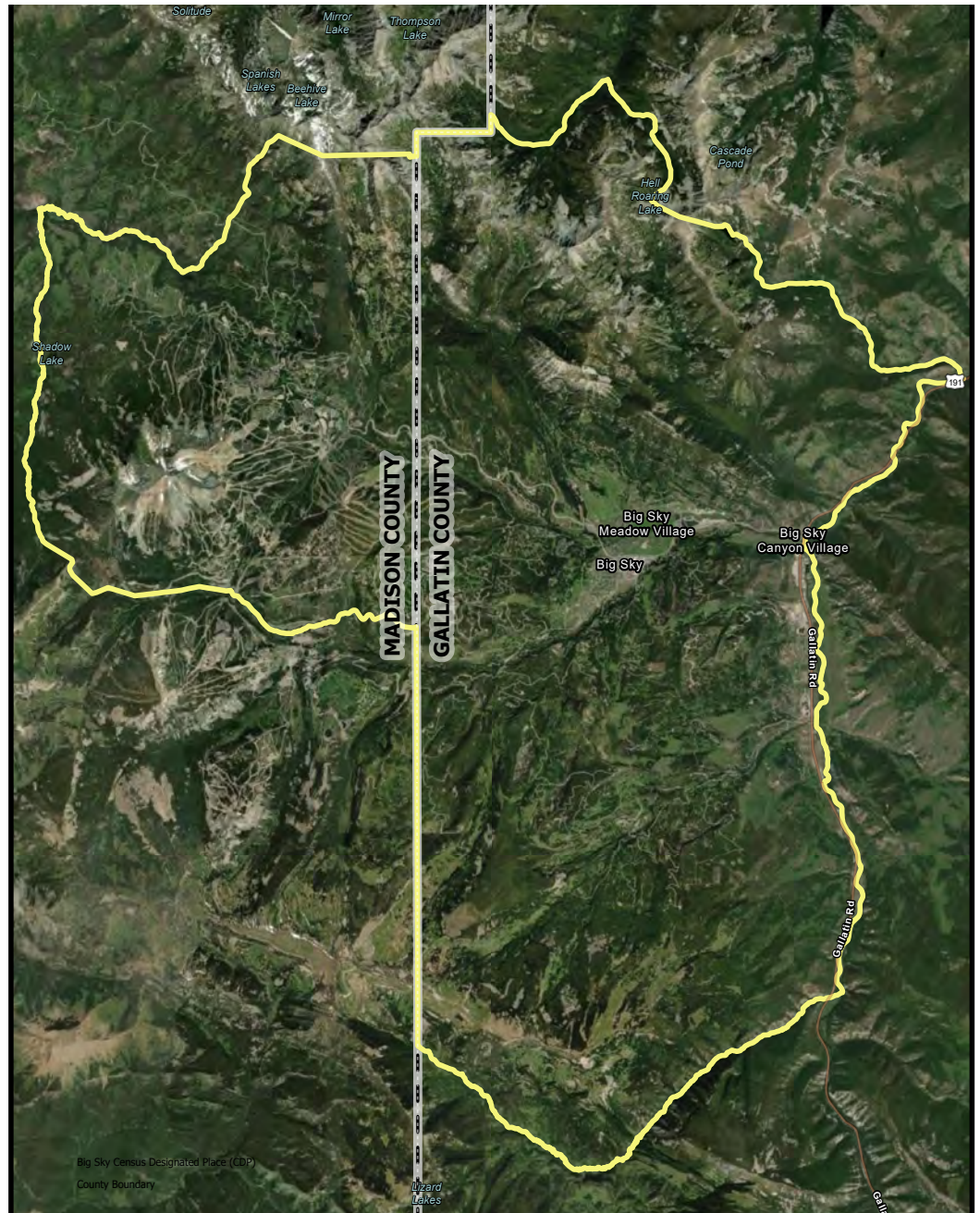


Figure 1. Study Area

The intent of this report is to provide the public with an understanding of how the community operates through service providers, existing infrastructure, and county government; how those services are provided; how the citizens are represented in local government; and what the governance constraints are from state statute. It serves as a foundational document to help community members understand the current framework when determining community goals and objectives for governance in the scenario development process to follow.

The findings of this report are critical in framing the scenarios to be analyzed in the Governance Study. These scenarios will be designed to provide the Big Sky community with actionable insights, enabling informed decisions about its future governance and service delivery. By laying thorough groundwork of the existing conditions, this report ensures that the community's unique characteristics and priorities are fully considered in the study.

This report focuses on five key areas:

- 1. Existing Service Landscape:** A detailed review of the services currently provided within Big Sky, including water, sewer, public safety, transportation, parks, and other essential services and infrastructure.
- 2. Existing Fiscal Landscape:** An assessment of the current revenue streams, expenditures, and financial capacity of the entities serving Big Sky.
- 3. Forecasting and Trend Analysis:** A projection of population growth, service demands, and fiscal trends to anticipate future needs and opportunities.
- 4. Governance Structure Constraints:** An exploration of the statutory, legal, and structural constraints that influence governance options for Big Sky.
- 5. Appendices:** Supporting documentation and data, including summaries of Montana Code Annotated provisions, service provider information, and fiscal data.

EXISTING SERVICE LANDSCAPE

Big Sky, Montana, operates under a fragmented governance framework, with services provided by multiple counties, taxing districts, and special-purpose entities. This structure has supported the community's growth but can present challenges in coordination, funding, and accountability. Spanning Gallatin and Madison Counties, Big Sky relies heavily on taxing districts, resort tax revenues, and private contributions to meet its growing service and infrastructure needs. This section details the roles of all taxing districts and their contributions to Big Sky's governance.

EXISTING GOVERNANCE FRAMEWORK

COUNTY-LEVEL GOVERNANCE

Big Sky's governance is divided between Gallatin and Madison Counties, which oversee public safety, land use planning, road maintenance, and other services. While Gallatin County handles a majority of the area's population and development, Madison County retains jurisdiction over a smaller portion but includes the Big Sky Resort and luxury residential clubs.

Gallatin County oversees the larger portion of Big Sky's land area and population, including key residential and commercial developments in the Meadow and Town Center. The Gallatin County Commission manages essential services such as sheriff's office operations, emergency management, and road maintenance for county roads. Additionally, Gallatin County plays a leading role in zoning and land use regulation within the Gallatin Canyon/Big Sky Zoning District. The county has also worked collaboratively with local entities on specific infrastructure projects, including transportation and water systems.

Madison County governs a smaller, but economically significant, portion of Big Sky, including the Yellowstone Club, Moonlight Basin, and Spanish Peaks developments. These luxury private communities generate substantial property tax revenue for Madison County, contributing to its overall tax base. As of 2024, taxable property values within Madison County's portion of Big Sky reached \$351 million, a fourfold increase over the past decade.

The Madison County Commission provides services similar to Gallatin County, including law enforcement, emergency management, and land use oversight to the whole county. However, the lack of public road connections between the Madison County and Gallatin County portions of Big Sky creates logistical challenges for service delivery. Madison County relies heavily on private infrastructure investments by the Yellowstone Club and Moonlight Basin to meet community needs in this area. For example, the Yellowstone Club operates its own fire district, private water and sewer systems, and road networks, reducing the county's direct involvement in infrastructure management.

Both Madison and Gallatin Counties have three-member county commissions that make legislative and governance decisions for the area. The commissioners are elected at large, and currently no commissioners from either County reside in the Big Sky area.

The Big Sky Resort Area District (BSRAD), Gallatin County Commissioners, and Madison County Commissioners meet bi-annually to discuss and act on important topics within the Big Sky Community. This has established a line of communication between the

community, the resort area district, and the county government.

TAXING DISTRICTS AND SPECIAL PURPOSE ENTITIES

As an unincorporated area with no defined municipal government, Big Sky has substituted the municipal government for other special taxing districts and special purpose entities. These entities collect tax, in most cases property tax, from the two counties and utilize the funds to provide community services to the area. Instead of being operated by one government entity, they are divided into different service districts and governed by either appointed or elected boards. The existing taxing districts and special purpose entities include:

- Big Sky Resort Area District
- Big Sky Transportation District
- Madison Valley Hospital District
- Madison Valley Fire District
- Ennis School District
- Big Sky School District
- Big Sky Fire District
- Yellowstone Mountain Club Rural Fire District
- Big Sky County Water and Sewer District
- Gallatin Canyon County Water and Sewer District
- Big Sky Trails, Recreation, and Parks District
- Multiple Rural Improvement Districts

The boundaries of these districts are depicted in Figure 1 on page 6 of this report. Further details on these entities are provided in the Existing Service Districts and Providers section and Appendix A. Funding mechanisms for these services are outlined in the Existing Fiscal Landscape section and Appendix B.

NONPROFIT AND PRIVATE CONTRIBUTIONS

Nonprofit organizations such as the Big Sky Community Organization (BSCO) and Wellness in Action (WIA) fill service gaps left by public entities. These organizations manage recreational facilities, mental health services, and community programming, funded through resort tax allocations, grants, and philanthropy.

Private contributions, particularly from developments like the Yellowstone Club, Moonlight Basin, and Spanish Peaks, supplement public efforts by funding infrastructure within their communities. However, these contributions are sometimes not viewed as sustainable or guaranteed funding and can be more unpredictable than funding provided by property taxes.

SUMMARY

Big Sky's taxing districts and governance framework reflect a collaborative approach to service delivery. The community has achieved significant successes, including establishing a post office, medical center, and school, despite the lack of a municipal government.

Local governance serves two primary purposes which include: providing services through programs and infrastructure funded by taxes and giving residents a voice in governmental decisions. In Big Sky, without a municipal government, services are delivered through county governments, taxing districts, special-purpose entities, nonprofits, and philanthropic contributions. Representation, a core value of democracy, is carried out by elected officials who work to address the community's needs, which is mainly in the form of district and nonprofit board members instead of municipal government officials.

Big Sky Local Governance Study
Administrative Boundaries

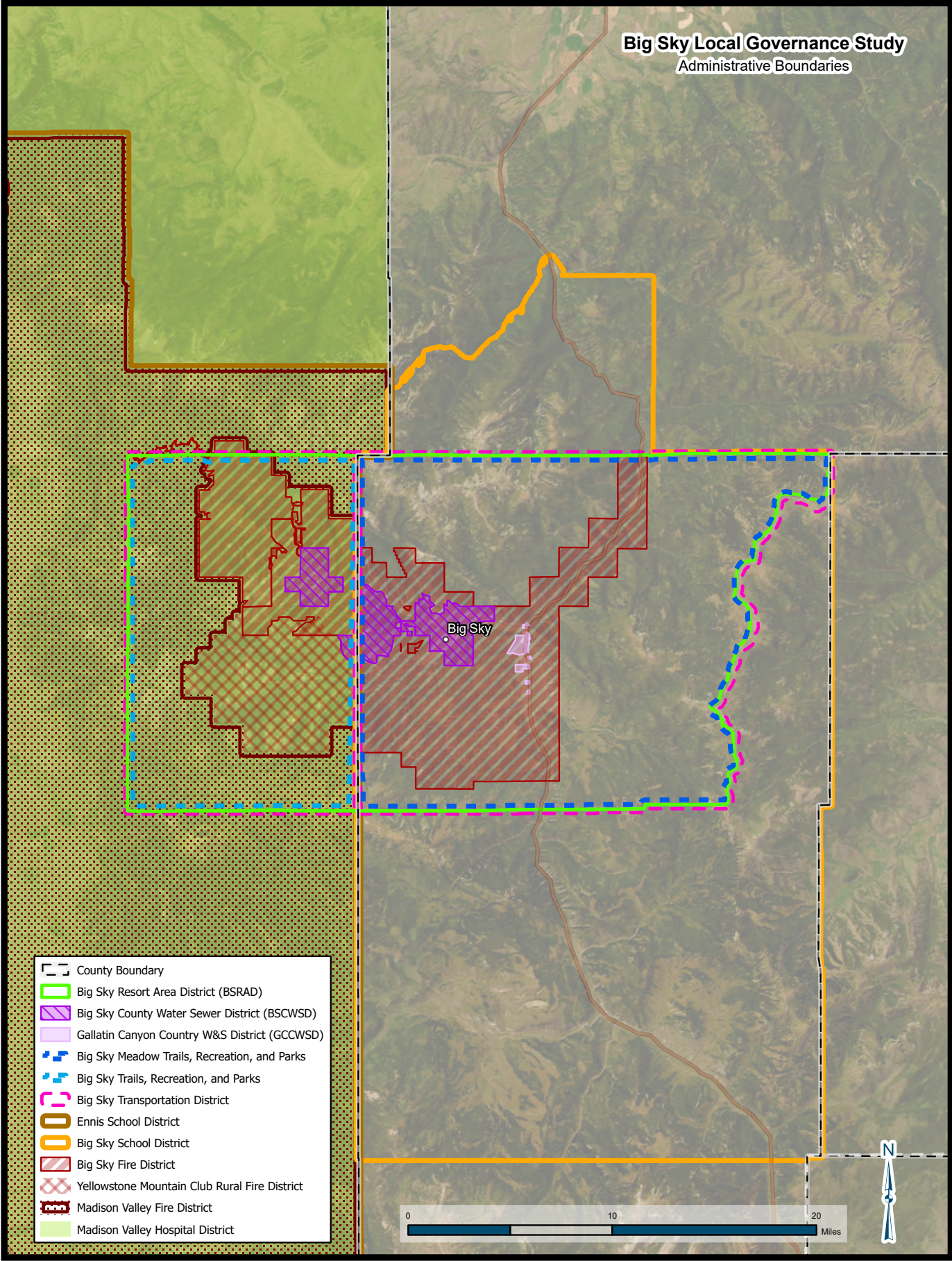


Figure 2. Administrative Boundaries

EXISTING INFRASTRUCTURE IN BIG SKY: CURRENT CONDITIONS

This section outlines Big Sky's existing infrastructure and service framework, highlighting how these systems function under the current governance model. Understanding this structure is crucial for evaluating potential governance changes as part of this study.

When considering future governance decisions, it is important to fully understand how the construction, operation, maintenance, and planning is currently conducted. Many of these utilities, districts, and organizations are completing strategic planning efforts and the community has adopted a Big Sky Capital Improvements Plan (CIP), along with an implementation strategy. It will be important to evaluate this progress and the effects on such if the community wishes to change the form of local government.

TRANSPORTATION

Transportation infrastructure in Big Sky serves as the backbone of connectivity, linking residents, workers, and visitors to essential destinations and services. US Highway 191 and MT Highway 64 form the primary corridors through which the area operates and over the past decade, continued development and tourism have significantly increased daily vehicle trips.

The Big Sky community utilizes Rural Improvement Districts to fund road maintenance activities on many public roads which is a similar approach to other services and utilities in the area. Many other roads are privately owned and maintained by Homeowners Associations, with Big Sky Owners Association being the largest. This adds to a complex public service delivery system already existing in the area.

The Big Sky Transportation District operates a regional bus network with nine fixed-route vehicles and three microtransit vehicles, offering connections to surrounding communities and internal routes within Big Sky. Pedestrian and bike infrastructure is limited to certain developments, reflecting the vehicle-oriented nature of the current transportation network.

WATER AND SEWER

Water infrastructure in Big Sky is managed by two primary entities: the Big Sky County Water and Sewer District #363 (BSCWSD) and the Gallatin Canyon County Water and Sewer District (GCCWSD). BSCWSD serves central Big Sky, providing potable water for domestic use and fire protection to neighborhoods, commercial areas, and resorts through a network of storage tanks, distribution systems, and hydrants. GCCWSD focuses on the Gallatin Canyon corridor along US Highway 191 and is currently in the planning phase and does not yet serve properties with infrastructure.

Sewer and wastewater services are split between BSCWSD and GCCWSD. BSCWSD operates a centralized wastewater treatment facility that serves the core of Big Sky and supports treated effluent reuse for snowmaking and irrigation, key components of the region's tourism economy. GCCWSD's sewer system will eventually collect wastewater from properties along US Highway 191 and convey it to the BSCWSD treatment facility for processing.

Outside the service areas of BSCWSD and GCCWSD, many properties rely on private wells for water supply and on-site treatment systems for wastewater. This decentralized approach underscores the challenges of providing infrastructure in a community governed by multiple entities rather than a single central authority. Despite these limitations, Big Sky has made significant progress in addressing these issues, working toward

a more centralized infrastructure system, including the ongoing development of GCCWSD.

STORMWATER MANAGEMENT

Stormwater management in Big Sky is largely decentralized with infrastructure being heavily reliant on private developments implementing systems such as roadside ditches and retention ponds, particularly in higher-density areas like the Town Center and Big Sky Resort Mountain Village.

However, the community lacks a publicly managed stormwater system, leaving significant portions of the area reliant on informal drainage solutions. This follows suit with other infrastructure and service districts, with a mix of publicly and privately owned and maintained infrastructure that services portions of the community.

SOLID WASTE MANAGEMENT

Solid waste services in Big Sky are entirely privatized, with companies like Republic Services and L&L Site Services providing waste collection for residential and commercial properties. All collected waste is transported to the Gallatin County landfill in Logan, Montana, as there are no local disposal or transfer facilities. This reliance on private providers highlights the minimal role of public governance in managing waste infrastructure.

RECREATION

Recreational infrastructure in Big Sky is a cornerstone of community engagement and visitor attraction. The Big Sky Community Organization (BSCO) and Big Sky Trails, Recreation and Parks District (BSTRP) manages an extensive network of 38 miles of trails and 100 acres of parkland¹, which provide recreational opportunities and green spaces.

¹Interview with Big Sky Community Organization and Big Sky Trails, Recreation, and Parks District, September 2024

²U.S. Census Bureau, 2022 ACS 5-Year Estimates

These facilities are supported by resort tax funding and property assessments, demonstrating a strong local commitment to recreational development. However, the current infrastructure is increasingly under pressure from rising usage, which mirrors broader trends in population growth and tourism. The existing assets remain central to Big Sky's identity, offering both residents and visitors access to the sprawling landscapes and outdoor experiences that define the region.

HOUSING

Housing in Big Sky is a critical component of the community's infrastructure landscape, reflecting both the region's rapid growth and its dependence on a tourism economy. The 2023 Housing Needs Assessment highlighted a pressing need for 1,350 additional housing units by 2028 to address the current shortages. Of these, approximately 1,100 units need to be affordable, designed for households earning under 250% of the area median income (AMI) for ownership and under 120% of AMI for renters. These figures highlight the significant gap between the available housing stock and the needs of local workers.

Big Sky's housing challenges are exacerbated by the area's high property values and cost of living. In 2022, the median property value in Big Sky was \$782,100, while the median household income was \$94,176². This disparity places market-rate housing out of reach for many local employees, particularly those working in the tourism and service sectors, which constitute a substantial portion of the local economy. As a result, the Census Bureau "On the Map" tool reports that nearly 80% of Big Sky's workforce commutes from outside the community, with an estimated 2,700 workers traveling into Big Sky daily. This dynamic creates additional pressure on the region's transportation infrastructure

and increases costs for local businesses, which often provide housing or commuting stipends to attract and retain employees.

Efforts to address housing in Big Sky have been spearheaded by organizations like the Big Sky Community Housing Trust, which collaborates with local stakeholders, employers, and developers to create affordable housing options. These initiatives include deed-restricted units, rental assistance programs, and public-private partnerships aimed at increasing the availability of housing for local workers. For example, recent projects have focused on constructing housing specifically for seasonal employees, as well as year-round units for families and individuals working in the community.

Housing remains a cornerstone of Big Sky's infrastructure landscape and addressing these challenges will require innovative solutions and expanded collaboration among community stakeholders to create a sustainable housing framework.

SUMMARY

The discussion of existing infrastructure is directly tied to governance options, as decisions about governance structure will influence how these systems are managed and funded in the future.

Currently, much of Big Sky's critical infrastructure relies on fragmented governance and funding models, such as resort tax allocations, inter-local agreements, and taxing districts. This arrangement has allowed for flexible, community-driven approaches but has also led to gaps in coordination and long-term planning.

In conclusion, Big Sky's existing infrastructure forms the foundation of its community and economic vitality. From transportation networks and water systems to recreational facilities and housing these assets underscore the region's capacity to meet current demands. As Big Sky continues to grow, the preservation and enhancement of this infrastructure will remain paramount to sustaining its unique character and supporting its dynamic population.

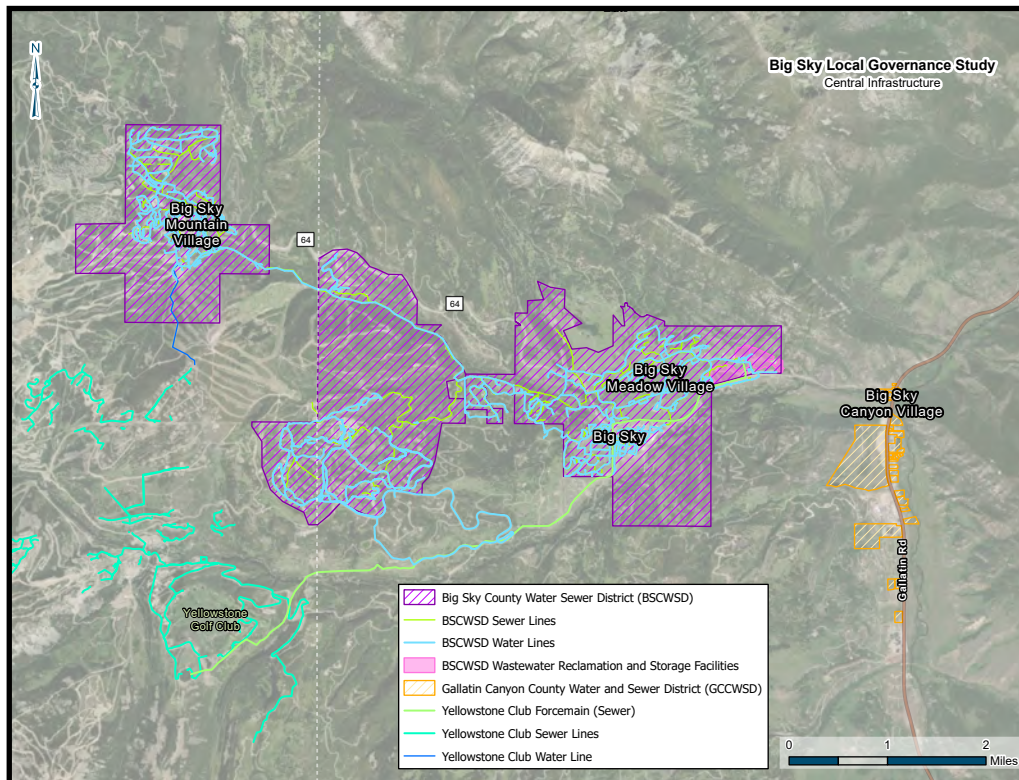


Figure 3. Central Infrastructure

EXISTING FISCAL LANDSCAPE

The landscape of essential services provided in Big Sky is funded through a diverse revenue mix of property taxes, resort tax revenues, other public and private funding. As the community evolves, understanding these fiscal dynamics is critical for evaluating future governance options.

PROPERTY TAXES

Property taxes are a significant revenue source for local services in Montana. However, in the Big Sky, the geographic distribution of taxable values and services lead to disparities in revenue reinvestment. (For the purposes of the property tax analysis, the Big Sky Resort Area District was used as a proxy to estimate the total amount of property taxes generated within the area.) While the Madison County portion of Big Sky contributes 85 percent of the county's taxable value, county services are remote and difficult to access for Big Sky residents. In Gallatin County, 14 percent of the county's taxable value comes from Big Sky, with some revenues reinvested in the community for road maintenance, law enforcement, and other services.

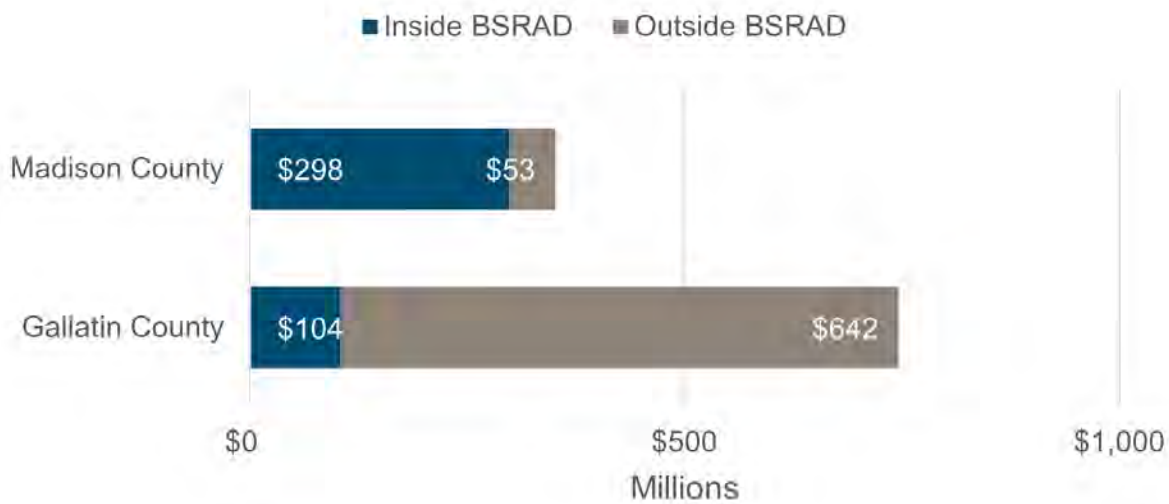


Figure 4. Taxable Value of Property Located Inside and Outside of the BSRAD Boundary, 2024

Source: Analysis Assessor Data and Department of Revenue Certified Values, 2024

In Big Sky property taxes are collected by various taxing jurisdictions, with the distribution of revenue differing between the Gallatin County and Madison County sides of the district.

On the Gallatin County side, an estimated \$33 million in property taxes were paid by property owners within BSRAD in 2023. Approximately two-thirds (\$23 million) of this tax revenue was allocated for county-wide or state-wide uses, while one-third (\$11 million) was designated for local or Big Sky districts, such as the Big Sky Fire District and Big Sky K-12 District. The Big Sky area contributes about 14 percent of Gallatin County-wide and state-wide property tax revenues collected in the county.

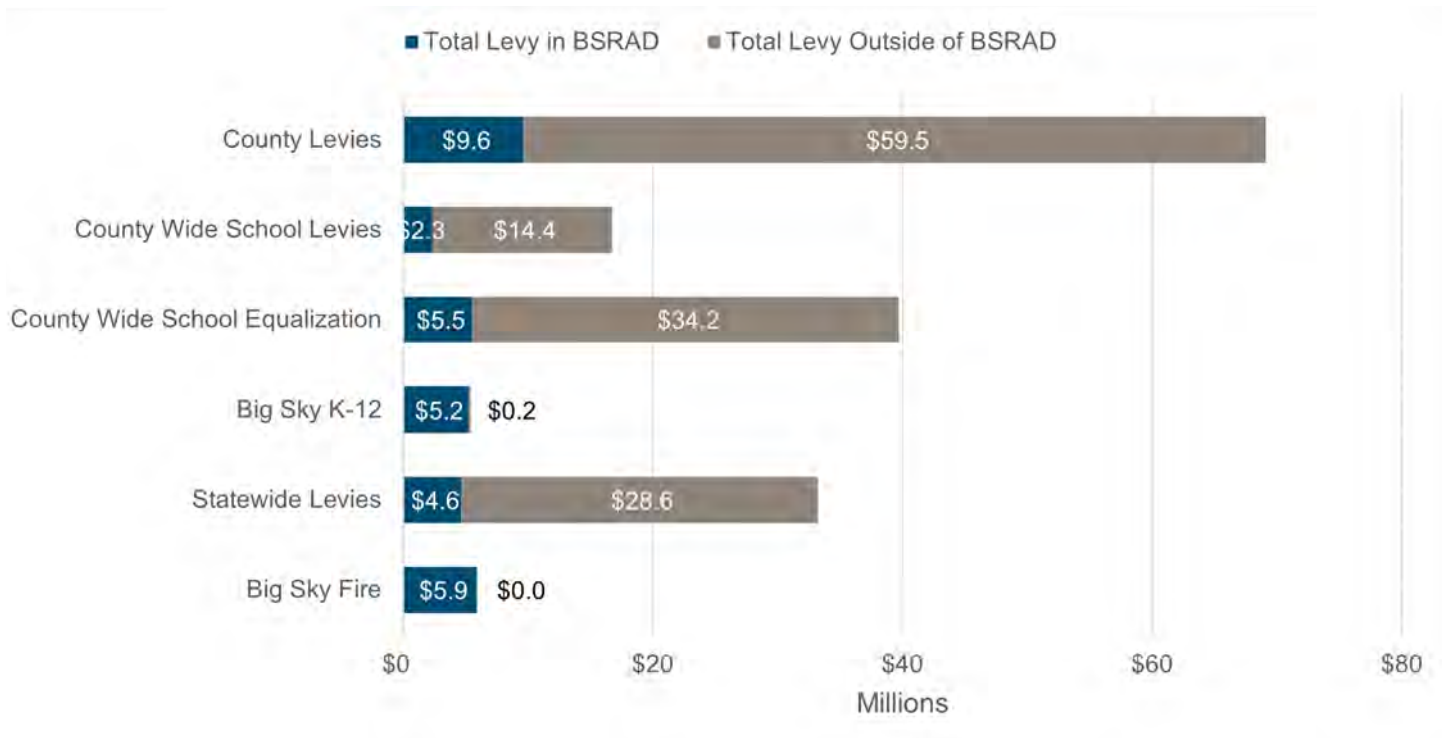


Figure 5. Estimated Levies Collected for State, County, and Local Property Tax Districts that Levy in the Big Sky Area, Gallatin County, FY 2025

Source: EConorthwest analysis of Certified Taxable Values and County FY 2025 Levy Information

In contrast, on the Madison County side, an estimated \$69 million was collected in property taxes, with approximately \$59 million (85 percent) coming from properties within BSRAD. However, only a small portion of this total - \$6 million out of the \$69 million collected - is allocated for districts concentrated in the Big Sky area, such as Big Sky Rural Fire and Ennis K-12.

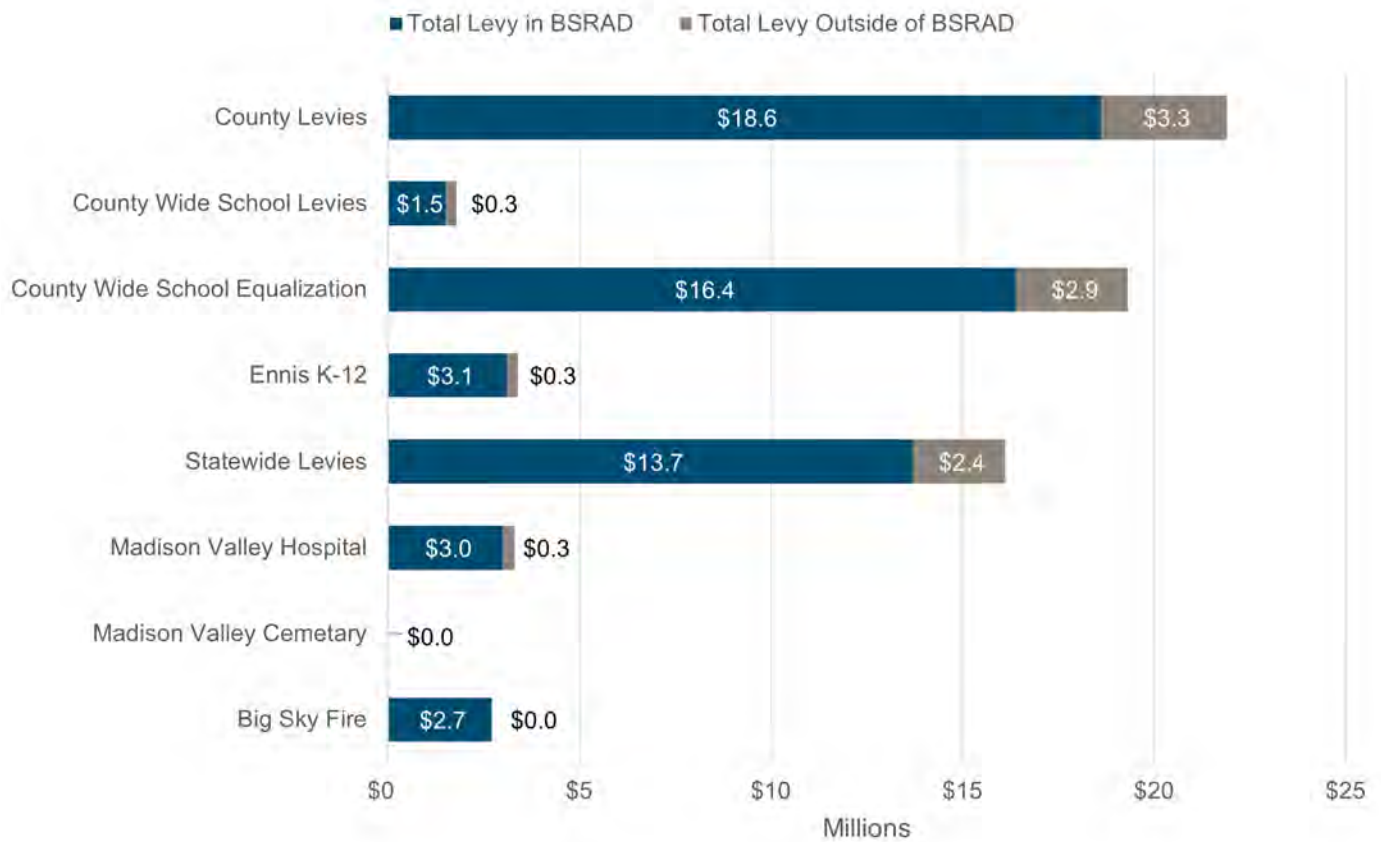


Figure 6. Estimated Levies Collected for State, County, and Local Property Tax Districts that Levy in the Big Sky Area, Madison County, FY 2025

Source: EConorthwest analysis of Certified Taxable Values and County FY 2025 Levy Information

Property in the Big Sky area has experienced dramatic growth in taxable value, tripling in Gallatin County and quadrupling in Madison County since 2015. Despite this growth, state-imposed levy limitations constrain local governments from fully capturing property value increases.

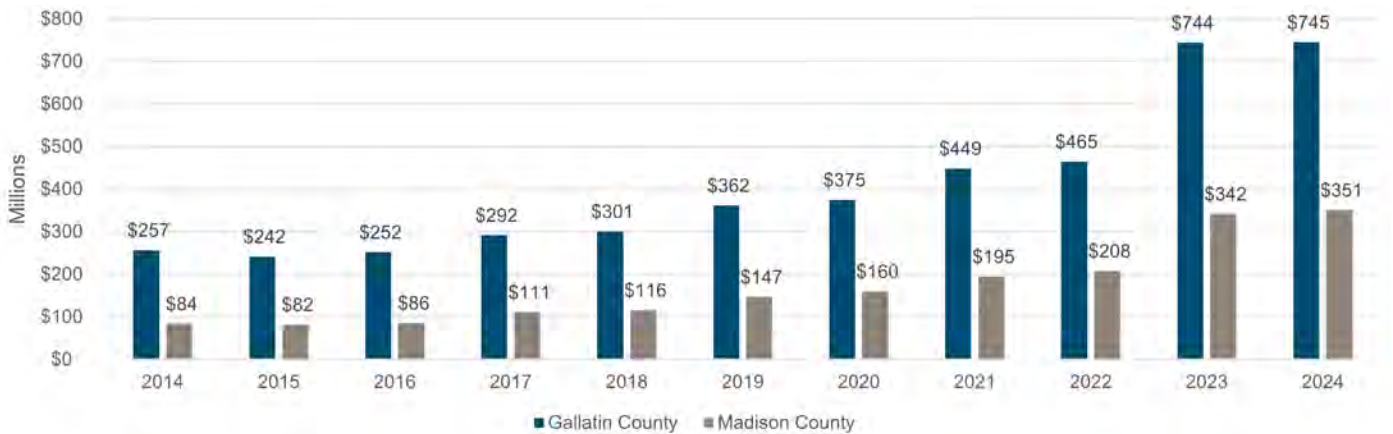


Figure 7. Certified Taxable Value, Gallatin and Madison Counties

Source: Analysis of Department of Revenue Data

Residential properties in Big Sky dominate the tax base, with second homes and vacation properties likely contributing disproportionately to the area’s taxable value. On the Madison County side, residential properties account for 88 percent of all properties and 92 percent of the total taxable value, while on the Gallatin County side, they comprise 74 percent of both property and taxable value. A high-level analysis of a 3,000-parcel sample revealed that the average market value of second/vacation homes in BSRAD is \$6 million, significantly higher than the \$2.1 million average for owner-occupied homes.

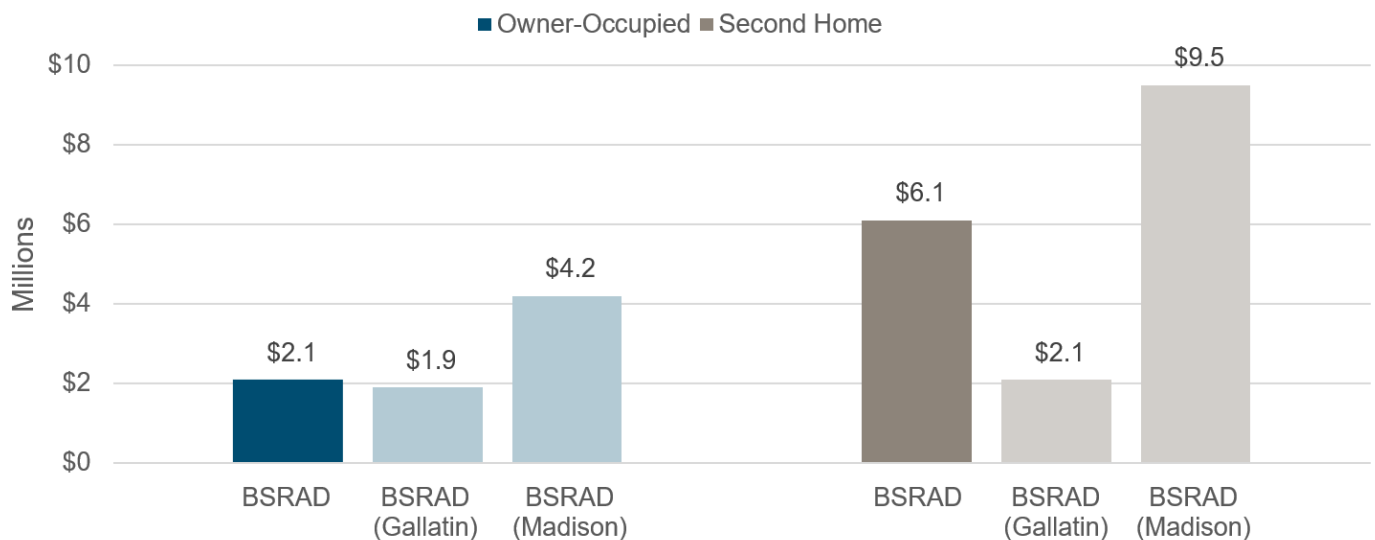


Figure 8. Average Market Value of Owner-Occupied and Second Homes, 2024

Source: ECONorthwest analysis of parcel data

RESORT TAX

Resort tax revenues play a critical role in offsetting property taxes, funding public services, and supporting community initiatives in Big Sky. Resort tax collections have grown significantly, reaching \$20.8 million in FY24, driven by expanded taxable activities and luxury amenities.

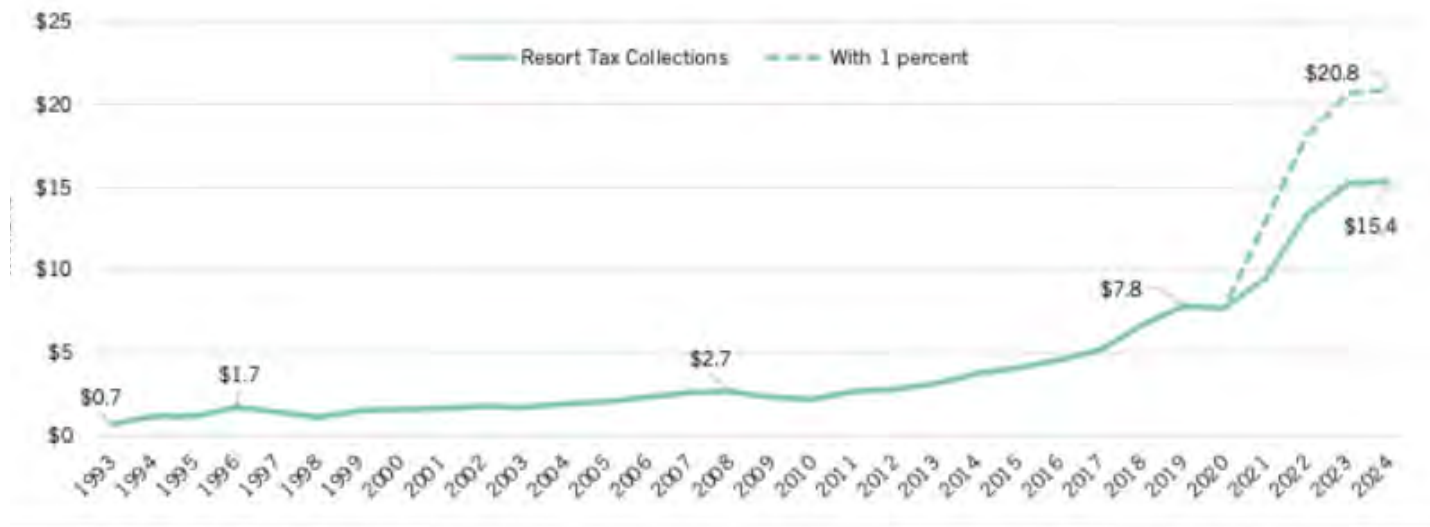


Figure 9. Resort Tax Collections, 1993-2024

Source: BSRAD historical data

Resort tax revenues are locally governed and reinvested directly into the community, funding essential public services in Big Sky, such as fire protection, law enforcement, and utilities, either fully supporting these services or reducing their direct cost to residents. The resort tax also supports “public-like” functions that are often provided by municipal governments in other communities, including parks and recreation services, libraries, and affordable housing. By reducing the annual cost of services that could otherwise be funded by property taxes, resort tax revenue significantly contributes to the overall well-being of the Big Sky community.

The BSRAD Board of Directors allocates resort tax revenues to various recipients and impact areas. Over the past five years, funding for nonprofits has increased by 32 percent, support for public entities has grown by 174 percent, and allocations for public functions have risen by 228 percent.

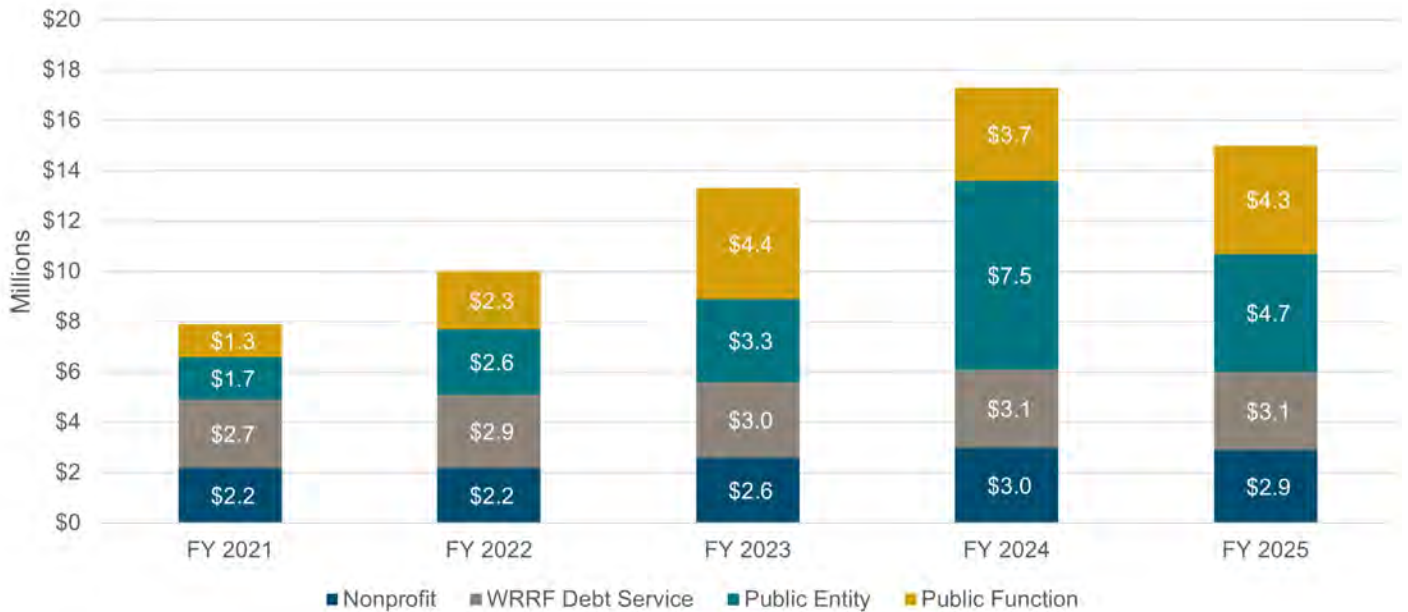


Figure 10. Resort Tax Allocation History, with Fiscal Years Smoothed for Public Entity Recipients

Source: ECONorthwest analysis of Big Sky Resort Area District allocations (smoothed for fiscal years)

As of FY24, approximately 54 percent of resort tax revenues come from Gallatin County, with 46 percent originating from Madison County. The geographic distribution of taxable sales has changed significantly over the past six years. In FY19, 30 percent of sales originated in Gallatin and 70 percent in Madison. With the growth of areas like the Town Center on the Gallatin County side of Big Sky, which includes new retail shops, restaurants, short-term rentals, and a hotel, the distribution of the tax base has shifted toward a more even distribution across counties.



Figure 11. Collections of Resort Tax Revenue by County, FY19-FY24

Source: ECONorthwest analysis

PUBLIC AND PRIVATE FUNDING

Big Sky relies on a diverse mix of revenue streams, including property taxes, resort taxes, special assessments, and private funding. While property taxes generated \$93 million in FY25 (with limited reinvestment locally), resort tax provided \$17 million for essential services in the Big Sky area. Additionally, private philanthropic contributions add \$5-7.5 million annually, supporting critical initiatives such as housing and public amenities.

FISCAL FRAMEWORK FOR KEY SERVICE PROVIDERS

Big Sky's service providers operate within a unique fiscal framework, heavily reliant on resort tax allocations to supplement constrained property tax revenue and other funding sources. Public safety service providers such as the Big Sky Fire District and Big Sky Area Patrol, depend on a mix of property taxes, resort tax contributions, other public funding, grants and private fundraising, and inter-local agreements to address service demands. As an example, for FY25, the Fire District's \$12.2 million revenue includes \$1.8 million in resort tax funding, while the Patrol's \$1.9 million budget is similarly supplemented by resort taxes and county support.

Infrastructure funding also reflects this dependency. The Big Sky Water and Sewer District, with a \$7.4 million FY24 budget, draws heavily from user fees and resort tax revenue, while the Gallatin Canyon Water and Sewer District is advancing centralized sewer systems through grants and taxes. The Big

Sky Transportation District relies on resort taxes (30 percent of its \$3.6 million budget), federal grants, and fare revenues for its transit operations.

The Big Sky School District (#72) uses resort tax allocations to fund teacher housing and pre-kindergarten programs, while private fundraising supplements its \$7.1 million FY25 budget. The Big Sky Housing Trust received \$2 million in resort tax funding in FY25 to support housing affordability initiatives. Similarly, recreation services provided by BSCO and BSTRP rely on a combination of resort tax allocations and parcel assessments to fund parks, trails, and the BASE community center.

The table on the following page shows FY25 budget information for select organizations providing public and essential (but privately-provided) services in the Big Sky area. That year, resort tax provided between 0.6 percent (BSSD) and 65 percent (Big Sky Housing Trust) of revenues for these providers.

Resort tax revenue is a key part of Big Sky's fiscal framework, bridging gaps left by limited property tax revenues and allowing for more localized reinvestment of revenues. Nonprofits and community foundations further alleviate financial pressures through annual philanthropic contributions and fundraising efforts. This collaborative funding model enables the delivery of essential services in a community with unique fiscal constraints and service demands.

Table 1. FY 2025 Fiscal Summary of Select Big Sky Service Providers, Millions

	BS FIRE	GALLATIN CO. SHERIFF FOR BS	GALLATIN CANYON WATER SEWER	BS WATER SEWER	BS TRANSP	BS SCHOOL DISTRICT	MORNINGSTAR	BS HOUSING TRUST	BSCO/BSTRP
Resort Tax	\$1.2	\$0.7	\$0.2	\$3.3	\$1.5	\$0.05	\$0.75	\$2.0	\$1.0
Local mills	\$9.5	\$0.0	\$0.0	\$0.0	\$0.0	\$5.3	\$0.0	\$0.0	\$0.0
Other public	\$0.0	\$0.6	\$1.0	\$0.0	\$2.0	\$2.6	\$0.5	\$0.0	\$0.0
Other	\$0.15	\$0.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.9	\$0.8
Direct revenue	\$0.2		\$0.0	\$5.0	\$0.16	\$0.0	\$0.4	\$0.2	\$1.2
Total Revenue	\$12.3	\$1.9	\$1.2	\$8.3	\$3.6	\$7.9	\$2.0	\$3.1	\$3.0
Admin or indirect	no response	n/a	\$0.07	\$1.8	\$0.9	\$0.75	no response	\$0.4	\$0.9
Programming	no response	\$1.9	\$0.01	\$4.7	\$2.8	\$10.0	no response	\$2.5	\$3.2
Total Expenses	\$11.9	\$1.9	\$0.08	\$6.5	\$3.7	\$10.75	\$2.6	\$3.0	\$4.4
# of FTE	41	3	n/a	16	18	52	24	4	30
People served annually	10,000	435,000	no response	3,000	950	395	no response	no response	no response

Source: BSRAD FY25 Allocation Application informatnion. For BSCO, FY24 budget information listed in the application is shown for context (FY25 budget information was not available). For the Big Sky Sheriff, Gallatin County provides overhead and administrative support that is not easily estimated and so not shown above.

FORECASTING AND TREND ANALYSIS

This section examines the anticipated growth and trends in Big Sky, focusing on population, density and intensity of development, service demand, and infrastructure capacity. Drawing on BSRAD's Capital Improvement Plan and related data, this analysis offers a projection of future conditions to inform decision-making.

POPULATION GROWTH

Big Sky has experienced rapid population growth over the past decade, fueled by its appeal as both a resort destination and a desirable place for permanent residency. The current population

is estimated at just over 3,000 year-round residents, with significant seasonal fluctuations that bring more than 10,000 temporary residents and tourists during peak tourist seasons.

This seasonal influx places considerable strain on local infrastructure and services, highlighting the need for adaptive planning to address these surges. Additionally, projections from the U.S. Census Bureau suggest continued growth at an annual rate of four to six percent and by 2040, the year-round population is expected to exceed 5,000, accompanied by even greater seasonal peaks.

DENSITY AND INTENSITY OF DEVELOPMENT

Development patterns in Big Sky exhibit a mix of low-density residential neighborhoods, high-end resorts, and commercial centers catering to both tourists and residents. Current zoning regulations have largely supported moderate-density developments, with significant growth concentrated in areas such as Mountain Village, Meadow Village, and the US Highway 191 corridor.

However, the increasing demand for housing and commercial spaces is driving a shift toward compact, higher-density developments designed to optimize land use while mitigating environmental impacts. For instance, multi-family housing projects and mixed-use developments are becoming more prevalent, integrating residential,

retail, and recreational spaces to create more sustainable and vibrant communities. These higher-density projects are strategically located near key transportation corridors and within designated growth nodes, aligning with goals to enhance walkability, reduce vehicle dependency, and concentrate infrastructure investments.

The 2023 Housing Needs Assessment identified a need for 1,350 additional housing units by 2028, with 1,100 requiring affordability restrictions to address workforce needs³. Rising property values further highlight the intensification of development in Big Sky. Taxable property values in Madison County grew from \$82 million to \$351 million between 2015 and 2024, and values in Gallatin County increased from \$242 million to \$745 million during the same period⁴. Despite these increases, property tax levy caps restrict

³2023 Big Sky Community Housing Needs Update. WSW Consulting, Inc. and Urban Rural Continuum.

⁴Data from Montana Department of Revenue

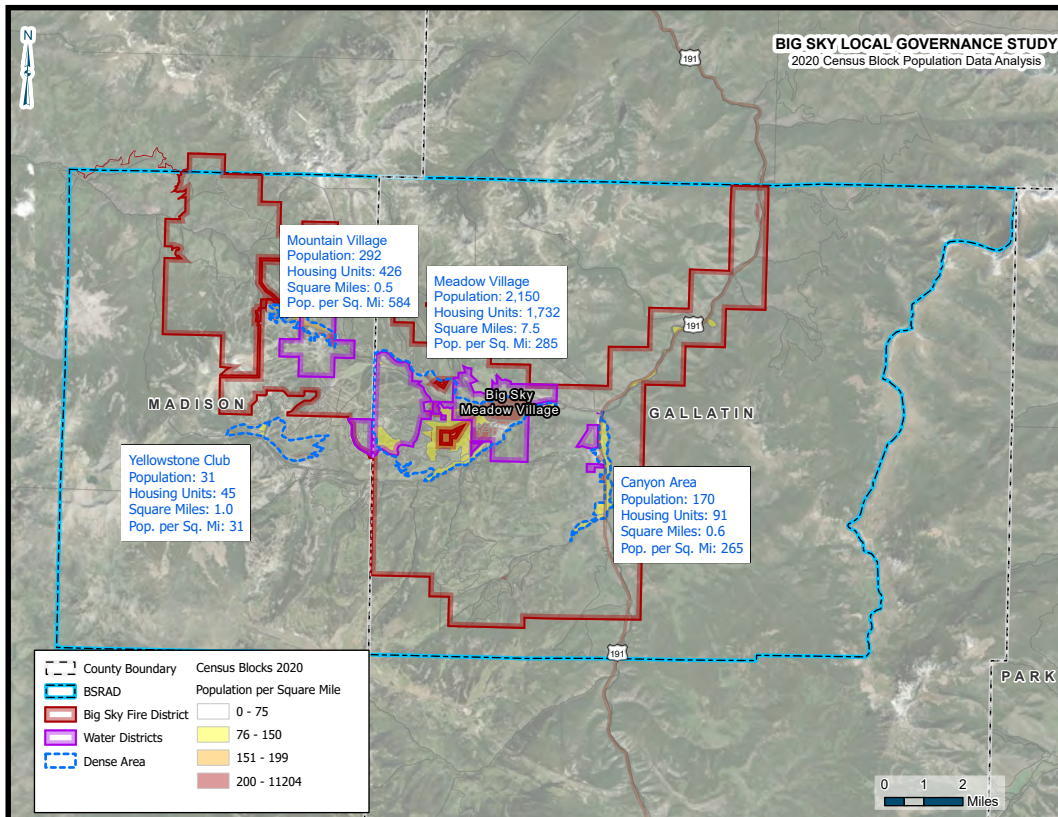


Figure 12. Population Density

revenue growth, emphasizing the importance of resort tax revenues, which now total \$20.9 million annually, in funding infrastructure and services.

SERVICE DEMAND

The Big Sky area has significantly increased the level of services it provides to the community in the recent past with the addition of a post office, medical facility, and school all being examples of the community providing for its residents in a proactive matter. However, service demands are only projected to increase, and continued diligence is necessary to provide the community with the services it needs to sustain and grow. The reliance on resort tax funding and private philanthropy emphasizes the collaborative, yet complex, operational landscape in Big Sky. This section examines the demands on essential services.

EMERGENCY SERVICES

The Big Sky Fire Department (BSFD) and the Gallatin County Sheriff's Office (GCSO) are vital to the safety of residents and visitors. BSFD handles over 1,600 calls annually and employs 44 full-time staff, with plans to increase personnel as call volumes grow. Emergency response infrastructure, including additional fire stations and apparatus, is planned to accommodate future demand. Wildfire mitigation is an increasingly critical component of BSFD's responsibilities. With Big Sky situated in a high-risk wildfire zone, the department has prioritized proactive measures such as seasonal hand crews, defensible space projects, and AI-enabled smoke detection systems that provide early warnings for wildfire outbreaks. Infrastructure upgrades, including increased water storage and fire suppression systems, are also key to reducing risks in remote and rural areas.

Law enforcement services are provided by the Gallatin County Sheriff's Office with an agreement with Madison County. The lack of a detention facility in the area complicates law enforcement operations, and future needs include additional deputies as the area grows and possibly more law enforcement facilities.

RECREATIONAL AND COMMUNITY SERVICES

Recreational opportunities are a cornerstone of Big Sky's identity, managed by the Big Sky Community Organization (BSCO) and the Big Sky Trails, Recreation, and Parks District (BSTRP). These organizations oversee 38 miles of trails, 100 acres of parks, and a growing network of recreational amenities that attract residents and visitors alike.

The BSCO provides programming, maintains facilities, and promotes community engagement. Its operations are funded through a combination of property assessments, resort tax contributions, and private philanthropy. BSTRP complements this work by focusing on long-term planning and development of new recreational facilities. Together, these entities help ensure that outdoor recreation remains a key driver of Big Sky's economy and quality of life.

Future recreational needs include expanding the trail network, improving trailhead facilities, and constructing additional parks to accommodate the growing population. A 97 percent increase in transit service hours has been planned to improve access to recreational areas, particularly for workers and visitors who rely on public transportation. The integration of new amenities, such as playgrounds, sports facilities, and community gathering spaces, will also be essential to meeting the evolving needs of residents.

Funding remains a critical challenge. While resort tax revenues provide significant support, the increasing demands on these funds across multiple sectors limit

their availability for recreation projects. Exploring alternative funding mechanisms, including public-private partnerships and dedicated bond measures, will be crucial for sustaining and expanding Big Sky's recreational offerings.

MEDICAL AND MENTAL HEALTH SERVICES

The Big Sky Medical Center, operated by Bozeman Health, is the primary provider of medical services in the community. The facility employs 54 full-time staff and offers emergency care, imaging services, and limited inpatient facilities. Its ability to stabilize patients and arrange for helicopter transport to larger hospitals in Bozeman or Billings makes it a critical asset for both residents and visitors.

Despite its capabilities, the medical center faces challenges in meeting the growing needs of the community. Transportation issues, particularly for lower-income residents and seasonal workers without personal vehicles, limit access to medical services. Additionally, the lack of specialized care facilities requires many residents to travel long distances for routine and advanced treatments. Future expansions in staffing, facility size, and service offerings will be essential to address these gaps.

Mental health services are provided by organizations like Wellness in Action (WIA), which offers counseling and outreach programs targeting underserved populations. WIA serves approximately 310 clients annually, addressing issues such as substance abuse, depression, and anxiety. However, the demand for mental health services continues to rise, particularly among younger residents and the seasonal workforce. WIA operates on a limited budget, supplemented by resort tax funding and private donations, which constrains its ability to expand programming.

Community stakeholders have emphasized the need for additional mental health resources, including crisis intervention teams, telehealth options, and school-based counseling programs. Integrating these services with existing medical infrastructure will help ensure comprehensive care for all segments of the population.

INFRASTRUCTURE CAPACITY

Big Sky's infrastructure, though robust in many respects, faces capacity challenges as growth accelerates. Development in Big Sky is sprawled in nature, and the infrastructure network needs to serve a large area for a comparatively small population, the needs of which are detailed in Big Sky's Capital Improvements Plan. The needs to water, sewer, and stormwater systems, transportation infrastructure, and housing are generally discussed below to give a basis for governance decision making.

WATER, SEWER, AND STORMWATER INFRASTRUCTURE

Big Sky's water and sewer infrastructure is facing growing demand as the population and development intensify. According to BSCWSD, wastewater inflows to the district are projected to rise from 190 million gallons annually to 485 million gallons by 2040. To address this, BSCWSD has initiated plans to expand its Water Resource Recovery Facility (WRRF) and develop additional reuse systems to meet future needs.

The GCCWSD must also invest heavily in infrastructure to replace outdated septic systems along US Highway 191. Centralized sewer systems are planned for this corridor, requiring extensive new pipelines, lift stations, and treatment facilities. These investments are critical not only for supporting development but also for protecting water quality in the Gallatin River.

Big Sky's stormwater infrastructure is fragmented, with most systems managed by private developments. Higher-density areas, such as the Town Center and Big Sky Resort Mountain Village, rely on localized systems like retention ponds and roadside ditches. However, there is no community-wide stormwater management strategy in place. As development intensifies, the lack of comprehensive stormwater infrastructure contributes to erosion, sedimentation, and localized flooding issues. Addressing this gap will require coordinated planning and investment to implement modern stormwater systems that can handle increased runoff and protect natural waterways.

TRANSPORTATION INFRASTRUCTURE

Big Sky's transportation network is under significant pressure as traffic volumes on US Highway 191 and MT Highway 64 continue to grow. Recent traffic counts completed in 2022 estimate that daily vehicle trips are projected to increase by over 20 percent within the next decade, exacerbating congestion at key intersections such as Huntley Drive and Big Sky Resort Road. These bottlenecks already cause delays, particularly during peak tourism seasons.

The Big Sky Transportation District is expanding its transit services, including microtransit routes and fixed-route buses, to alleviate pressure on the road network. However, more comprehensive solutions, such as intersection upgrades, road widening, and the development of pedestrian and bike pathways, will be necessary to ensure long-term mobility and safety. Federal and state grants have provided partial funding for these improvements, but substantial local investment will be required to complete these projects.

SOLID WASTE DISPOSAL

Solid waste management in Big Sky is entirely privatized, with Republic Services and L&L Site Services handling residential and commercial waste collection. All waste is hauled to the Gallatin County landfill in Logan, Montana, as there are no local disposal or transfer facilities. This arrangement increases transportation costs and environmental impacts, highlighting the need for localized solutions as the population and waste production grow.

Potential strategies to improve solid waste management include establishing a local transfer station, expanding recycling programs, and exploring partnerships with regional waste-to-energy facilities.

HOUSING

Housing remains one of the most pressing infrastructure challenges in Big Sky. The 2023 Housing Needs Assessment identified a shortfall of 1,350 units needed by 2028, with 1,100 of these requiring affordability restrictions to meet the needs of the local workforce. The high cost of living forces many employees to commute from surrounding areas, further straining transportation infrastructure⁵.

Efforts to address this gap include public-private partnerships and resort tax-funded housing initiatives. However, the scale of the need calls for more innovative solutions, such as increased density in core development areas, expanded land-use flexibility, and the establishment of long-term funding mechanisms to support affordable housing construction.

⁵2023 Big Sky Community Housing Needs Update. WSW Consulting, Inc. and Urban Rural Continuum.

IMPLICATIONS FOR GOVERNANCE

The trends outlined above emphasize the relationship between population growth, service demand, and infrastructure capacity. As Big Sky evaluates its governance options, these projections highlight the importance of coordinated planning and sustainable resource allocation. If Big Sky elects to change how the local government operates in the community, it is important to understand the level of coordinated effort that is necessary to accommodate the above-described demands on the community.

GOVERNANCE STRUCTURE CONSIDERATIONS

As communities like Big Sky consider potential changes to their governance structure, it is critical to understand the constraints associated with different options. Each approach—whether incorporating as a municipality, annexing into an existing county, creating a new county, consolidating city-county governance, or establishing new service districts—carries legal, operational, and structural challenges. This section explores these constraints to provide a framework for informed decision-making.

The below sections address the existing constraints for the different local government options structured in Montana Code Annotated (MCA) and that are applicable to Big Sky. A detailed analysis and description of each governance structure option can be found in Appendix A.

INCORPORATION

Incorporating as a municipality provides a community with the opportunity for self-governance, offering greater control over local decision-making, tailored service delivery, and a distinct civic identity. However, the process is governed by stringent legal requirements and operational considerations that must be carefully navigated.

STATUTORY REQUIREMENTS

There are notable statutory requirements in Montana statute that outline clear criteria that communities must meet to incorporate as a municipality. These include:

- **Population and Density Requirements:** A proposed municipality must have at least 300 inhabitants and maintain a population density of at least 200 residents per square mile.
- **Infrastructure Prerequisites:** The presence of a federal facility, such as a post office or contract postal unit, is required.
- **Petition and Census:** Incorporation begins with a petition signed by at least 300 registered electors or two-thirds of the electors within the proposed area, followed by a house-to-house census.
- **Public Hearings and Election:** After confirmation of statutory compliance, public hearings are required to discuss the proposal, culminating in a public vote within the boundary requiring majority approval.

GOVERNANCE STRUCTURE OPTIONS

Communities must choose a governance model that aligns with their needs. Montana offers several options, including the Commission-Executive (Council-Mayor), Commission-Manager, Commission, Charter, and Town Meeting forms. Each model carries unique operational and administrative implications. Each of these options are detailed in Appendix A and distinctive operational constraints.

ANNEXATION INTO ONE COUNTY

Annexing Big Sky into either Madison or Gallatin County involves integrating the community into an existing governance framework and providing access to established administrative systems and services.

This process must align with statutory requirements and intergovernmental agreements to ensure a smooth transition.

PROCESS FOR ANNEXATION

- **Initiation of the Annexation Proposal:** Residents, property owners, or governing bodies initiate the process via a petition or resolution of intent.
- **Petition Requirements:** The petition must include a legal description of the area, justification for annexation, and signatures from at least 25% of qualified electors or a majority of property owners.
- **Public Hearing and Review:** Boards of county commissioners from Madison County and Gallatin County hold public hearings to gather input and discuss impacts.
- **Inter-local Agreements:** Agreements address service transfers, financial arrangements, and timelines for implementation.
- **Election Requirement:** An election is required in each affected county with majority approval of the entire county needed for the annexation to proceed.
- **Final Approval and Implementation:** Following approval, resolutions formalize the annexation, and administrative transitions begin.

CREATING A COUNTY

Creating a new county allows a community like Big Sky to achieve full autonomy and control over governance and resource allocation. However, this option is among the most complex and demanding, requiring significant statutory compliance, financial viability, and administrative capacity.

LIMITATIONS

The formation of a new county is authorized by Montana Code Annotated (MCA § 7-2-2201), which

permits the formation of new counties from portions of one or more existing counties. In current Montana Code, there are limitations regarding the creation of a county, which are as follows:

- A new county may not be established that reduces any county to an assessed valuation of less than \$12 million, inclusive of all assessed valuation as shown by the last preceding assessment.
- A new county may not be formed that contains an assessed valuation of property less than \$10 million, inclusive of all assessed valuation, as shown by the last preceding assessment of the county or counties from which the new county is to be established.
- A new county may not be established that reduces the area of any existing county to less than 500 square miles of surveyed land, exclusive of all forest reserve and Indian reservations.
- Territory may not be taken from one county and added to another county unless its surveyed area is greater than 49 square miles.
- A new county may not be formed that contains less than 250 square miles of surveyed land, exclusive of all forest reserve land or Indian reservations not open for settlement

PROCESS FOR CREATING A COUNTY

The process for creating a county is also outlined in Montana Code Annotated. The following steps are required to create a county from one or more existing counties in Montana:

- **Petition Requirements:** Residents initiate the process with a petition signed by at least 50% of qualified electors within the proposed boundaries, including a legal description, name, and preliminary officers.

- **Public Hearings and Review:** County commissioners assess the viability and impact of the proposed county, holding public hearings for feedback.
- **Election Requirement:** Approval requires a majority vote in a public election within the boundary of the newly proposed county.
- **Transition and Establishment:** Upon approval, state-appointed commissions oversee the division of assets, liabilities, and the establishment of governance.

CONSOLIDATING CITY-COUNTY GOVERNANCE

City-county consolidation merges municipal and county governments into a unified entity, streamlining administration and reducing redundancy. In this instance, to create a City-County governance structure, the cities within each respective county would need to consolidate with the County government, or a new county would need to be created, along with a municipality, and then a consolidated city-county. The process for consolidating an existing city and county government is generally as follows:

- **Initiation and Proposal Development:**
 - The consolidation process begins with a formal proposal, which can be initiated by local government officials, a citizen group, or through a petition signed by a specific percentage of electors in both the city and county.
 - A charter commission is often formed to draft a detailed consolidation plan. This plan outlines the proposed governance structure, representation model, financial arrangements, and strategies for integrating departments and services.

- **Public Hearings and Input:**
 - Public hearings are held to solicit feedback from residents and stakeholders. These hearings address concerns such as representation, tax equity, service levels, and the distribution of resources across urban and rural areas.
 - Engaging a broad cross-section of the community is critical to ensure that the consolidation plan reflects diverse perspectives and priorities.
- **Election Requirement:** The proposed consolidation plan is submitted to voters in both the city and county through a referendum. For the process to proceed, a majority of voters in both jurisdictions must approve the measure.
- **Implementation and Transition:**
 - Once approved, the unified government begins operating under the new charter or governance framework. Departments and services are merged, staff roles are redefined, and operations are realigned to support the consolidated structure.
 - The transition phase often requires extensive interdepartmental coordination, retraining of staff, and updates to policies and procedures to ensure a seamless integration.

CREATING ADDITIONAL SERVICE DISTRICTS

Service districts address specific needs, such as water, sewer, fire protection, or transportation, without altering overarching governance structures. There are many service districts within the Big Sky area, and if additional service gaps are identified by residents, those gaps may be closed with creating additional service districts. While this isn't the same as a municipal government, service districts mirror many municipal structures by creating a taxing entity that provides a specific service, which is paid for by a property tax mill

levy. Creating additional service districts are ways to bridge service gaps in an unincorporated area.

PROCESS FOR CREATING A SERVICE DISTRICT

- **Proposal Development**
 - The process begins with a formal proposal initiated by residents, property owners, or local government officials. This proposal must clearly define the scope of services to be provided, the geographic boundaries of the proposed district, and the funding mechanisms to be used.
 - The proposal often includes an analysis of the district's necessity, potential benefits, and anticipated costs to residents and businesses.
- **Public Hearings:** Local government entities hold public hearings to gather input from affected residents and stakeholders. These hearings provide a forum to address concerns, such as the cost of services, the impact on property values, and the overall need for the proposed district.
- **Election Requirement:** The establishment of a service district requires voter approval within the proposed boundaries. The ballot measure typically outlines the services to be provided, the funding mechanisms (e.g., property tax assessments, service fees, or special levies), and any anticipated changes to tax rates.
- **Implementation and Governance:** Upon approval, the service district is formally established. Governance is typically provided by a board of directors, which may consist of elected or appointed members, or by the local government entity responsible for oversight.

CHANGES TO CURRENT COUNTY FORM OF GOVERNMENT

The form of government currently being utilized by Gallatin and Madison counties has some flexibility. Both counties utilize three-member councils and currently there is no requirement for any of the commissioners in either county to reside in the Big Sky area. While there are districts, they are elected at-large, meaning that the vote is county wide. There is the ability to change how this structure works, and each county has the ability to adopt a charter and self-governing powers that might give the counties the ability to better serve the Big Sky area. This could also result in modifying the number of commissioners or districts or create community councils to act as advisory committees to County Commissioners.

Both counties have currently elected to complete a local government review in 2025 and it is possible that some of these issues could arise. Voters can also petition these types of changes outside of the government review process. Community Councils can be established by county ordinance, while a charter for each county would require a popular vote.

SUMMARY

The governance structure constraints outlined in this section highlight the complexity and nuance involved in exploring governance changes for communities like Big Sky. Each option—incorporation, annexation into Madison or Gallatin County, creating a new county, consolidating city-county governance, or establishing additional service districts—presents distinct legal, operational, and financial considerations.

Incorporation offers local control and autonomy but requires meeting stringent statutory requirements and building a robust administrative foundation.

Annexation into existing counties can leverage established systems and services but risks challenges related to representation and resource allocation. Creating a new county allows for full self-governance but entails significant logistical and financial hurdles. Consolidating city-county governance streamlines administration and enhances regional planning but requires careful negotiation to balance diverse interests. Meanwhile, service districts provide a flexible, scalable way to address specific needs without altering broader governance frameworks, although they demand meticulous planning to ensure equity and efficiency.

For Big Sky, the decision to pursue any of these governance changes must be rooted in a comprehensive understanding of the community's needs, priorities, and long-term vision. Public engagement, thoughtful planning, and transparency will be essential to navigate the challenges in each option. By carefully weighing the opportunities and constraints, Big Sky can choose a governance path that fosters sustainability, enhances service delivery, and preserves its character.

CONCLUSION

The Existing Conditions Report provides a foundation for exploring governance changes in Big Sky, Montana. By detailing the current service landscape, fiscal framework, and statutory constraints, it enables a deeper understanding of how the community operates today. This knowledge is critical for identifying opportunities and challenges associated with different governance scenarios.

The report's findings will serve as a guide for the community as they consider potential governance changes. These changes may include incorporation, modifications to service delivery, or other structural adjustments aimed at better aligning governance with

community goals and objectives. The insights gained from this analysis will inform the next phase of the Governance Study, where specific scenarios will be developed and evaluated.

As Big Sky continues to grow and evolve, the need for governance structures that reflect the community's priorities becomes increasingly important. This report ensures that the community is well-equipped with the information needed to make decisions about its future. By understanding the existing conditions, Big Sky can chart a path forward that supports its character, fosters collaboration, and meets the aspirations of its residents and stakeholders.



APPENDIX A: MONTANA CODE ANNOTATED SUMMARY

UNDERSTANDING MUNICIPAL GOVERNANCE TYPES, FORMATION PROCESSES, AND LEGAL CRITERIA IN MONTANA

INTRODUCTION

This document provides a detailed overview of the types of municipal government structures available in Montana, the requirements for creating or consolidating municipalities, and the necessary legal criteria. It is intended to inform about the framework within which local government operates and how it affects community planning, services, and representation.

TYPES OF MUNICIPAL GOVERNMENTS IN MONTANA

COMMISSION-EXECUTIVE (COUNCIL-MAYOR) FORM

The Commission-Executive Form, also known as the Council-Mayor Form, is one of the most widely adopted structures in municipal governance. This form splits the executive and legislative powers, allowing for a balance of authority between an elected council and an elected or appointed mayor, who functions as the chief executive. The Commission-Executive Form is typically used by cities that seek a more representative structure, with defined roles to enhance both accountability and responsiveness to community needs.

Structure and Authority

Council: The council acts as the legislative body of the municipality. Its primary responsibilities include setting policies, passing ordinances, approving the municipal budget, and overseeing public expenditures. Council members are typically elected by district or at-large, representing various segments of the community.

Mayor: The mayor functions as the executive leader, responsible for implementing council policies, managing day-to-day municipal operations, overseeing city departments, and representing the city in official capacities. The mayor is either directly elected by residents (in the strong mayor model) or selected from the council (in weaker models), which affects the scope of their authority.

Variations within the Commission-Executive Form

The Commission-Executive Form is flexible, and municipalities can adopt one of the following variations based on local needs and preferences:

STRONG MAYOR MODEL

Powers: The mayor has substantial powers, which may include the authority to veto council decisions, develop and propose the budget, appoint department heads, and manage all municipal operations directly. The mayor in this model functions almost as a city CEO, with limited interference from the council in administrative matters.

Benefits: This model provides a clear line of authority and accountability, making it easier for the mayor to enact policy changes and respond to issues promptly.

Challenges: Concentrating power in a single executive can lead to potential conflicts with the council, especially if there are disagreements over policy or budget matters. Additionally, it can risk reducing council influence over city management.

WEAK MAYOR MODEL

Powers: The mayor has limited executive authority, often sharing or deferring many administrative responsibilities to the council. In some cases, the mayor may only have ceremonial duties or serve as a tie-breaking vote in council decisions.

Benefits: This model fosters greater council involvement in management decisions and is well-suited to smaller cities or towns where a collaborative approach is preferred.

Challenges: Reduced executive power can slow down decision-making, particularly in urgent situations requiring a clear leader, and it may lead to less efficient management of daily operations.

HYBRID OR MODIFIED MODELS

Some municipalities may adopt a **hybrid** model, where the mayor has executive authority but works closely with a city administrator or manager to handle daily operations. In this model, the mayor

focuses on leadership and strategic direction, while the administrator manages staff and department functions.

Statutory Basis: Hybrid models must adhere to local government statutes in Montana and may require voter approval if they represent a significant departure from traditional forms (MCA 7-3-201 to MCA 7-3-224).

Roles and Responsibilities of the Council and Mayor

COUNCIL RESPONSIBILITIES:

- **Legislative Functions:** The council enacts ordinances, resolutions, and policies that govern the municipality, including land use regulations, business licensing, and community services.
- **Budget Approval:** The council approves the budget, which dictates how funds are allocated across departments and initiatives. This role is central to the council's oversight of municipal resources.
- **Oversight and Accountability:** The council holds public hearings, reviews department reports, and monitors the mayor's and city departments' performance.
- **Representation:** Council members serve as representatives of the public, voicing community concerns, attending meetings with residents, and addressing local issues in their districts.

MAYOR'S RESPONSIBILITIES:

- **Executive Management:** The mayor oversees city departments, manages administrative personnel, and ensures policy implementation aligns with council's directives.
- **Budgetary Planning:** In a strong mayor system, the mayor may have a direct role in preparing the budget and recommending it to the council. This includes allocating funds to various projects and services, such as infrastructure, emergency services, and parks.

- **Policy Implementation:** The mayor executes council policies and initiates municipal projects. In some cases, the mayor has discretionary authority to enact certain measures without council approval.
- **Public Relations and Representation:** The mayor represents the city in official capacities, meeting with stakeholders, speaking at public events, and negotiating on behalf of the municipality.
- **Veto Power:** In strong mayor systems, the mayor may veto council decisions, which the council can typically override with a supermajority vote. This power adds a check and balance within the municipal government.

Benefits of the Commission-Executive Form

Clear Division of Powers: By dividing legislative and executive functions, this form promotes accountability, as both the council and mayor have specific, separate responsibilities.

Enhanced Representation: An elected council reflects various community voices, while an elected mayor provides a central figure of leadership, ensuring both individual and collective representation.

Executive Agility: In strong mayor models, the mayor's ability to make executive decisions without constant council input can lead to quicker responses to community needs.

Challenges of the Commission-Executive Form

Potential for Conflict: Differences in priorities between the mayor and council can lead to political gridlock, especially in strong mayor systems where the executive has substantial authority.

Complexity in Administration: Managing the balance of power requires a clear understanding of

roles, which can complicate governance, particularly if council members seek a more hands-on role in administrative functions.

Resource Demands: Larger municipalities with this form may require additional administrative support, such as a city administrator, to manage day-to-day tasks effectively.

Statutory Requirements and Legal Considerations

Montana law provides a structured framework for municipalities choosing the Commission-Executive Form. The following MCA sections govern its adoption, organization, and operational requirements:

- **Statutory Basis:** MCA 7-3-201 to MCA 7-3-224 establish the framework for the Council-Mayor form, detailing the mayor's and council's powers, election methods, and terms of office.
- **Self-Governance:** Under MCA 7-1-101, municipalities with self-governing powers may adapt this form, provided they adhere to state limitations on areas such as taxation, licensing, and public health.
- **Electoral Requirements:** Council and mayoral elections must comply with Montana election laws, with provisions for either partisan or nonpartisan elections as outlined in MCA 7-3-211.
- **Voter-Approved Changes:** Alterations to a municipality's form of government, such as transitioning between strong and weak mayor systems, often require voter approval through a referendum.

COMMISSION-MANAGER FORM

The Commission-Manager Form is a popular model that combines elected representation with professional management. In this form, the council or commission serves as the legislative body, responsible for policy-

making and budget approval, while an appointed city manager handles administrative and executive duties. This model emphasizes efficiency and accountability, with a focus on reducing political influence in day-to-day operations through professional management.

Structure and Authority

In the Commission-Manager Form:

Council (or Commission): The council or commission holds legislative power and is responsible for passing ordinances, approving budgets, and setting policy direction. The council members are elected and represent various segments of the community.

City Manager: The city manager serves as the chief executive officer, appointed by the council to manage daily operations, execute council policies, and oversee city departments. The manager's role is administrative rather than political, focusing on efficiency, service delivery, and professional administration.

Roles and Responsibilities of the Council and City Manager

COUNCIL (COMMISSION) RESPONSIBILITIES:

- **Policy-Making:** The council acts as the legislative body, responsible for passing ordinances, resolutions, and policies that govern the municipality. This includes setting goals and priorities for community development, zoning, and local regulations.
- **Budget Approval:** The council reviews and approves the annual budget prepared by the city manager, ensuring that resources are allocated according to community needs and priorities.
- **Performance Oversight:** While the council delegates administrative duties to the city manager, it retains oversight by evaluating the manager's performance, reviewing reports on municipal operations, and holding the manager accountable for policy implementation.

- **Appointments:** In many cases, the council holds the authority to appoint members to various advisory boards and commissions, which support the council's decision-making on specific issues like parks, planning, and economic development.
- **Hiring and Firing the Manager:** The council has the authority to appoint or dismiss the city manager, offering direct accountability for administrative leadership. This oversight ensures that the manager remains aligned with the council's policy goals and the community's needs.
- **Community Engagement:** Although the manager's role is administrative, they often play a key role in public relations, addressing community concerns, participating in public forums, and providing transparent communication about city operations.

Variations within the Commission-Manager Form

Assistant City Manager: Some larger municipalities may appoint an assistant city manager to handle specific functions or departments, especially in larger municipalities where the city manager's workload is extensive. This role supports the manager in achieving strategic objectives and may handle certain aspects of community relations or oversee specialized services.

Hybrid Models: In some cases, a mayor-manager hybrid model is adopted, where the mayor retains a ceremonial role or limited executive duties while the city manager handles the majority of administrative functions. This variation can foster a blend of political leadership and professional management, ensuring both representational leadership and operational efficiency.

Administrative Service Contracts: Smaller municipalities may contract certain administrative services to external firms or regional agencies, allowing the city manager to focus on core responsibilities without additional administrative burdens. These contracts are especially useful in smaller towns where full-time departments may not be necessary.

Benefits of the Commission-Manager Form

Professional Administration: The Commission-Manager Form separates politics from administration, enabling professional oversight of city services by an experienced manager. This model is effective for cities aiming for efficiency and expertise in service delivery.

CITY MANAGER'S RESPONSIBILITIES:

- **Administration of City Operations:** The manager oversees the daily operations of the city, directing departments and ensuring that services are delivered efficiently. This includes everything from public safety and utilities to parks and recreation.
- **Budget Preparation and Financial Management:** The city manager prepares and submits the budget for council approval, outlining proposed expenditures for municipal operations, infrastructure projects, and capital improvements. The manager is also responsible for monitoring financial performance and ensuring adherence to the approved budget.
- **Implementation of Policies:** The manager is tasked with implementing council policies and ordinances. This requires coordinating with department heads, setting goals, and ensuring that services are delivered in alignment with council's vision.
- **Personnel Management:** The manager oversees hiring, training, and managing city staff. This includes setting organizational standards, evaluating department performance, and making necessary adjustments to improve service delivery.

Clear Accountability: The council remains accountable for policy and vision, while the manager is responsible for operational outcomes. The clear delineation of roles promotes transparency and allows the council to focus on governance while the manager addresses daily functions.

Flexibility: The manager's role can be adjusted based on community needs and council preferences. This flexibility is advantageous in adapting to changing needs without altering the governance structure.

Efficient Service Delivery: By empowering a professional administrator to lead day-to-day operations, municipalities often experience more effective service delivery, streamlined processes, and cost savings through centralized management.

Challenges of the Commission-Manager Form

Potential for Disconnect: Because the city manager is not directly elected, they may be perceived as less accountable to the public. This can create a disconnect between residents' expectations and administrative actions, especially if the council does not maintain strong oversight.

Reliance on Manager Expertise: Municipal success depends on the manager's skills and expertise. If the manager lacks the required experience, it may hinder effective governance, as the council relies heavily on the manager for operational decision-making.

Limited Political Leadership: Without a strong mayor to lead in ceremonial and public-facing roles, some municipalities may feel a lack of political leadership or community engagement, which can affect public perception and morale.

Statutory Requirements and Legal Considerations

Montana law outlines specific requirements for municipalities adopting the Commission-Manager Form, which can be found in MCA 7-3-301 to MCA 7-3-318. Below are some of the key legal considerations and statutory requirements for the Commission-Manager Form:

- **Statutory Basis:** The legal framework for this form is established under MCA 7-3-301 to MCA 7-3-318, detailing the roles and responsibilities of the council and city manager and setting guidelines for elections, budgets, and operational oversight.
- **Appointment and Removal of the Manager:** MCA 7-3-303 grants the council the authority to appoint or remove the city manager, ensuring that the manager remains accountable to the council.
- **Self-Governance:** Under MCA 7-1-101, municipalities with self-governing powers have flexibility to further adapt this form to meet specific community needs, provided they respect state-imposed limitations (e.g., public safety, taxation).
- **Manager Authority and Limitations:** MCA 7-3-304 establishes the manager's role enforcing laws, ordinances, resolutions, and affairs of the local government.
- **Budget and Financial Management:** MCA 7-6-40 requires that the manager prepare and submit the budget to the council for approval. The budget process ensures that resources are allocated according to council priorities, allowing for transparent financial management.

Comparison with the Commission-Executive Form

The Commission-Manager Form is often compared with the Commission-Executive (Council-Mayor) Form, which has a stronger executive (mayor) and a

separate legislative body (council). In the Commission-Manager Form:

- **Executive Authority:** Executive power is placed with a professional manager rather than an elected mayor, emphasizing professional administration over political leadership.
- **Political Leadership:** The mayor's role is often ceremonial, with the manager handling most executive functions. This differs from the Commission-Executive Form, where the mayor holds executive power and may even have veto rights.
- **Accountability:** The manager's accountability lies with the council rather than directly with the voters, a key difference from the strong mayor model, where the mayor is directly accountable to the public.

COMMISSION FORM

The Commission Form of municipal government is one of the simplest and most direct structures, consolidating both legislative and executive powers into a single elected body of commissioners. Each commissioner is responsible for a particular function or department of the municipality, providing a streamlined approach to governance. This form is often used by smaller municipalities that seek efficiency through fewer administrative layers and simplified decision-making.

Structure and Authority In the Commission Form

Commissioners: The entire commission, composed of elected commissioners, serves as both the legislative and executive authority of the municipality. Commissioners collectively pass ordinances, approve budgets, and set policies. Individually, each commissioner oversees a specific department or municipal function, such as finance, public works, or public safety, acting as the head of that department, or may appoint the heads of the departments.

Leadership and Administrative Duties: There is no separate executive like a mayor or city manager; instead, the commissioners share the responsibility for policy-making and management equally. This structure eliminates the distinction between legislative and executive functions, resulting in a more collaborative form of government.

Roles and Responsibilities of the Commissioners

COLLECTIVE RESPONSIBILITIES:

- **Legislative Powers:** The commission collectively enacts ordinances, approves resolutions, and develops policies that govern the municipality. This includes zoning regulations, budget approval, tax levies, and other key legislative functions.
- **Budget Approval and Financial Oversight:** The commission collectively reviews, adjusts, and approves the annual budget, ensuring that city funds are allocated to the departments appropriately. Each commissioner has input, particularly regarding their assigned department, ensuring alignment between departmental goals and budget allocations.
- **Collaborative Policy-Making:** Without a separate executive figure, the commission makes decisions as a group, often relying on majority votes for ordinances, budget decisions, and other municipal actions.

INDIVIDUAL RESPONSIBILITIES:

- **Departmental Oversight:** Each commissioner typically oversees one or more municipal departments, such as finance, public works, public safety, or community services. As heads of their departments, commissioners are responsible for ensuring efficient operations and resource allocation within their areas.

- **Direct Supervision of Staff:** Commissioners may hire, supervise, and manage staff within their assigned departments. This hands-on role allows commissioners to make direct decisions affecting personnel, policies, and procedures, as long as these align with the commission's overall policies and budget.
- **Reporting and Accountability:** Each commissioner is accountable to the entire commission for their department's performance. During commission meetings, they report on department activities, challenges, and accomplishments, allowing the commission as a whole to monitor municipal performance.

Variations within the Commission Form

Presiding Officer or Chairperson: The commissioners must elect a presiding officer or chairperson from among themselves to lead meetings and represent the municipality in official or ceremonial capacities. All members of boards and committees must be appointed by the presiding officer with the consent of the commission.

Rotational Leadership: Some municipalities rotate the chair position among commissioners to ensure equal representation and accountability. In this model, the leadership role may shift annually or biennially to distribute responsibilities and foster collaboration among commissioners.

Subcommittees or Liaison Roles: Although each commissioner typically oversees a department, some commissions establish subcommittees for specific issues, like budget or infrastructure, or assign liaisons to external agencies. These variations can improve efficiency by leveraging commissioners' expertise and interests in targeted areas.

Benefits of the Commission Form

Streamlined Decision-Making: By consolidating both legislative and executive functions within a single

body, the commission form minimizes bureaucratic layers, enabling more direct decision-making. This can be advantageous for municipalities seeking efficient, straightforward governance.

Cost-Efficiency: The commission form is often less costly because it requires fewer administrative positions. Without a separate executive position (like a mayor or manager), municipalities may reduce costs associated with hiring, salaries, and support staff.

Accountability: Commissioners are directly accountable to the public for their specific departments and the municipality's overall governance. This direct line of responsibility promotes transparency and encourages commissioners to address constituents' needs within their areas of oversight.

Collaborative Leadership: With no single executive figure, decision-making is more collaborative. Each commissioner has an equal say, which can lead to balanced and representative governance that reflects the interests of the entire community.

Challenges of the Commission Form

Potential for Conflict: With shared authority, differences in opinions or priorities between commissioners may lead to conflict, slowing down decision-making, especially if there is no presiding officer with tie-breaking authority.

Limited Executive Leadership: The lack of a dedicated executive can make it challenging to set a unified vision or respond quickly to crises. This may be a disadvantage in larger or more complex municipalities where centralized leadership is beneficial.

Workload Distribution: Commissioners may have varying levels of expertise in their assigned departments, which could affect departmental performance. Additionally, each commissioner's

workload can vary depending on the size and complexity of their department.

Lack of Long-Term Vision: Without a dedicated executive leader to focus on long-term planning and strategy, commission-led municipalities may have difficulty establishing cohesive, forward-looking policies. This can be mitigated if commissioners prioritize long-term planning and strategic goals as part of their collective duties.

Statutory Requirements and Legal Considerations

The Commission Form of government is regulated by the Montana Code Annotated, which sets out the roles, responsibilities, and legal framework for municipalities adopting this structure. Key statutory references for this form include:

- **Statutory Basis:** The legal framework for the Commission Form is provided in MCA 7-3-401 to MCA 7-3-442. These sections outline the responsibilities of commissioners, the allocation of duties, and the procedures for enacting legislation and approving budgets.
- **Appointment and Assignment of Departments:** Under MCA 7-3-401, commissioners are required to divide administrative responsibilities among themselves. Each commissioner is assigned a department, giving them direct oversight and management authority within that area.
- **Self-Governance:** Local governments that adopt this form shall have general government powers only.
- **Council Meetings and Decision-Making:** MCA 7-1-4141 outlines public meeting requirements, ensuring transparency and public access to commission meetings. This promotes accountability and allows residents to participate in governance.

- **Budgetary Authority:** Commissioners collectively hold authority over budget preparation and approval per MCA Title 7, Chapter 6, Part 40, which requires commissioners to set spending priorities and allocate resources to their departments within the approved budget.

Comparison with Other Forms of Government

The Commission Form is distinct in that it consolidates all legislative and executive powers into a single governing body, unlike other forms where these powers are divided. Here's how it compares with the Commission-Executive and Commission-Manager forms:

- **No Separate Executive:** Unlike the Commission-Executive Form, which has a distinct mayor serving as an executive, the Commission Form lacks a separate executive role, with all commissioners sharing responsibility for governance.
- **Hands-On Departmental Management:** Commissioners are directly involved in departmental oversight, a responsibility typically delegated to a city manager in the Commission-Manager Form. This involvement allows commissioners to remain highly informed about their departments, though it may increase their workload and require specialized knowledge.
- **Direct Accountability:** Commissioners are directly accountable to the public for all municipal functions, whereas in other forms, this accountability is often split between the legislative and executive branches. This can foster transparency, but it also places a higher demand on commissioners to maintain expertise across a variety of functions.

COMMISSION-PRESIDING OFFICER FORM

The Commission-Presiding Officer Form is a variation

of the commission form, where an elected body of commissioners governs the municipality collectively, with one member designated as the presiding officer. This structure retains the simplicity and collaborative nature of the traditional commission form while adding a focal point for leadership. The presiding officer holds the executive authority and is considered the chief executive officer of the local government.

Structure and Authority

In the Commission-Presiding Officer Form:

Commissioners: The commission acts as both the legislative and executive body of the municipality, collectively making policy decisions, passing ordinances, and overseeing municipal operations. However, the direct overseeing of municipal functions is specifically assigned to the presiding officer and not individual commission members.

Presiding Officer: One commissioner is designated as the presiding officer or chairperson. This person is recognized as the head of the local government unit, has the power to vote as other members of the commission, but also has all of the executive authorities of local government much like a city manager.

Roles and Responsibilities of Commissioners and the Presiding Officer

COLLECTIVE RESPONSIBILITIES:

- **Legislative and Executive Authority:** The commission as a whole enacts ordinances, sets policy, approves budgets, and ensures municipal operations align with community priorities. Commissioners make decisions together, often by majority vote, with each having an equal say in the decision-making process. The executive authority rests with the Presiding Officer.
- **Budget Approval and Financial Oversight:** The Presiding Officer prepared the budget, and the commission approves the budget, allocating

resources across departments, and ensuring financial sustainability. Each commissioner provides input on departmental needs, and the presiding officer may facilitate discussions to reach consensus.

- **Policy and Project Approval:** The commission collectively sets policies, establishes project priorities, and addresses community needs, taking a hands-on role in governance and oversight.

INDIVIDUAL RESPONSIBILITIES:

- **Departmental Oversight:** The Presiding Officer directs, supervises, and administers all departments, agencies, and offices of the local government and shall appoint all or have the ability to remove all department heads and all other employees.
- **Community Engagement:** Commissioners often engage with the public, addressing questions and concerns from residents creating a direct line of accountability between the public and municipal government.

Benefits of the Commission-Presiding Officer Form

Balanced Decision-Making: This structure promotes shared decision-making while offering a focal point for leadership through the presiding officer, ensuring discussions are organized and productive.

Enhanced Coordination: The presiding officer provides a designated leader to guide meetings and represent the municipality, which helps ensure coordination among commissioners and enhances public perception of leadership within the government.

Direct Accountability: The Presiding Officer, which is a member of the commission and elected by the commission, is solely responsible for the day-to-day governmental functions. This ensures direct accountability within the commission and presiding officer role, as residents have direct access to the officials in both the legislative and executive functions.

Cost-Effective: Like the traditional commission form, this structure is generally more cost-effective than forms with separate executive roles, as it minimizes administrative overhead.

Challenges of the Commission-Presiding Officer Form

Limited Executive Leadership: As the Presiding Officer is elected from the commission and not the residents at large, there may be a feeling of less political representation in the executive functions of government.

Potential for Deadlock: Decision-making by consensus or majority can sometimes lead to gridlock, especially if the presiding officer does not have tie-breaking authority. This can make it difficult for the commission to move forward on contentious issues.

Inconsistent Leadership: In cases where the presiding officer role rotates frequently, leadership may lack continuity, potentially impacting long-term projects and strategic planning.

Departmental Workload: The Presiding Officer may face heavy workloads, especially if overseeing large or complex departments, requiring them to balance legislative and administrative responsibilities.

Statutory Requirements and Legal Considerations

Montana law provides guidelines for the Commission-Presiding Officer Form, detailing the responsibilities of the presiding officer and commissioners. The following Montana Code Annotated (MCA) sections govern this form:

- **Statutory Basis:** MCA 7-3-501 to MCA 7-3-517 provides the legal framework for this governance form, outlining the designation and responsibilities of the presiding officer and powers of the commission.
- **Presiding Officer Appointment:** MCA 7-3-504 allows commissioners to designate one member as the presiding officer, who holds the title of chairperson or president, depending on local ordinance or tradition.
- **Self-Governance:** Under MCA 7-1-101, municipalities with self-governing authority have some flexibility to modify the presiding officer role to fit local needs, as long as they adhere to limitations on state-regulated issues like public safety, health, and taxation.
- **Public Meeting Requirements:** MCA 7-1-4141 mandates that commission meetings be conducted openly, allowing the presiding officer to facilitate public discussions and ensure transparency.

TOWN MEETING FORM

The Town Meeting Form is a direct democracy model that allows residents to participate actively in municipal decision-making. Unlike other forms of government, where elected representatives make legislative decisions, the Town Meeting Form invites all eligible voters in the municipality to engage directly in legislative actions, including budgeting, policy-making, and ordinance approval. This model is most commonly used in smaller municipalities where direct citizen participation is feasible. The town meeting form may be adopted only by incorporated cities and towns of less than 2,000 persons.

Structure and Authority

In the Town Meeting Form:

Town Meeting: The town meeting serves as both the legislative body and executive authority. Residents gather at scheduled intervals, typically annually or semi-annually, to discuss and vote on key issues, budgets, ordinances, and policy matters.

Town Meeting Moderator: The town meeting shall elect a town meeting moderator who is the presiding officer of all annual and special town meetings but does not have other governmental powers.

Presiding Officer: The town meeting shall elect a town presiding officer for a term of not less than 1 year or more than 2 years. The town presiding officer is the chief executive officer of the town and shall carry all executive duties for the town.

Roles and Responsibilities

RESIDENTS (CITIZENS):

- **Legislative Authority:** All eligible voters in the municipality have legislative power, enabling them to vote on ordinances, budgets, and other municipal matters. Residents can propose issues for discussion, debate policies, and make decisions on key issues affecting the town.

- **Direct Involvement in Budgeting:** Town residents approve the budget, deciding on how funds are allocated across departments and initiatives. This includes voting on tax rates, capital projects, and funding for essential services like fire, police, and public works.
- **Policy-Making:** Through town meetings, residents enact policies governing everything from land use to community regulations. The collective vote of the town meeting holds the same authority as a city council or commission in other forms of government.

MODERATOR:

- **Meeting Facilitation:** The moderator is responsible for leading town meetings, maintaining order, and ensuring that discussions proceed according to rules established by the town. This includes recognizing speakers, managing debate, and conducting votes.
- **Enforcement of Procedures:** The moderator enforces rules of order, ensuring that everyone has an opportunity to speak and that votes are counted fairly.
- **Impartial Leadership:** The moderator is expected to remain neutral, facilitating discussion without influencing legislative decisions. They do not vote on issues unless there is a procedural requirement for a tiebreaker.

Benefits of the Town Meeting Form

Direct Democracy: The town meeting form empowers residents to make decisions directly, fostering a strong sense of civic responsibility and ensuring that policies reflect the community's wishes.

Transparency and Accountability: Since residents participate firsthand, they gain a thorough understanding of the municipality's operations, budget, and challenges, leading to higher transparency and direct accountability.

Community Engagement: This form encourages a high level of engagement, as residents are actively involved in shaping their local government and policies. It also creates a sense of community unity and shared purpose.

Cost-Effectiveness: The absence of a large administrative structure reduces costs. While some support staff may be necessary, the reliance on residents for governance and decision-making minimizes the need for elected officials and additional salaries.

Challenges of the Town Meeting Form

Practical Limitations for Larger Municipalities: Direct participation may become difficult as populations grow. For towns with large numbers of residents, the logistics of holding effective town meetings can be challenging, and discussions may become lengthy or contentious.

Inconsistent Participation: While the town meeting form encourages participation, turnout can vary significantly, and decisions may be made by a small, potentially unrepresentative group if participation is low.

Limited Administrative Continuity: With decision-making concentrated in periodic meetings, there may be delays in policy implementation or inconsistency in leadership, especially if there is no board of selectmen to handle daily administration.

Reliance on Public Knowledge: Residents are responsible for understanding complex budgetary, legal, and policy issues. If information is lacking or poorly communicated, this can lead to uninformed decisions or misalignment with broader community goals.

Statutory Requirements and Legal Considerations

Montana law provides for the Town Meeting Form as a recognized structure of government, with specific guidelines for conducting meetings, establishing roles, and ensuring transparency. Relevant statutory guidelines in the Montana Code Annotated (MCA) include:

- **Statutory Basis:** The Town Meeting Form is authorized under MCA 7-3-601 to MCA 7-3-613, which outlines the roles of residents, the moderator, and the responsibilities of the town meeting.
- **Public Meeting Requirements:** MCA 7-1-4141 mandates that town meetings be open to the public, with notice provided ahead of time. This ensures that all eligible residents are informed and have the opportunity to participate.
- **Voting and Procedures:** Voting procedures and requirements are typically established by local ordinance. However, the state mandates that all votes at town meetings be conducted transparently, with recorded results.

Comparison with Other Forms of Government

The Town Meeting Form stands out for its direct democracy approach, offering a fundamentally different model than other forms of municipal government:

- **No Separate Executive or Legislative Body:** Unlike other forms where elected representatives or an executive oversee municipal decisions, the town meeting form relies on residents to handle these roles collectively, making it unique among municipal governance structures.

- **Direct Resident Control:** In other forms, residents influence governance indirectly through elected representatives, while in the town meeting form, residents make decisions directly. This eliminates representative intermediaries but requires substantial citizen engagement.
- **Flexibility and Simplicity:** The town meeting form is both flexible and simple, suitable for smaller towns where residents prefer a hands-on approach. However, it is less practical for larger municipalities, where population size may impede effective governance through direct participation.

CHARTER FORM

The Charter Form allows municipalities to create a custom charter, which functions like a constitution tailored to the unique needs and priorities of the community. A charter establishes the structure of government, assigns powers and responsibilities, and outlines specific policies and procedures for local governance. This form provides maximum flexibility and self-governing authority within the framework of state law, making it particularly attractive for communities seeking customized local control.

Structure and Authority

In the Charter Form:

Charter: The municipality operates under a locally drafted and voter-approved charter, which defines the powers, organization, and functions of the local government. This charter grants the municipality authority, enabling it to exercise any powers not specifically denied by the state.

Self-Governing Powers: Charter municipalities have extensive self-governing authority under Montana's Constitution (Article XI, Section 6). This means they can pass ordinances and manage local affairs independently, as long as they do not conflict with

state laws or limitations.

Flexible Government Structure: The charter allows the municipality to define its preferred form of government, whether it's a council-manager, council-mayor, commission form, or a unique hybrid. This flexibility lets communities structure their government to best meet local needs.

Roles and Responsibilities

CHARTER COMMISSION:

- **Charter Drafting:** A charter commission is typically appointed or elected to draft the initial charter, outlining the structure of government, powers, and operational procedures. This process includes public input and must reflect the community's preferences and priorities.
- **Public Engagement:** The commission may hold public hearings or forums to gather feedback, ensuring that the charter reflects the needs and values of the community. Once the charter is drafted, it is submitted for voter approval.
- **Review and Amendment:** Some municipalities establish processes within the charter for regular review or amendments, allowing residents to propose updates as community needs evolve.

GOVERNING BODY (DEFINED BY CHARTER):

- **Customized Structure:** The governing body's composition, powers, and responsibilities are defined by the charter, which could establish a council-manager, council-mayor, or other form of government. This flexibility allows the municipality to tailor its leadership structure and ensure efficient operations.
- **Legislative and Executive Functions:** Depending on the chosen structure, the governing body may consist of a legislative council and an executive (such as a mayor or city manager), or it may consolidate these roles into a commission or other framework.

- **Policy and Ordinance Authority:** The governing body has the authority to enact policies and ordinances, with the power to address a wide range of issues, from zoning and taxation to environmental regulations, as long as these actions align with state law.

ADMINISTRATION AND DEPARTMENTS:

- **Organizational Flexibility:** The charter grants the municipality authority to organize departments and administrative functions in a way that best suits local priorities. This can include appointing department heads, consolidating services, and managing resources efficiently.
- **Accountability to Voters:** Local officials and administrators are accountable to residents, who can propose charter amendments or changes to elected positions through established processes.

Benefits of the Charter Form

Maximum Local Control: The charter provides extensive self-governing powers, allowing the municipality to legislate on matters that may be restricted in other forms. This can include unique regulations or policies that address specific local issues, such as business licensing, environmental protections, or public health ordinances.

Customizable Government Structure: Communities can choose the structure that best meets their needs, whether it's a mayor-council, manager-council, commission, or hybrid model. This flexibility is particularly valuable for municipalities with unique demographics or growth challenges.

Responsive to Community Needs: By drafting and amending the charter, residents can create a government that adapts to changing conditions. The charter can be revised to include provisions that

meet emerging needs, such as new tax measures, infrastructure priorities, or public services.

Enhanced Efficiency and Innovation: The ability to design a custom administrative structure enables charter municipalities to explore innovative approaches to service delivery, cost management, and governance that may not be possible under more restrictive forms.

Challenges of the Charter Form

Complexity and Cost of Implementation: Drafting, adopting, and maintaining a charter requires time, resources, and potentially legal consultation to ensure that the charter complies with state law. Additionally, the charter commission process and public engagement can be time-consuming and costly.

Potential for Legal Conflicts: While home rule grants extensive autonomy, there are limitations, and some policies may still conflict with state laws or court rulings. If conflicts arise, the state has the authority to override certain municipal regulations, which can lead to legal challenges.

Frequent Amendments May Cause Instability: While the flexibility to amend the charter is an asset, frequent changes may lead to instability or inconsistencies in governance, especially if amendments are proposed and adopted without thorough review.

Voter Participation and Understanding: A successful charter form relies on active community involvement. If residents are not fully informed or engaged in the process, decisions made during drafting or amendments may not reflect the broader community's interests.

Statutory Requirements and Legal Considerations

The Charter Form is legally supported by both Montana's Constitution and state statutes, which outline the processes and limitations for drafting, adopting, and amending charters. Key statutory references include:

- **Statutory Basis:** The Charter Form is authorized under Article XI, Section 6 of the Montana Constitution, which permits municipalities to adopt a home rule charter granting broad self-governing powers.
- **Creation and Approval Process:** MCA 7-1-114 outlines the process for charter adoption, requiring that the charter commission draft a proposed charter, submit it for public input, and secure voter approval before implementation.
- **Self-Governing Authority:** MCA 7-1-113 grants charter municipalities broad authority, allowing them to exercise any powers not specifically prohibited by state law. This includes significant control over policy areas like zoning, taxation, and public health.
- **Limitations on Home Rule:** MCA 7-1-101 lists the areas where state law restricts municipal power, even for charter municipalities. For instance, municipalities cannot interfere with certain state regulations on professional licensing, environmental standards, or public employee pensions.
- **Amendments and Review:** The charter may include provisions for regular review or amendments, which are subject to voter approval. Amendments follow a structured process outlined in MCA 7-3-103, ensuring that changes reflect public input.

Comparison with Other Forms of Government

The Charter Form stands out for its flexibility and level of local control, differing significantly from other forms of municipal government:

- **Greater Autonomy than Statutory Forms:** Unlike statutory forms, where powers and structures are defined by state law, charter municipalities can design custom frameworks that meet their specific needs. This provides charter governments with a level of independence not available in the Commission-Executive, Commission-Manager, or Town Meeting Forms.
- **Potential for Unique Hybrid Models:** Charter municipalities can combine elements of various forms, such as a mayor-council system with a city manager, or commission structures with specific administrative roles. This adaptability can create a government uniquely tailored to the community's values and goals.
- **Enhanced Responsiveness:** The ability to amend the charter allows charter municipalities to adapt quickly to changing circumstances or resident priorities. This is in contrast to other forms, where structural changes may require state approval or be limited by more rigid statutory frameworks.

CONSOLIDATED GOVERNMENT FORMS IN MONTANA

Montana allows for city-county consolidation, enabling city and county governments to merge into a unified entity. This structure is designed to streamline services and reduce administrative costs by creating a single governing body.

CITY-COUNTY CONSOLIDATED GOVERNMENT

The City-County Consolidated Government is a unique structure that merges city and county governments into a single entity. This form streamlines services, reduces administrative redundancy, and creates unified governance for both city and county residents. It is especially useful for regions with overlapping urban and rural areas where combining resources and administrative functions can improve efficiency and service delivery.

Structure and Authority

In the City-County Consolidated Government:

Unified Government Body: The government body combines city and county functions, allowing it to govern both urban and rural areas under a single authority. This includes overseeing all municipal and county departments, such as public works, public safety, health services, and zoning.

Legislative and Executive Structure: The consolidated government may choose a variety of governance structures, such as a council-manager, mayor-council, or commission-based model. The specific structure is defined by a charter or through an inter-local agreement that outlines the roles and responsibilities within the consolidated entity.

Single Executive (Where Applicable): In many consolidated governments, a single executive (such as a mayor or county manager) oversees administrative functions and manages operations across the entire jurisdiction, coordinating resources and policy implementation.

Roles and Responsibilities

UNIFIED LEGISLATIVE BODY:

- **Comprehensive Legislative Authority:** The consolidated legislative body, often referred to as a council or commission, enacts ordinances, adopts budgets, and establishes policies that apply to both city and county areas. This body represents both urban and rural constituents and makes decisions on behalf of the entire region.
- **Budgetary Control:** The unified legislative body approves the annual budget, which consolidates city and county finances into a single fiscal plan. This includes allocating funds to departments that serve the entire region and prioritizing projects based on the needs of both urban and rural areas.
- **Representation:** The legislative body is typically composed of representatives from different districts, ensuring that all areas within the consolidated jurisdiction are represented, including both city and county populations.

CHIEF EXECUTIVE OR MANAGER:

- **Administrative Oversight:** The chief executive or manager oversees day-to-day operations, implements policies established by the legislative body, and coordinates with department heads to ensure efficient service delivery across the jurisdiction.
- **Interdepartmental Coordination:** The executive plays a key role in integrating city and county services, such as public safety, infrastructure maintenance, and public health. This ensures consistency in service standards and promotes resource-sharing across the jurisdiction.
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- **Public Engagement and Representation:** The chief executive often represents the consolidated government in public forums, meetings with regional stakeholders, and official functions, acting as the public face of the unified government.

DEPARTMENTS AND AGENCIES:

- **Integrated Departments:** City and county departments, such as public safety, health, and public works, are often merged, allowing for shared resources, streamlined administration, and consistent service delivery throughout the jurisdiction.
- **Shared Services:** Common services, such as emergency response, waste management, and community development, are provided to all residents under a single department, ensuring consistent access regardless of whether residents live in urban or rural areas.
- **Special Districts (Where Needed):** In some cases, special districts may be maintained for specific services (e.g., water, sewer, or fire protection) to address unique needs within certain areas. These districts operate under the consolidated government but may retain a degree of autonomy.

Benefits of the City-County Consolidated Government

Streamlined Administration: By merging city and county governments, the consolidated structure eliminates duplication of services and administrative functions, creating a more efficient system that can better allocate resources.

Cost Savings: Consolidation can reduce overhead costs, as fewer staff positions are needed, and departments can share resources. This can lead to savings in areas like IT, HR, and administrative

support, freeing up funds for community projects or improved services.

Consistent Service Delivery: Residents across both city and county areas benefit from unified services and standards, ensuring that all areas have equal access to public safety, infrastructure, and health services.

Enhanced Representation: The consolidated legislative body includes representatives from various parts of the jurisdiction, providing a more comprehensive approach to regional governance and ensuring that all residents' interests are considered.

Improved Policy Coordination: Consolidation allows for better coordination on regional issues, such as land use, transportation, and economic development, enabling the government to address challenges that cross traditional city-county boundaries more effectively.

Challenges of the City-County Consolidated Government

Complexity of Implementation: Consolidation requires significant planning, including the integration of budgets, personnel, policies, and service delivery. The transition can be complex and may require extensive coordination and negotiation.

Potential Resistance from Residents: Residents accustomed to separate city and county governments may be reluctant to support consolidation, especially if they fear losing local identity or representation. Successful consolidation often requires public outreach and clear communication to build support.

Legal and Regulatory Considerations:

Consolidated governments must comply with both city and county regulations, as well as any additional state requirements for consolidation. Aligning these regulatory frameworks can be challenging and may require legal expertise.

Equitable Resource Distribution: Ensuring that resources are distributed fairly across urban and rural areas can be challenging, particularly if there are disparities in infrastructure or service needs. The consolidated government must work to balance these needs to avoid favoring one area over another.

Loss of Local Control: Some communities may feel that consolidation reduces their control over local issues, as decision-making is shared across a broader region. This may lead to concerns over whether specific needs of individual areas are adequately addressed.

Statutory Requirements and Legal Considerations

Montana law provides for city-county consolidation, detailing the requirements for the process and the powers granted to consolidated governments. Key statutory references in the Montana Code Annotated (MCA) include:

- **Statutory Basis:** The authority for city-county consolidation is provided under MCA 7-3-1101 which outlines the process for forming a consolidated government, including requirements for voter approval, structural organization, and legal powers.
- **Creation and Approval Process:** Consolidation requires a majority vote from both city and county residents. This process involves creating a proposal, often developed by a study commission or through inter-local agreements, which is then submitted to voters for approval

(MCA 7-3-121).

- **Self-Governing Powers:** Once consolidated, the government operates with broad self-governing authority, allowing it to pass ordinances, manage resources, and implement policies for the entire jurisdiction (MCA 7-1-114).
- **Compliance with State Limitations:** While consolidated governments have broad authority, MCA 7-1-101 imposes certain limitations, preventing them from overriding specific state regulations related to areas like public health, professional licensing, and environmental standards.

Comparison with Other Forms of Government

The City-County Consolidated Government form is distinct from other government structures due to its comprehensive integration of city and county services, allowing for unified administration and policy-making across both urban and rural areas.

- **Single, Unified Authority:** Unlike separate city and county governments, where each has its own administrative and legislative structure, the consolidated form merges these into a single governing body with jurisdiction over the entire region.
- **Enhanced Regional Planning and Policy Coordination:** Consolidated governments are particularly effective at addressing regional issues such as land use, economic development, and transportation, where a unified approach is more efficient than coordinating between separate governments.
- **Cost-Effective Service Delivery:** The integrated structure of the City-County Consolidated Government reduces administrative redundancy, potentially lowering costs for residents while providing more consistent and comprehensive services across the region.

LEGAL CONSTRAINTS FOR MUNICIPAL INCORPORATION

Organization and Incorporation of New Municipalities

Petition Requirements: To propose the incorporation of a city or town, residents must submit a petition signed by at least 300 registered electors or by two-thirds of the electors within the proposed area, whichever is smaller. This petition initiates the incorporation process, signaling local interest and support. (MCA 7-2-4101)

Population Density and Boundary Requirements:

The proposed area for incorporation must meet population density requirements. Specifically, the boundary must contain at least 300 inhabitants, and must have not less than 200 inhabitants for each square mile of land area. (MCA 7-2-4101 and MCA 7-2-4103)

Description of Proposed Municipality: The petition must include a description of the area and the proposed town must contain a post office, contract postal unit, or other similar unit operated by or under contract with the United States Postal Service within the area of the city or town (MCA 7-2-4101)

Census of Proposed Municipality: Upon filing the petition, the board of county commissioners, at its next regular or special meeting, must appoint some suitable person to take a house-to-house census of the residents of the territory to be incorporated and it must be filed in the county clerk's office.

Election on Question of Organization: After filing the petition and census, if there is the requisite number of inhabitants as required, the county commissioners shall call an election for all the registered electors residing in the territory described in the petition.

Officers elected at first election: When the incorporation of a city or town is completed, the

board of county commissioners shall give notice of an election of officers as follows:

1. In the city of the first class, a mayor, a city judge, a city attorney, a city treasurer, a city marshal, and two city council members from each ward into which the city is divided;
2. In a city of the second class, a mayor, a city judge, a city treasurer, a city marshal, and two city council members from each ward;
3. In a town, a mayor and two city council members from each ward.

The following definitions apply to classifications of municipalities (MCA 7-1-4111):

1. Every city having a population of 10,000 or more is a city of the first class.
2. Every city having a population of less than 10,000 and more than 5,000 is a city of the second class.
3. Every city having a population of less than 5,000 and more than 1,000 is a city of the third class.
4. Every municipal corporation having a population of less than 1,000 and more than 300 is a town.

LEGAL CONSTRAINTS CREATING A COUNTY

Authorization and Eligibility

Legal Basis: The creation of new counties is authorized under MCA § 7-2-2201, which permits the formation of new counties from portions of one or more existing counties.

Limitations (MCA 7-2-2202):

- A new county may not be established that reduces any count to an assessed valuation of less than \$12 million, inclusive of all assessed valuation as shown by the last preceding assessment.

- A new county may not be formed that contains an assessed valuation of property less than \$10 million, inclusive of all assessed valuation, as shown by the last preceding assessment of the county or counties from which the new county is to be established.
- A new county may not be established that reduces the area of any existing county to less than 500 square miles of surveyed land, exclusive of all forest reserve and Indian reservations.
- Territory may not be taken from one county and added to another county unless its surveyed area is greater than 49 square miles.
- A new county may not be formed that contains less than 250 square miles of surveyed land, exclusive of all forest reserve land or Indian reservations not open for settlement.

Petition Requirements

Initiating Petition: Residents within the proposed boundaries must submit a petition to the board of county commissioners, as outlined in MCA § 7-2-2205.

Signature Threshold: The petition must be signed by at least 50% of the qualified electors residing within the proposed new county boundaries, ensuring substantial local support.

Petition Contents: According to MCA § 7-2-2206, the petition must include a legal description of the proposed boundaries, the name of the proposed county, and the names of the proposed county seat and temporary county officers.

Election Requirement

Order for Election: Upon validating the petition, the board of county commissioners is required to order an election within the proposed new county boundaries, as mandated by MCA § 7-2-2215.

Public Notification: Notice of the election must be published in a newspaper of general circulation within the affected areas for at least four consecutive weeks prior to the election date, in accordance with MCA § 7-2-2215.

Conducting the Election: The election is conducted following standard state election laws, ensuring fairness and transparency. Ballots must clearly present the question of creating the new county, as detailed in MCA § 7-2-2218.

Post-Election Process and Finalization

Approval by Voters: If a majority of votes cast are in favor of creating the new county, the board of county commissioners will declare the new county established, as per MCA § 7-2-2222.

Organization and Appointment of Officers: Following approval, the governor appoints a commission to determine and adjust the indebtedness and assets between the old and new counties, as outlined in MCA § 7-2-2241. Additionally, elections are held to select county officers for the new county, as specified in MCA § 7-2-2225.

Transition and Official Establishment: The new county assumes responsibility for governance, administration, and public services within its boundaries. The transition includes organizing departments, setting up county offices, and establishing records to ensure continuity and functionality, as detailed in MCA § 7-2-2223.

Additional Considerations

Ongoing Viability: These stringent requirements help ensure that any new county formed has the financial, geographic, and population capacity to operate effectively and sustainably.

Impact on Existing Counties: By protecting the financial and geographic integrity of the existing counties involved, the regulations prevent undue harm to those counties, allowing them to continue to serve their residents effectively even after the creation of a new county.

LEGAL CONSTRAINTS FOR MOVING A COUNTY BOUNDARY

Petition of Alter Boundaries (7-2-2801 MCA)

To initiate a boundary change, a petition must be submitted to the county election administrator. This petition must include a legal description of the proposed new boundary verified by a licensed land surveyor.

The petition must be sided by either 25 qualified electors or a majority of electors residing in the affected area, whichever is greater. The petition must be submitted within 120 days of form approval, ensuring recent and relevant community support.

Public Hearing and Commissioners' Review (7-2-2803 MCA)

After verifying the petition, the boards of county commissioners from both affected counties must conduct a public hearing in the impacted area. This hearing allows residents to provide input on the boundary change and understand its implications.

Following the public hearing, the commissioners review the proposal and can either accept, reject, or amend the boundary change. If rejected, the boundary change proposal cannot be reinitiated for at least one year.

Inter-local Agreement (7-2-2803 MCA)

If both boards agree to proceed, they must develop an inter-local agreement. This agreement outlines essential details, such as the boundary change specifics, compliance procedures, financial costs, and

arrangements for shared services. This agreement formalizes the responsibilities and operations under the new boundary arrangement.

Election Requirement (7-2-2804 MCA)

An election must be held in each county affected by the boundary change, with voters choosing whether to approve or disapprove the adjustment.

For the boundary change to proceed, it must be approved by a majority vote in each county involved. Ballots must contain a legal description of the change and clear options for or against the alteration.

Finalization and Implementation (7-2-2806 MCA)

If the election results in approval, the boards of county commissioners must pass a resolution to enact the boundary change. The change becomes effective on January 1 of the following year, allowing time for an orderly transition.

Certified copies of land records are transferred to ensure accurate records of ownership and tax assessment. The Department of Revenue certifies the new taxable property values for each county following the boundary adjustment.

Impact on School Districts and Other Considerations (7-2-2809 MCA)

School district boundaries remain unaffected by county boundary adjustments, ensuring continuity in school operations and district governance. This protects educational structures and funding allocations, regardless of changes to county boundaries.



APPENDIX B: SERVICE PROVIDER SUMMARY

The Service Provider Summary captures the multifaceted contributions of key organizations, institutions, and initiatives driving community development, sustainability, and quality of life in Big Sky, Montana. This report reflects not only the documented operations, challenges, and strategic priorities of these service providers but also the insights gathered during in-depth discussions with their leaders in late September. These conversations were conducted to better understand how these organizations, which provide community services that often mirror governmental functions in other places, might be affected by changes in governance. Additionally, the discussions explored how their operations are shaped by their reliance on resort tax funding, a significant resource for many of these groups.

THE ORGANIZATIONS INCLUDED IN THIS SUMMARY ARE:

- Big Sky Community Housing Trust (BSCHT)
- Big Sky Medical Center
- Big Sky Discovery Academy
- Big Sky County Water and Sewer District (BSCWSD)
- Big Sky Transportation District
- Moonlight Community Foundation (MCF)
- Community Support Group
- Big Sky Community Library
- Big Sky Owners Association (BSOA)
- Big Sky Fire Department (BSFD)
- Gallatin County Sheriff's Office (GCSO)
- Big Sky Community Organization (BSCO) and Big Sky Trails, Recreation, and Parks District (BSTRP)
- Morningstar Learning Center
- Big Sky Chamber of Commerce and Visit Big Sky
- Big Sky School District
- Wellness in Action (WIA)
- Gallatin River Task Force (GRTF)
- Yellowstone Club Community Foundation (YCCF)
- Warren Miller Performing Arts Center (WMPAC)
- Big Sky Sustainability Network Organization (Big Sky SNO)
- Big Sky Community Food Bank
- Grow Wild
- Arts Council of Big Sky (ACBS)
- Be Well Big Sky

Big Sky is at a pivotal moment, with ongoing deliberations about incorporation, governance changes, and sustainable development. These considerations directly impact the operational dynamics and future trajectories of the region's service providers. This document synthesizes both their established practices and their views on how potential governance changes might shape their

roles and capabilities. By doing so, it aims to inform stakeholders and guide strategic decision-making for the community's evolving needs.

Each section explores the operations, responsibilities, and strategic outlook of these organizations, offering a nuanced understanding of their contributions and interdependencies. The input from organizational leaders underscores their critical role in maintaining essential services while highlighting the potential impacts of governance transitions and the evolving use of resort tax funding.

As Big Sky considers pathways to enhanced governance and sustainability, this summary stands as a critical resource for understanding the current service landscape and the collective vision for the community's future.

BIG SKY COMMUNITY HOUSING TRUST

The Big Sky Housing Trust (BSCHT) has served as the primary organization addressing housing affordability and availability in the region since its establishment in 2017 as a 501(c)(3). Unlike a housing authority, BSCHT operates as a community land trust, relying heavily on volunteer leadership and a small staff of three employees. The organization currently oversees \$6 million in assets and operates with an annual budget of approximately \$500,000. BSCHT provides essential housing services, serving 572 individuals annually—predominantly single-person households—and managing a portfolio of 225 homes, more than half of which are rental support units.

CURRENT OPERATIONS AND CHALLENGES

BSCHT's role has grown in response to significant housing pressures, including the conversion of long-term rentals to short-term units during the COVID-19

pandemic and rapidly increasing property values. These changes have disproportionately impacted the community's "missing middle housing," leading to challenges such as declining school enrollments. BSCHT's short-term focus is on increasing housing supply, with long-term goals addressing a deficiency of approximately 1,300 housing units and the need for 1,800-2,000 market units to support community stability. However, limited access to federal grants, due to higher-than-threshold income levels in the region, complicates funding efforts.

FUNDING STRUCTURE

BSCHT's funding is primarily derived from the Big Sky Resort Area District (BSRAD), which contributes two-thirds of its budget, with the remainder coming from philanthropy. Recent years have seen a steady increase in resort tax allocations, reflecting the maturity of the Trust's programming and the growth of the resort tax revenue pool. While BSHT's funding model is relatively stable, there is a perception within the community that larger employers should contribute more significantly to housing initiatives. This underscores a broader reliance on both public and private support for addressing housing challenges.

PERSPECTIVES ON GOVERNANCE

Incorporation presents potential impacts on BSCHT's operations. While the Trust could benefit from more stable funding streams and clearer governance structures under a municipal model, there are concerns about the "cost of government" and the potential dilution of funding through additional layers of governance. The Trust's leadership notes that such changes could lengthen project timelines and reduce operational flexibility. Nevertheless, incorporation could offer new mechanisms, such as tax increment financing (TIF), to capture and reinvest local revenue in housing initiatives. Ultimately, BSCHT would likely continue to operate under its current framework, even within an incorporated municipality, though its

impact might be diminished without direct authority or departmental integration.

BSCHT plays an indispensable role in addressing the region's housing challenges, balancing immediate needs with long-term planning. Its ability to navigate the complexities of funding and governance will be crucial as the community considers incorporation and other structural changes. The Trust's success will hinge on maintaining its collaborative approach while adapting to the evolving needs of Big Sky.

BIG SKY MEDICAL CENTER

The Big Sky Medical Center serves as a critical healthcare provider for the region, adapting to the unique challenges posed by its resort-driven community. The medical center employs 54 full-time staff and depends on contract staff to meet fluctuating demands. A significant portion of its operations includes providing housing for staff, which is essential for recruitment and retention in the high-cost area. The medical center's trends closely align with the resort economy, with peaks in demand during the tourist season.

CURRENT OPERATIONS AND CHALLENGES

Despite its robust operations, the medical center faces notable challenges, including limited transportation options for patients traveling between the resort and the clinic. Emergency response planning is another area requiring improvement, as the community lacks a crisis response team. Relationships with local emergency services are strong, but gaps remain in law enforcement coverage during early morning hours. Additionally, government coordination can be difficult, contributing to inefficiencies in addressing these needs.

The medical center's ability to transport patients is a key aspect of its services, with up to three helicopter transports weekly. It also fills gaps in community healthcare, such as the absence of school nurses and specialized crisis response services. A unique feature of the medical center's operations is that patients pay their bills directly on-site, a departure from typical practices.

PERSPECTIVES ON GOVERNANCE

Incorporation could potentially provide more structured government coordination and improved emergency response frameworks. However, the medical center must navigate the risks of added bureaucracy and ensure its flexibility to respond to the dynamic healthcare demands of the Big Sky community.

BIG SKY DISCOVERY ACADEMY

The Big Sky Discovery Academy operates as a private nonprofit school offering a Montessori-based curriculum through various grade levels. A unique feature of the Academy is its integration of work opportunities for students, allowing them to gain practical experience alongside their education. Despite its innovative approach, the school faces significant challenges related to enrollment and operational sustainability.

CURRENT OPERATIONS AND CHALLENGES

Enrollment has dropped notably, with the school losing 40 students last year, leaving its current enrollment at 53 students. The Academy employs 17 staff members and operates from a single building with an annual rental cost of \$200,000. Unlike some institutions, it does not receive operational funding from community foundations, which adds pressure to its financial stability.

With an annual budget of \$1.3 million, the Academy relies heavily on fundraising efforts, which last year totaled \$1.36 million. This balance highlights both the dedication of its supporters and the financial precarity of its operations. Big Sky's broader struggles with school choice amplify the challenges faced by the Discovery Academy, positioning it as a vital, albeit vulnerable, educational resource within the community.

PERSPECTIVES ON GOVERNANCE

The potential incorporation of Big Sky could influence the Academy's operations in various ways. While it currently functions independently of public funding structures, incorporation might provide opportunities for collaboration or additional funding mechanisms. However, such changes could also introduce regulatory or financial complexities that the Academy would need to navigate carefully.

BIG SKY COUNTY WATER AND SEWER DISTRICT

The Big Sky County Water and Sewer District (BSCWSD) is widely regarded as the closest entity to municipal government in the Big Sky region. Its service area spans 7 miles by 4 miles, encompassing Meadow Village, Mountain Village, and Cold Smoke, and it provides essential water and sewer services to approximately 3,300 properties, including 300 commercial accounts. The district plays a critical role in sustaining the community by ensuring infrastructure reliability and managing resources efficiently.

CURRENT OPERATIONS AND INFRASTRUCTURE

The district operates a closed water system with 100% reuse, adhering to stringent regulations and ensuring sustainability. While current infrastructure capacity is sufficient to meet demand, challenges loom beyond 2036 as the district plans for future growth. The

district has initiated a 10-year Capital Improvement Plan (CIP) that includes water line replacements, sewer line improvements, and measures to enhance system efficiency. Despite these efforts, issues like direct discharge prohibitions and capacity constraints for sewage disposal persist.

BSCWSD's billing system links sewer charges to water usage, a model that reflects efficient resource use but poses challenges in tracking disparities across two counties. Gallatin County guidelines generally inform district operations, though discrepancies in regulations between Gallatin and Madison counties complicate service delivery. Moreover, projects like Spanish Peaks currently receive water but lack sewer connections, underscoring the district's infrastructural gaps.

FUNDING AND FINANCIAL STRUCTURE

The district's revenue streams include user fees, plant investment fees, and resort tax allocations. In 2025, the resort tax provided over \$3 million in funding—a significant portion of the district's budget. Additional funding comes from state revolving loans, local bank loans, and federal sources like ARPA, which contributed \$2 million recently. Rate structures aim to remain moderate, with a family of three using normal water paying approximately \$100 per month. However, planned rate increases of up to 25% reflect the financial demands of maintaining and expanding infrastructure.

Property tax assessments also differ between counties; Gallatin County contributes approximately \$613,000 annually, while Madison County does not impose equivalent assessments for water and sewer services. The district's reliance on diverse funding sources highlights its effort to balance financial sustainability with affordable service delivery.

PERSPECTIVES ON GOVERNANCE

Incorporation could bring both opportunities and challenges for the BSCWSD. On one hand, it could streamline processes through unified city planning, ordinances, and zoning, reducing the complexity of inter-county operations. On the other hand, district leaders express concerns about maintaining their identity and autonomy, fearing that incorporation could lead to general fund gaps being subsidized by ratepayers.

The district also serves as an essential part of the community's identity, with its workforce equally split between Big Sky residents and commuters. Leaders emphasize the importance of their role in emergency response planning and the potential for improved coordination with other entities under an incorporated model. However, they remain cautious about the risks of added bureaucracy and its impact on operational efficiency.

The Big Sky County Water and Sewer District exemplifies a well-managed yet complex organization that underpins the region's infrastructure. As Big Sky contemplates incorporation, the district's ability to adapt to evolving governance structures will be crucial. Ensuring that it maintains its operational effectiveness and financial sustainability while integrating into a potentially new municipal framework will be key to its continued success.

BIG SKY TRANSPORTATION DISTRICT

The Big Sky Transportation District provides vital transit services in the region, addressing the mobility needs of residents, employees, and visitors. Established in 1991, the district initially operated the Snow Express, a seasonal service connecting Big Sky to Bozeman. Over the years, it has expanded its scope and boundaries to align with the Big Sky Resort

Area District (BSRAD), introducing year-round service under the Skyline name in 2006.

CURRENT OPERATIONS AND SERVICES

The district operates fixed-route and micro transit services, including the Link Express, which runs between Bozeman and Big Sky. Key stops include Walmart in Bozeman, Gallatin Gateway Inn, Meadow Village, and Mountain Village. During peak winter months, the district operates 12-15 round trips daily, with reduced service in summer and shoulder seasons. A micro transit option, Big Sky Connect, provides on-demand service within Town Center and Meadow Village.

The district's fleet comprises 20 buses and 4 vans, with up to 16 vehicles in operation during peak service. Its five-year strategic plan emphasizes reducing vehicle dependency, particularly among tourists, and addressing housing-related transportation needs for employees, who constitute approximately 85% of ridership.

FUNDING AND FINANCIAL STRUCTURE

The district's \$3.6 million operating budget is funded through a mix of resort tax allocations (30%), federal grants via the Montana Department of Transportation (45%), and fare revenues. Fares are charged exclusively on the Bozeman-to-Big Sky route, with prices ranging from \$3.50 to \$5 per round trip. Notably, other resort towns often operate fare-free systems, and any fare increases could jeopardize federal funding.

Additional funding comes from major employers such as the Yellowstone Club, Big Sky Resort, Montage, and Spanish Peaks, which purchase employee passes. The district is also exploring property tax levies to diversify its revenue sources and ensure

long-term financial stability.

CHALLENGES AND PERSPECTIVES ON GOVERNANCE

The district faces challenges in funding and coordination, particularly in balancing its reliance on employer contributions and public funding. While incorporation could establish a more structured intergovernmental relationship, district leaders express concerns about losing the agility and speed that come with operating in an unincorporated environment.

Incorporation could also introduce new complexities in land use policy, an area where coordination is already limited. The district collaborates with entities like the Lone Mountain Land Company and the Big Sky Coordinating Council but notes a gap in alignment between government bodies and nonprofits. Additionally, the perception that funding should shift to a municipal structure could alter the district's current financial model.

The Big Sky Transportation District plays an essential role in ensuring mobility and reducing vehicle dependency in the region. As Big Sky considers a change in governance, the district's ability to maintain operational efficiency and funding stability while adapting to potential governance changes will be critical to its continued success. Strengthening inter-agency collaboration and exploring sustainable funding mechanisms will position the district to meet the growing demands of the community.

MOONLIGHT COMMUNITY FOUNDATION

The Moonlight Community Foundation (MCF), established in 2014, serves as the philanthropic arm of the Moonlight Community. Focused on fostering community well-being, the foundation directs its efforts

toward youth education, conservation initiatives, and housing and living solutions. By funding rather than directly managing programs, MCF supports approximately 40 initiatives annually, playing a critical role in addressing gaps in services and resources.

KEY AREAS OF SUPPORT

MCF provides significant funding for a variety of programs and organizations, including Big Sky SNO, the Gallatin River Task Force, Montana Land Reliance, and the Big Sky Community Organization. Notably, it is one of the largest contributors to the BSCHT, demonstrating a strong commitment to addressing housing challenges. Additionally, the foundation supports essential services like the local food bank, school lunch programs, and Wellness in Action—programs that some community members feel should be publicly funded.

The foundation's contributions extend beyond financial support, fostering volunteer engagement and partnerships. Within its boundaries, which align with the Big Sky Resort Area District (BSRAD), MCF allocates between \$700,000 and \$800,000 annually to initiatives benefiting the Big Sky area. Its passion for parks and trails further underscores its commitment to enhancing quality of life in the region.

CHALLENGES AND CONCERNS

Despite its impactful work, MCF faces several challenges. A declining trend in philanthropy raises concerns about the sustainability of its funding model. Additionally, there is growing frustration among families about their inability to participate in school governance, coupled with broader questions about the role of philanthropy in funding essential services that some argue should be covered by tax dollars. These include programs like the Wellness in Action initiative and the food bank.

As the community considers incorporation, the foundation has expressed interest in understanding how changes in governance and tax structures might affect its operations and the organizations it supports. Questions about representation, the allocation of resort tax revenues, and potential impacts on districts are central to these concerns.

MCF is a cornerstone of philanthropic support in Big Sky, addressing critical needs through its funding initiatives. As the community contemplates incorporation, the foundation's ability to adapt to changes in governance and maintain its support for local programs will be vital. Ensuring a balanced approach between public funding and private philanthropy will be key to sustaining the foundation's impact in the region.

COMMUNITY SUPPORT GROUP

The Community Support Group is a newly established initiative aimed at creating a welcoming and inclusive environment for seasonal workers in Big Sky. With a mission focused on addressing the unique challenges faced by these workers, the group emphasizes coordination and community-building efforts to bridge gaps in support and services.

KEY ACTIVITIES AND APPROACH

The group operates as a "gap filler," leveraging resources and connections to address pressing needs. While this funding is critical, it also introduces a level of bias, as much of the group's resources are tied to this single source. Coordination among board members and community organizations has been a strength, allowing for collaborative problem-solving and resource sharing. However, maintaining engagement and participation remains a consistent challenge.

CHALLENGES AND OPPORTUNITIES

One of the group's primary goals is to enhance the experience of J1 visa workers, ensuring they feel welcomed and included in the community. However, logistical issues, such as tracking where these workers are located and how to best reach them, complicate these efforts. The group operates outside the constraints of government bureaucracy, which allows for flexibility and responsiveness. Still, this structure places much of the burden on a small group of dedicated individuals who handle most of the work.

PERSPECTIVES ON GOVERNANCE

The group sees advantages in remaining free from government oversight, valuing the efficiency and adaptability this model affords. However, this independence also limits their reach and capacity, as they lack the broader support and resources that formalized structures might provide. Incorporation could potentially offer avenues for enhanced representation and funding, but it might also introduce bureaucratic hurdles that could hinder the group's nimbleness.

The Community Support Group fills a crucial niche in Big Sky, addressing the needs of seasonal workers through targeted, collaborative efforts. As the group continues to evolve, balancing its independence with the potential benefits of increased formal support will be key to its long-term success. Ensuring sustainable funding and broader community engagement will enable the group to expand its impact and continue fostering an inclusive environment for all workers.

BIG SKY COMMUNITY LIBRARY

The library in Big Sky, currently located within a school building, serves as a critical resource for the community despite facing significant operational

challenges. The library is managed by Friends of the Library, a board-run organization that ensures its continued operation through community support and resort tax funding.

CURRENT OPERATIONS AND CHALLENGES

The library employs two part-time librarians and operates on a modest budget of \$155,000, with \$128,000 sourced from the resort tax. While this funding allows the library to meet its basic operational needs (estimated at \$109,000 annually), its limited resources constrain the scope of services it can offer. The location within a school building further limits accessibility, as the community cannot use the library during school hours. Transportation barriers also pose challenges, making it difficult for some residents to reach the facility.

PROGRAMMING AND DEVELOPMENT

Under its current director, who stepped in to prevent the library from closing, efforts are underway to expand programming and improve services. Recent initiatives include the introduction of online resources and plans to enhance adult programming. These efforts have contributed to a doubling of patronage over the past year, reflecting growing community interest and engagement. However, the library remains cautious about overlapping services with other organizations and is mindful of managing expectations, as the director feels the community may not yet support a full public library model.

PERSPECTIVES ON GOVERNANCE

The previous director expressed a desire to transition the library into a public library, but current leadership is more reserved about this prospect. The director highlights the need for careful planning to avoid service redundancies and to ensure the library evolves in alignment with community needs. Incorporation could

potentially provide the library with additional funding opportunities and governance structures, but it may also introduce bureaucratic complexities that could hinder its adaptability.

The Big Sky library plays a vital role in fostering community access to educational and cultural resources. As it continues to grow and adapt, balancing its operational constraints with the increasing demands of the community will be essential. Whether through incorporation or continued reliance on community-driven support, the library's ability to innovate and expand will be key to its long-term success.

BIG SKY OWNERS ASSOCIATION

The Big Sky Owners Association (BSOA) has served as a pseudo-municipal entity for over 50 years, managing public services within its jurisdiction, which spans over 8,000 acres from the Meadow to the Mountain. Representing more than 2,400 member properties, BSOA functions under the guidance of a nine-member board supported by a dedicated staff. Approximately 30% of its membership consists of full-time residents, making it one of the largest voting blocs within Big Sky.

CURRENT OPERATIONS AND SERVICES

BSOA provides a range of services, including snow plowing, streetlight maintenance, architectural reviews, landscaping oversight, and noxious weed maintenance. It operates as a 501(c)(4) organization, with an affiliated 501(c)(3) called Benefit Big Sky to accept donations. Public services are contracted out, allowing the organization to remain reactive to member needs. Additionally, its Architectural Committee (BSAC) functions akin to a planning department, reviewing building and landscaping plans to ensure

compliance with community covenants.

Despite its comprehensive service offerings, BSOA faces financial constraints due to restrictions in its governing documents. Membership assessments, currently set at \$495 per year, have not increased in over a decade and are capped at a 10% increase without a membership vote. Special assessments are similarly limited to 5% of the prior year's budget. These restrictions have hampered the association's ability to respond to rising costs and growing demands.

CHALLENGES AND INTERGOVERNMENTAL RELATIONS

BSOA navigates complex interactions with both Gallatin and Madison counties. While Madison County is generally more responsive, Gallatin County has presented challenges, particularly in areas like road and bridge maintenance. For example, the lack of Road Improvement Districts (RIDs) for new developments has created funding gaps for infrastructure upkeep. Efforts to create equitable assessments for RIDs remain ongoing.

The association also plays a critical role in maintaining Little Coyote Pond, a reservoir integral to the Big Sky County Water and Sewer District's water rights. This responsibility underscores the importance of BSOA's partnerships with entities like BSRAD and the Gallatin River Task Force. However, members have expressed frustrations with county-level zoning and planning, often perceived as rubber-stamped decisions lacking thoughtful consideration of long-term impacts.

PERSPECTIVES ON GOVERNANCE

Incorporation could significantly reshape BSOA's role, particularly in its provision of public services. While incorporation might reduce the association's responsibilities in areas like road and bridge

maintenance, it would still likely retain functions such as architectural reviews and compliance oversight. Concerns about property tax increases and regulatory changes have also been raised, alongside questions about how incorporation might affect long-term planning and community control over development.

The Big Sky Owners Association is a cornerstone of community governance, balancing its service-oriented mission with financial and regulatory constraints. As Big Sky explores incorporation, BSOA's ability to adapt to potential shifts in governance while maintaining its core responsibilities will be crucial. Strengthening partnerships and securing sustainable funding mechanisms will enable the association to continue serving its diverse membership effectively.

BIG SKY FIRE DEPARTMENT

The Big Sky Fire Department (BSFD) provides essential emergency services to the Big Sky area, including fire suppression, emergency medical services (EMS), rescue operations, and wildfire mitigation. BSFD also plays a proactive role in community safety through land use permits, subdivision reviews, sprinkler and short-term rental inspections, wildfire risk evaluations, and community education. With a service area encompassing both the Meadow and Mountain villages, as well as future developments near Spanish Peaks, the department is integral to the region's safety infrastructure.

CURRENT OPERATIONS AND STAFFING

BSFD operates two fire stations, Station 1 (headquarters) in Meadow Village and Station 2 near Big Sky Resort. A third station near Spanish Peaks is not yet operational. A fourth station, intended to serve as a new headquarters, is in the planning stages. The department employs 44 full-time staff, with plans to increase to 55 by next year, including seasonal wildfire

mitigation crews. Operational staffing is consistent year-round, with a minimum of eight firefighters on duty daily, rising to nine next year.

Call volume has risen dramatically, from fewer than 700 calls six years ago to an estimated 1,600 this year. Approximately 13% of calls involve medical transfers, with EMS and alarms making up the majority of the remaining calls. Seasonal fluctuations in tourist activity have minimal impact on operations, as the department maintains steady staffing levels throughout the year. However, the presence of the Big Sky Medical Center has increased demand for transfer services, averaging 20-30 transfers per month.

FUNDING AND CAPITAL PROJECTS

BSFD's \$11 million budget is supported by a combination of revenue sources, including levies from Gallatin and Madison counties, rural fire district funding, resort tax allocations, ambulance revenues, and deployment income. The resort tax contributes \$1.15 million annually, with a 3% annual increase, serving as critical gap funding for operational cash flow rather than being tied to specific positions or capital expenditures. Additional funding includes \$300,000 for wildfire mitigation projects and deployment income of approximately \$100,000.

The department is actively planning for major capital projects, including the construction of Station 3, which will serve the Spanish Peaks area. This project is funded through a dual-county Road Improvement District (RID) and contributions from homeowners, with estimated costs of \$2,100 per homeowner annually. Strategic planning is a continuous process for BSFD, though previous plans have quickly been outpaced by the rapid growth in call volume and community development.

CHALLENGES AND INTER-AGENCY COOPERATION

The nearest mutual aid partner is 45 minutes away, underscoring BSFD's reliance on internal resources to meet demand. The department collaborates with local HOAs and community organizations, including the Big Sky Owners Association, to coordinate on issues like wildfire mitigation and community inspections. Despite these efforts, the department faces challenges in aligning land use planning across different jurisdictions, particularly as community development accelerates.

PERSPECTIVES ON GOVERNANCE

Incorporation could streamline administrative functions such as finance and human resources, potentially easing the department's reliance on contracted services like CFO support. However, BSFD leadership expresses concerns about reduced flexibility and the complexities of coordinating land use planning under a municipal governance structure. While incorporation is unlikely to affect day-to-day operations, it could introduce administrative burdens that impact long-term planning and resource allocation.

The Big Sky Fire Department is a cornerstone of the community's safety and resilience, adapting to rapid growth and increasing demand for services. As Big Sky considers incorporation, BSFD's ability to navigate potential governance changes while maintaining operational efficiency and funding stability will be critical. Strategic planning and strengthened inter-agency collaboration will be essential for the department to continue meeting the evolving needs of the community.

GALLATIN COUNTY SHERIFF'S OFFICE

The Gallatin County Sheriff's Office (GCSO) provides law enforcement services to the Big Sky area through an inter-local agreement with Madison County, Gallatin County, and BSRAD. This agreement includes funding for three deputies from Madison County and additional resources from Gallatin County, resulting in a total of eight personnel dedicated to the area. The Sheriff's Office plays a vital role in maintaining public safety across Big Sky, addressing the unique challenges of serving a resort community.

CURRENT OPERATIONS AND STAFFING

GCSO allocates three deputies to Big Sky, supplemented by administrative support and detention services provided by Gallatin County. Call volume has steadily increased over the years, with a significant proportion of incidents involving alcohol-fueled events such as bar fights, domestic disputes, and DUIs, alongside property crimes. Seasonal fluctuations in tourist activity do not significantly alter staffing levels, as the department maintains a consistent presence year-round.

Unique challenges include the limited detention capacity in Madison County, which can only hold individuals for 72 hours, requiring Gallatin County to accommodate longer stays in its facilities. GCSO also collaborates with private security teams at local clubs and responds to events in remote areas like Jack Creek Road when necessary.

FUNDING AND RESOURCES

The Sheriff's Office derives its funding from county levies, with approximately 72% of the Madison County levy and 6-7% of the Gallatin County levy attributed to Big Sky. Additional funding sources include BSRAD. However, the current funding model heavily subsidizes

Big Sky's law enforcement needs, raising questions about financial sustainability if the community were to incorporate.

CHALLENGES AND INTER-AGENCY COOPERATION

Inter-agency coordination is a key aspect of GCSO's operations in Big Sky. The department works closely with other law enforcement agencies, emergency services, and local organizations to address community needs. However, maintaining adequate staffing and resources in a rapidly growing and geographically dispersed area remains a challenge. Limited mutual aid availability due to the remote location further emphasizes the importance of local resource allocation.

PERSPECTIVES ON GOVERNANCE

Incorporation presents potential benefits and challenges for the Sheriff's Office. From a financial perspective, contracting law enforcement services to a newly incorporated municipality could result in higher costs for taxpayers, as the department would no longer absorb administrative and detention expenses. This scenario is exemplified by the experience of Three Forks, which dissolved its police department due to personnel costs and now contracts with the Sheriff's Office.

Operationally, incorporation could lead to more localized governance and improved coordination with municipal authorities. However, the administrative complexity of managing separate policies for city and county jurisdictions may introduce inefficiencies. Additionally, the struggle to recruit and retain officers in rural areas, as seen in nearby West Yellowstone, underscores the challenges of sustaining a local police force.

The Gallatin County Sheriff's Office is integral to public safety in Big Sky, addressing the community's unique needs with a blend of dedicated resources and inter-agency cooperation. As Big Sky considers incorporation, balancing the benefits of localized governance with the financial and operational realities of law enforcement will be crucial. Ensuring sustainable funding and resource allocation will enable the Sheriff's Office to continue providing effective services to this dynamic and growing community.

BIG SKY COMMUNITY ORGANIZATION AND BIG SKY TRAILS, RECREATION, AND PARKS DISTRICT

The Big Sky Community Organization (BSCO) and the Big Sky Trails, Recreation, and Parks District (BSTRP) collectively provide essential parks, trails, and recreation services to the Big Sky community. Formed 13 years ago as a defensive measure to prevent Ennis from benefiting from local tax revenue, BSTRP began as a non-taxing district and later transitioned into a funded entity. Together, BSCO and BSTRP manage an extensive network of recreational amenities and programming, playing a vital role in community life.

CURRENT OPERATIONS AND RESPONSIBILITIES

BSCO and BSTRP oversee 38 miles of trails, multiple trailheads, and over 100 acres of parks, with facilities designed to enhance outdoor recreation and community engagement. Programming, particularly at the BASE community center, is a significant part of BSCO's activities, providing events and resources for residents and visitors alike. Both organizations operate under comprehensive Parks and Trails Master Plans, guiding their development and maintenance efforts. The organizations' operational budgets and funding

models reflect their community-focused approach. In 2021, their combined budget was \$1.1 million, with approximately half funded through resort taxes and the other half through property assessments. These assessments, set at \$96.23 per parcel, support operations and maintenance (O&M) activities. Despite these efforts, challenges such as discrepancies in Department of Revenue parcel counts complicate revenue collection and planning.

FUNDING AND STRATEGIC PLANNING

BSCO and BSTRP rely on a mix of resort tax allocations and assessments to fund their activities. Resort tax provides a large amount of funding for both BSCO and BSTRP. The remaining funds come from property assessments. The organizations are exploring opportunities to bond against resort tax funding to support long-term capital projects, aligning with their Parks and Trails Master Plans and the broader Capital Improvement Plan (CIP) of the Big Sky Resort Area District.

CHALLENGES AND INTER-AGENCY COOPERATION

BSCO and BSTRP maintain partnerships with various stakeholders, including the BSOA, Gallatin River Task Force, and local governments, to address community needs. For instance, they collaborate on maintaining Little Coyote Pond, a critical resource for water rights and recreational use. However, challenges remain, such as navigating inter-local agreements and ensuring equitable funding for infrastructure projects.

PERSPECTIVES ON GOVERNANCE

Incorporation presents potential implications for BSCO and BSTRP, particularly regarding governance and asset management. Transitioning to a municipal structure could streamline funding and oversight but may also reduce the organizations' ability to act nimbly

and strategically. Board members have expressed concerns about losing the autonomy that allows them to focus on long-term community goals. Additionally, questions remain about how incorporation would affect asset ownership and the organizations' roles in providing public services.

The Big Sky Community Organization and the Big Sky Trails, Recreation, and Parks District are cornerstones of Big Sky's community fabric, enhancing quality of life through recreation and programming. As Big Sky considers incorporation, ensuring that these organizations can adapt to governance changes while maintaining their strategic vision and operational effectiveness will be critical. Strengthened partnerships and sustainable funding mechanisms will enable them to continue serving the community effectively.

MORNINGSTAR LEARNING CENTER

The Morningstar Learning Center provides essential early childhood education and care services to the Big Sky community. Under the leadership of Executive Director Mariel, the center accommodates up to 52 children, although physical space limitations often cap enrollment at 40-42 children at the start of the year. Historically, the center maintained a waitlist of 25-35 children, but this has decreased substantially in recent months as families have relocated, driven by challenges such as affordable housing and access to services.

CURRENT OPERATIONS AND RESPONSIBILITIES

Morning Star offers tuition assistance to approximately two-thirds of its families, with thresholds set at 7-10% of household income. Families applying for tuition assistance typically have dual incomes averaging \$125,000 annually and qualify at up to 185% of

the federal poverty level. Despite the availability of assistance, about one-third of eligible families do not apply. Tuition for infants attending Monday through Thursday is \$22,000 annually, reflecting the high cost of living and operations in the area.

The center operates on an annual budget of \$1.9 million, with tuition contributing \$391,000. This disparity underscores the center's reliance on external funding and support to sustain its operations. Morningstar serves as a critical resource for the community, particularly for working families, by providing quality childcare and educational opportunities.

CHALLENGES AND OPPORTUNITIES

Morningstar faces significant challenges related to quality of life and cost of living in Big Sky. The availability of affordable housing and services are major factors influencing family decisions to remain in the area. Additionally, the center's physical capacity limits its ability to expand enrollment, while the high costs of tuition and operations present barriers to accessibility for many families.

Despite these challenges, Morningstar has seen a decrease in its waitlist, suggesting some stabilization in demand. The center's focus on providing tuition assistance and maintaining high-quality services positions it as a vital part of the Big Sky community's social infrastructure.

PERSPECTIVES ON GOVERNANCE

Incorporation could offer potential benefits to Morningstar by addressing broader systemic issues such as affordable housing and community services. However, the direct impacts on the center's operations remain uncertain. Ensuring that incorporation aligns with the needs of families and supports childcare services will be crucial for sustaining Morningstar's role in the community.

The Morningstar Learning Center is a cornerstone of early childhood education and care in Big Sky, addressing critical needs for families while navigating significant operational challenges. As Big Sky considers incorporation, fostering policies that enhance affordability, expand service capacity, and strengthen support for childcare providers will be essential to ensuring the continued success of organizations like Morningstar.

BIG SKY CHAMBER OF COMMERCE & VISIT BIG SKY

The Big Sky Chamber of Commerce serves as a pivotal organization supporting the local business community, with a primary focus on business retention, resource coordination, and infrastructure advocacy. The Chamber represents approximately 500 members across diverse sectors, emphasizing collaboration and strategic planning to address the challenges of a rapidly evolving economy.

CURRENT OPERATIONS AND RESPONSIBILITIES

The Big Sky Chamber operates as a membership-based organization with approximately 500 members. Its primary focus is on business retention rather than attraction, reflecting the region's already robust business ecosystem. In addition to its advocacy and support for local businesses, the Chamber engages in broader community functions, addressing issues such as infrastructure maintenance and resource coordination. For example, the Chamber is actively involved in discussions about road maintenance and managing workforce needs, including the approximately 400 workers commuting from Madison County.

Visit Big Sky serves as the Destination Marketing and Management Organization (DMO) for the area, with a mission that extends beyond tourism promotion to include the management of the visitor economy. Operating on a \$2 million annual budget, Visit Big Sky receives funding from resort taxes and lodging tax allocations directed by the Department of Commerce in Helena. The organization focuses on maintaining a steady 10-month visitor economy while ensuring sustainable growth that benefits the broader community.

CHALLENGES AND OPPORTUNITIES

Both the Chamber and Visit Big Sky face significant challenges tied to the region's rapid growth and evolving needs. High living costs and limited housing options are major obstacles for workforce retention, with many workers commuting long distances. Additionally, the lack of formal governance structures has placed a disproportionate burden on these organizations to coordinate and address community issues.

Despite these challenges, the Chamber and Visit Big Sky excel in fostering collaboration among stakeholders. Their efforts have ensured that the community remains aligned in its goals, with all entities "swimming in the same direction." By leveraging their combined resources and expertise, these organizations play a crucial role in supporting both the local business environment and the overall quality of life in Big Sky.

PERSPECTIVES ON GOVERNANCE

Incorporation could provide new opportunities for the Chamber and Visit Big Sky by establishing more formal governance structures to address systemic issues such as housing and infrastructure. However, incorporation may also introduce complexities that could impact their current roles and operations. For example, the transition might shift some

responsibilities to municipal authorities, potentially redefining the scope of their activities.

The Chamber's ability to adapt to such changes will depend on clear communication and collaboration with the new governance structure, ensuring that its advocacy and support for local businesses remain effective. Similarly, Visit Big Sky's role as a DMO may need to evolve to align with municipal priorities while continuing to promote sustainable tourism growth.

The Big Sky Chamber and Visit Big Sky are integral to the community's economic and social fabric, addressing both business and tourism needs while filling critical governance gaps. As Big Sky considers incorporation, ensuring that these organizations can transition smoothly and maintain their vital roles will be essential. By fostering collaboration and aligning their strategies with broader governance goals, the Chamber and Visit Big Sky can continue to drive positive outcomes for the community.

BIG SKY SCHOOL DISTRICT

The Big Sky School District is dedicated to providing high-quality education while navigating the unique challenges of a small, resort-driven community. With a highly ambitious board aiming to establish Big Sky as home to the best high school in Montana, the district achieved a milestone by opening the first new high school in 56 years. The district serves 380 students from Pre-K to grade 12, with 118 in high school and an average graduating class of 26 students.

CURRENT OPERATIONS AND STAFFING

The district employs 52 full-time and 14 part-time staff members, managing a \$400,000 monthly payroll. Approximately 40% of the staff reside in Big Sky, with the remainder commuting from nearby areas. Housing is a critical focus, with six triplex housing units currently

available for staff and additional projects underway, including six tiny homes and partnerships with Habitat for Humanity. Staff housing costs are subsidized, with rents set at 28% of contracted income, ranging from \$500 to \$1,500 per month.

CHALLENGES AND OPPORTUNITIES

Recruiting and retaining staff remains a significant challenge, with some positions receiving no applicants. The district's location and cost of living complicate forecasting and enrollment management, with 367 students currently enrolled and a slight decline in numbers expected to stabilize. Additionally, the district operates at a \$1 million annual deficit, driven by limited access to federal grants due to the community's socioeconomic profile. While private grants and resort tax allocations help fund programming, concerns about "tax fatigue" could limit future revenue opportunities.

The district's innovative housing solutions and focus on high-quality education reflect its commitment to addressing these challenges. However, the lack of a school nurse and the reliance on double the required number of counselors highlight the resource constraints faced by the district.

PERSPECTIVES ON GOVERNANCE

Incorporation is not expected to directly impact the school district's operations, but it could offer opportunities for enhanced collaboration with local law enforcement and governance. The district has expressed concerns about the potential for increased taxation and its impact on already stretched community resources. Ensuring that incorporation aligns with the needs of families and supports educational priorities will be critical to sustaining the district's success.

The Big Sky School District is a cornerstone of the community, providing essential education services while addressing significant financial and operational

challenges. As Big Sky considers incorporation, fostering policies that enhance affordability, support staff recruitment, and strengthen partnerships will be key to ensuring the continued growth and success of the district.

WELLNESS IN ACTION

Wellness in Action (WIA), formerly Women in Action, has been a cornerstone of Big Sky's mental health and wellness services since its inception in 2005. Initially focused on providing scholarships for youth activities, the organization expanded its mission approximately six years ago to address critical gaps in mental health services. WIA now offers a broad range of support, including discounted counseling, sliding scale subsidies, and scholarships for those with high deductible insurance plans.

CURRENT OPERATIONS AND RESPONSIBILITIES

WIA collaborates with 11 counselors, including interns, to provide mental health services tailored to the unique needs of the Big Sky community. Approximately 40% of clients are seasonal workers, highlighting the organization's vital role in supporting the area's transient population. Services are accessible through sliding scale funding and targeted scholarships, ensuring affordability for uninsured individuals and families. The organization also employs a community health worker, who has served about 75 long-term residents over the past 18 months at no cost.

In total, WIA serves approximately 310 clients annually, representing 8-10% of Big Sky's full-time resident population. Referrals come from a variety of sources, including resorts, and the organization engages in consistent outreach and education efforts to reach underserved populations. Partnerships with other providers, such as the Big Sky Medical Center, have been instrumental in extending care to clients

requiring additional services, such as prescriptions. WIA operates with an annual budget of approximately \$630,000, with 60% of its funding derived from grants and 20% from fundraising events. Resort taxes, including allocations from marijuana tax revenues, have supported the organization's operations and facility remodels. While funding remains stable, the organization continues to explore opportunities to expand its reach, including hiring a second community health worker.

CHALLENGES AND OPPORTUNITIES

As a nonprofit organization, WIA is not classified as an agency or clinic, which presents both challenges and opportunities. The lack of agency designation means the organization has limited capacity for long-term care coordination but allows it to remain flexible and responsive to community needs. Additionally, while partnerships with Gallatin County Behavioral Health Coalition and other entities offer potential, the remote nature of county services and limited state and federal funding hinder broader expansion.

The organization's reliance on grants and fundraising underscores the need for sustainable financial strategies. Continued partnerships with the medical center and other local providers offer opportunities to align services and address gaps in behavioral and mental health care.

PERSPECTIVES ON GOVERNANCE

Incorporation could provide additional funding opportunities for behavioral health initiatives through local tax allocation or municipal partnerships. However, WIA's leadership has expressed concerns about the administrative burden and potential loss of flexibility that might come with formalized government oversight. Maintaining the organization's autonomy while fostering collaborative relationships with a potential municipality will be key to sustaining its

impact.

Wellness in Action is a vital component of Big Sky's social infrastructure, addressing critical mental health and wellness needs for both long-term residents and seasonal workers. As Big Sky contemplates incorporation, ensuring that WIA can continue to operate effectively and expand its reach will be essential to supporting the overall well-being of the community.

GALLATIN RIVER TASK FORCE

The Gallatin River Task Force (GRTF) has been a leader in watershed advocacy, restoration, and conservation for the past 25 years. Covering the area from the headwaters of the Gallatin River to Spanish Creek, GRTF focuses on four core areas: watershed monitoring, restoration, advocacy, and conservation. The organization works to protect the quality and quantity of Big Sky's water resources, addressing both ecological needs and the community's growing demand for sustainable water management.

CURRENT OPERATIONS AND RESPONSIBILITIES

GRTF employs six full-time staff members and two AmeriCorps watershed core volunteers, with only two staff members residing in Big Sky. Their work includes extensive watershed monitoring and conducting sensitive lands evaluations, which are funded in part by resort tax revenues. Restoration efforts are prioritized for state and federal funding matches, with resort tax funds often used to fill gaps.

The organization's advocacy spans local, state, and federal levels, addressing issues such as stormwater management and water conservation. GRTF partners with entities like the Big Sky County Water and Sewer District to promote sustainable practices,

while also engaging with Gallatin County to improve communication and responsiveness.

FUNDING AND STRATEGIC INITIATIVES

GRTF's annual budget is supported through a mix of grants, resort tax allocations, and individual donations. Resort tax funds play a critical role in funding restoration projects and operational needs. The organization is preparing for a strategic planning session to refine its long-term goals and align its efforts with broader community needs, including water conservation and holistic water management.

CHALLENGES AND OPPORTUNITIES

The fragmented governance structure in Big Sky presents challenges for water management, with GRTF advocating for a boundary that incorporates the entire community. This would allow for more cohesive water and sewer oversight and better coordination of stormwater management efforts. Additionally, the transient nature of Big Sky's population and the impact of tourism place significant demands on water resources, underscoring the need for sustainable practices.

Despite these challenges, GRTF has made significant progress in fostering partnerships and securing funding for critical projects. Their work on sensitive land analysis and restoration projects highlights their ability to address complex environmental issues while engaging stakeholders at multiple levels.

PERSPECTIVES ON GOVERNANCE

Incorporation offers potential benefits for GRTF by providing a governance structure capable of addressing water management holistically. A municipal framework could facilitate better coordination of conservation efforts and allocate resources more effectively. However, GRTF's leadership

emphasizes the importance of maintaining flexibility and community-driven approaches, ensuring that incorporation complements rather than complicates their mission.

The Gallatin River Task Force is a cornerstone of environmental stewardship in Big Sky, addressing critical water resource challenges through advocacy, restoration, and conservation. As Big Sky considers incorporation, integrating GRTF's goals into a broader municipal framework will be essential for sustainable water management and community resilience.

YELLOWSTONE CLUB COMMUNITY FOUNDATION

The Yellowstone Club Community Foundation (YCCF) plays a vital role in supporting the Big Sky community and the areas where Yellowstone Club members reside. Established with a focus on enhancing community livability, the foundation prioritizes key areas including housing and childcare, health and wellness, environmental conservation, education, and arts and culture. Among these, livability and behavioral health are the foundation's largest focus areas, reflecting the pressing needs of the Big Sky community.

CURRENT OPERATIONS AND RESPONSIBILITIES

YCCF allocates approximately 60% of its resources to Big Sky, funding initiatives such as employee emergency assistance programs and community services. The foundation also supports housing and childcare projects, aiming to address the critical shortages impacting local workers and residents. Additionally, YCCF is expanding its scope to include community programs designed to further enrich the area's quality of life.

During the winter season, the Yellowstone Club

employs approximately 1,700 workers, with year-round staff numbering 400 and summer employment reaching 700. However, housing constraints mean that few employees reside in Ennis or within other nearby communities. The foundation's efforts to mitigate these challenges include collaborations with local organizations and targeted funding initiatives.

FUNDING AND STRATEGIC PRIORITIES

YCCF's funding model leverages grants and private contributions to support its programs. Despite its contributions to the community, the foundation faces challenges related to perceptions of wealth, which can limit access to broader funding opportunities. Additionally, the reliance on resort tax revenues poses a potential vulnerability if governance changes were to affect tax allocations.

PERSPECTIVES ON GOVERNANCE

Governance changes, including incorporation or adjustments to county boundaries, are not expected to significantly impact YCCF's operations. However, foundation leadership has expressed concerns about the equitable distribution of tax revenues, particularly given that many employees reside outside the county where they work. YCCF has also expressed support for initiatives like moving the county line to align more closely with the community's needs and interests.

The Yellowstone Club Community Foundation is a key contributor to Big Sky's livability and resilience, addressing critical needs through targeted funding and community programs. As Big Sky considers incorporation or other governance changes, ensuring that YCCF can continue its impactful work will be essential. Collaboration with local and municipal entities will enable the foundation to further its mission while adapting to the community's evolving needs.

WARREN MILLER PERFORMING ARTS CENTER

The Warren Miller Performing Arts Center (WMPAC) serves as a cultural hub for the Big Sky community, offering a wide array of performances, programs, and events that enrich the region's arts and culture scene. Named after legendary filmmaker Warren Miller, the center embodies his legacy of creativity and community spirit.

CURRENT OPERATIONS AND RESPONSIBILITIES

Located within the Lone Peak High School campus, WMPAC operates as a multi-functional venue hosting performances that range from world-class music and theater to local talent showcases. The center also serves as an educational resource, fostering partnerships with schools to provide students with exposure to the performing arts. Annual programming includes a mix of professional performances and community-driven events, ensuring accessibility for residents and visitors alike.

WMPAC operates with a lean administrative structure, relying on a combination of ticket sales, private donations, and grants to fund its \$600,000 annual budget. Resort tax allocations play a critical role in supporting its operations, allowing the center to subsidize ticket prices and maintain high-quality programming.

CHALLENGES AND OPPORTUNITIES

The center faces several challenges, including the high costs of bringing professional performances to a remote area and the limited local population base for ticket sales. Additionally, WMPAC must navigate its shared use with the school, balancing community programming with educational needs.

Despite these challenges, WMPAC has established itself as a vital cultural asset for Big Sky. Its ability to attract world-class talent not only enhances local quality of life but also contributes to the region's appeal as a destination. Expanding partnerships with local organizations and leveraging technology for virtual programming are key opportunities for growth.

PERSPECTIVES ON GOVERNANCE

Incorporation is unlikely to directly impact WMPAC's operations, but it could provide opportunities for enhanced municipal support and funding stability. The center's leadership has expressed interest in collaborating with a potential municipal government to further integrate arts and culture into community planning and development.

The Warren Miller Performing Arts Center is a cornerstone of Big Sky's cultural landscape, fostering creativity, education, and community engagement. As Big Sky considers incorporation, ensuring that WMPAC continues to thrive will be essential for maintaining the region's vibrant arts scene and enhancing its overall quality of life.

BIG SKY SUSTAINABILITY NETWORK ORGANIZATION

The Big Sky Sustainability Network Organization (Big Sky SNO) is a young nonprofit organization dedicated to advancing sustainability initiatives in the Big Sky community. Established just four years ago, Big Sky SNO focuses on a range of sustainability priorities, including renewable energy projects, community collaboration, and environmental advocacy.

CURRENT OPERATIONS AND RESPONSIBILITIES

Big Sky SNO operates with an annual budget of approximately \$300,000, 80% of which is sourced

from local funding. Unlike many nonprofits, it is not heavily reliant on private donors, emphasizing local engagement and partnership-driven initiatives. Key projects include the installation of rooftop solar panels on the Meadowview facility and other renewable energy efforts that align with its mission of fostering resilience within the community.

As co-chair of the Big Sky Coordinating Council, Big Sky SNO actively collaborates with other local organizations, including the food bank and Visit Big Sky, to enhance its impact. The organization's ability to remain nimble allows it to respond quickly to emerging community needs, a flexibility that is seen as a critical advantage over more bureaucratic entities.

CHALLENGES AND OPPORTUNITIES

One of the significant challenges facing Big Sky SNO is the restrictive nature of grant funding, which often limits the organization's ability to address broader sustainability goals. Additionally, current land-use planning frameworks can act as barriers to implementing innovative sustainability initiatives. Despite these obstacles, Big Sky SNO has leveraged resort tax funding effectively, ensuring strong representation and support for its projects.

Opportunities for growth include pushing for local ordinances that prioritize resilience and sustainability, as well as expanding collaborations with other community stakeholders. Big Sky SNO's work highlights the importance of grassroots efforts in driving meaningful environmental change.

PERSPECTIVES ON GOVERNANCE

Incorporation could offer both opportunities and challenges for Big Sky SNO. Local ordinances implemented under a municipal framework could advance resilience and sustainability efforts, creating a more supportive environment for the organization's initiatives. However, incorporation might also introduce

administrative complexities that could reduce Big Sky SNO's ability to act swiftly and effectively.

The organization's leadership has expressed concerns about losing the flexibility that comes with operating as a nonprofit. Maintaining this adaptability while fostering stronger partnerships with potential municipal authorities will be key to ensuring its continued success.

The Big Sky Sustainability Network Organization is a dynamic force for environmental progress in the community, tackling pressing sustainability challenges while fostering collaboration and innovation. As Big Sky considers incorporation, ensuring that Big Sky SNO can retain its flexibility and continue its impactful work will be essential to achieving long-term sustainability goals for the region.

BIG SKY COMMUNITY FOOD BANK

The Big Sky Community Food Bank, a program of the Human Resources Development Council (HRDC), has been a crucial resource for food security in the community for over a decade. Under the leadership of Sarah Gather, who has been with the program for 11 of its 12 years, the food bank has grown significantly, doubling its service levels during the COVID-19 pandemic and maintaining that increased capacity since.

CURRENT OPERATIONS AND RESPONSIBILITIES

The food bank provides essential services to over 1,900 customers annually, distributing 3,500 food boxes per month. It also serves as a hub for broader social services, offering access to a computer for applications to programs like Supplemental Nutrition Assistance Program (SNAP). Customers are allowed to use the food bank twice per month, with the highest

demand occurring in the off-seasons of October-November and April-May.

The food bank is staffed by one full-time employee and two part-time employees who each work 20 hours per week. Seasonal workers account for 20-25% of its clientele, and most users are in their first year of living in Big Sky. Demographics include 60 children under 18 and 30 seniors, reflecting the diverse needs of the community.

CHALLENGES AND OPPORTUNITIES

The transient and seasonal nature of Big Sky's workforce poses unique challenges for the food bank, as does the broader issue of families moving away from the area. Turnover and high living costs further complicate efforts to maintain consistent service levels. Additionally, the lack of infrastructure, such as a laundromat, highlights broader gaps in the community's social services landscape.

Despite these challenges, the food bank excels in coordination with other organizations, particularly in behavioral health and social services. Its integration with initiatives like the Coordinating Council of Big Sky (CCBS) and its proactive outreach to J1 visa workers and the seasonal workforce underscore its critical role in the community.

PERSPECTIVES ON GOVERNANCE

Food banks are not typically services offered directly by municipalities, and incorporation is unlikely to significantly impact the food bank's operations. However, municipal support could enhance resource allocation and infrastructure development, potentially alleviating some of the systemic issues that contribute to food insecurity in the area. Ensuring that the food bank's needs are included in broader community planning will be important as Big Sky evaluates governance changes.

The Big Sky Community Food Bank is an indispensable resource for addressing food insecurity and supporting the community's most vulnerable populations. Its ability to adapt to the unique challenges of a resort-driven economy while coordinating effectively with other social service providers makes it a cornerstone of Big Sky's social infrastructure. As the community considers incorporation, ensuring that the food bank's services are supported and integrated into long-term planning will be vital to its continued success.

GROW WILD

Grow Wild is a dedicated organization focusing on invasive species management and the promotion of native plant species in Big Sky. With approximately 20 years of experience, the organization provides vital landowner assistance and education, offering free site visits and coordinating with county programs to manage weeds and promote sustainable landscaping practices. By prioritizing "green infrastructure," Grow Wild enhances the ecological health and resilience of the region.

CURRENT OPERATIONS AND RESPONSIBILITIES

Grow Wild's services mirror those of county weed districts, with a focus on landowner stewardship. The organization does not engage in spraying weeds but instead helps landowners connect with cost-share programs to manage invasive species effectively. Their partnership with local HOAs to manage weeds in open spaces further demonstrates their collaborative approach to conservation.

Key initiatives include the Landowner Stewardship Project, which offers free on-site consultations to create customized plans for managing weeds and landscaping. The Wildlife Habitat Conservation Project is another flagship program, involving community weed pulls, educational series, and partnerships

with the Forest Service to manage noxious weeds at trailheads and other public spaces. Grow Wild is also expanding into landscaping assistance, with a focus on reducing water use, in collaboration with Alpenscapes.

CHALLENGES AND OPPORTUNITIES

Fundraising remains one of Grow Wild's primary challenges. Operating on a \$400,000 budget with one contracted staff member, the organization is seeking to expand its team to include a second employee. Increased site visit requests, which grew by 60% last year, reflect the growing demand for their services and highlight the need for additional capacity.

The organization also faces difficulties in coordinating with Madison County, which limits their reach in addressing cross-boundary conservation needs. However, opportunities abound, particularly in fostering community engagement through education and collaboration with local stakeholders.

PERSPECTIVES ON GOVERNANCE

Incorporation could provide Grow Wild with a more stable source of funding, reducing reliance on fundraising and allowing the organization to focus more on its mission. Local ordinances implemented under a municipal framework could further promote conservation and resilience efforts. However, the organization's leadership values its nimbleness and cautions against potential bureaucratic constraints that could arise with incorporation.

Grow Wild is a cornerstone of environmental stewardship in Big Sky, addressing critical conservation needs through education, collaboration, and practical assistance. As Big Sky considers incorporation, integrating Grow Wild's goals into municipal planning and ensuring stable funding will be essential to supporting the community's long-term ecological health and sustainability.

ARTS COUNCIL OF BIG SKY

The Arts Council of Big Sky (ACBS) is a nonprofit organization that enriches the Big Sky community through a diverse array of cultural and artistic programs. Led by Executive Director Brian, who has been a resident of Big Sky since 2001, ACBS operates on an annual budget of \$1.5 million and employs six full-time and three to five part-time staff members. The council focuses its efforts on three main pillars: events, education, and public art.

CURRENT OPERATIONS AND RESPONSIBILITIES

ACBS organizes numerous events throughout the year, including Music in the Mountains, community gatherings, and cultural performances, which draw both locals and visitors. Its educational offerings include classes such as pottery and other art workshops, fostering creativity and skill development across age groups. Public art, including sculptures and installations, further enhances the visual and cultural landscape of Big Sky, aligning ACBS with public art programs found in many other communities.

The council also plays a collaborative role in the community, participating in the CCBS and other nonprofit initiatives. However, as a volunteer-driven coordination effort, the council acknowledges limitations in making binding decisions or influencing local policy.

CHALLENGES AND OPPORTUNITIES

One of ACBS's key challenges is navigating the absence of local ordinances and governance structures that could support cultural initiatives. The lack of open container laws and other regulatory frameworks affects event planning and execution. Additionally, while ACBS is well-represented in the community, it faces constraints in influencing larger community planning efforts.

Despite these challenges, ACBS sees opportunities for growth, particularly in leveraging incorporation to establish funding opportunities and greater community involvement in governance. Enhanced regulations and municipal support could bolster public art and cultural programming while providing the council with resources to expand its impact.

PERSPECTIVES ON GOVERNANCE

ACBS views incorporation as a potential pathway to fostering a more organized and supportive environment for cultural initiatives. Local governance could help address developer influence, create a platform for broader community involvement, and establish ordinances that prioritize arts and culture. However, there is a need to balance these potential benefits with the risk of overregulation, which could stifle creativity and flexibility in event planning.

The Arts Council of Big Sky is a vital contributor to the community's cultural and artistic vibrancy. Its commitment to events, education, and public art enhances the quality of life for residents and visitors alike. As Big Sky considers incorporation, ensuring that arts and culture remain a priority within the new governance framework will be essential to supporting the council's mission and sustaining its positive impact on the community.

BE WELL BIG SKY

Be Well Big Sky (Be Well) is a volunteer-driven organization dedicated to promoting mental health and wellness throughout the Big Sky community. Established through the Coalition Continuum of Care and incubated with support from the One Valley Community Foundation, Be Well operates under a 501(c)(3) sponsorship but is actively working towards becoming its own independent nonprofit.

CURRENT OPERATIONS AND RESPONSIBILITIES

Be Well currently has no employees, relying instead on a contracted director and a team of approximately 30 volunteers and 40 partner organizations. The organization's annual budget for this transitional year is \$170,000 but is expected to grow to \$250,000 in the future. Budget allocations include salary for the director, training for volunteers, professional development for its leadership council, and resource materials. Additionally, Be Well hosts events such as live storytelling sessions, film screenings, and mental health panels to engage the community and raise awareness about mental health issues.

The organization also emphasizes learning and collaboration, having drawn inspiration from mental health frameworks in places like Gunnison and Summit County, Colorado, as well as Whistler, Canada. Be Well is exploring innovative funding models, including marijuana tax allocations, to support mental health services.

CHALLENGES AND OPPORTUNITIES

Be Well faces typical challenges for a young organization, including the need to establish sustainable funding and build capacity. As it transitions to an independent nonprofit, securing consistent financial support will be critical to expanding its impact. The reliance on volunteers, while fostering community engagement, also presents limitations in terms of organizational scalability.

Despite these challenges, Be Well has positioned itself as a key player in Big Sky's mental health landscape. Its partnerships with local organizations and its proactive approach to community education highlight its potential to drive meaningful change. The organization's focus on mental health reflects a growing recognition of the importance of holistic community well-being.

PERSPECTIVES ON GOVERNANCE

Incorporation could present funding opportunities for Be Well, including potential allocations from municipal budgets or local tax revenues. However, it may also introduce bureaucratic complexities that could challenge the organization's nimble, volunteer-driven approach. Be Well's leadership has expressed interest in exploring how incorporation could align with its mission, particularly in terms of enhancing community-wide support for mental health initiatives. Be Well Big Sky is a vital advocate for mental health and wellness in the community, leveraging volunteerism and collaboration to address critical needs. As Big Sky considers incorporation, ensuring that mental health remains a priority and that Be Well is supported in its growth will be essential to fostering a healthier, more resilient community.

CONCLUSION

The Service Provider Summary highlights the essential roles played by key organizations and initiatives in sustaining the Big Sky community. These service providers collectively address critical needs across housing, healthcare, education, environmental conservation, transportation, public safety, recreation, and cultural enrichment. Through their operations, these groups have become integral to the region's ability to navigate the challenges of rapid growth, a resort-driven economy, and the unique characteristics of a mountain community.

The insights gathered during discussions with organizational leaders in late September reveal a shared commitment to Big Sky's future. However, they also highlight the complexities associated with changes in governance and the reliance on resort tax funding. Many of these entities provide services that mirror governmental functions in other communities, making their perspectives crucial to understanding the potential impacts of governance changes.

Key themes emerged across the spectrum of service providers:

- **Resort Tax Funding Dependence:** A significant number of organizations rely on resort tax allocations to sustain their operations, creating opportunities and challenges for future planning.
- **Governance Transitions:** Incorporation or changes in governance could provide new funding mechanisms and coordination opportunities but also introduce potential complexities and administrative burdens.
- **Collaboration and Resilience:** The community's existing culture of collaboration and innovation among service providers will be critical in adapting to future changes and sustaining essential services.
- **Strategic Growth and Sustainability:** Addressing the pressures of population growth, housing affordability, infrastructure demands, and environmental stewardship requires a balanced approach that leverages both public and private resources.

As Big Sky contemplates governance changes, the path forward must prioritize the sustainability of these essential services while fostering a governance framework that enhances their efficiency, flexibility, and impact. The input and perspectives documented in this summary serve as a foundation for stakeholders to engage in informed decision-making as they navigate this critical juncture in Big Sky's development.

The resilience, creativity, and dedication of Big Sky's service providers ensure they are well-positioned to meet the evolving needs of the community. By maintaining strong collaboration and strategically addressing emerging challenges, these organizations will continue to play a pivotal role in shaping Big Sky's future, regardless of the governance structure that ultimately emerges.



APPENDIX C: EXISTING FISCAL CONDITIONS

DATE: January 27 2025
TO: BSRAD & WGM
FROM: ECOnorthwest & Sarah Emmans
SUBJECT: DRAFT Existing Fiscal Conditions Memo

Key Fiscal Findings

Big Sky's unique fiscal landscape is shaped by the interplay of property taxes, resort tax revenues, and private funding, each contributing to the community's ability to deliver public services and support local initiatives. As the area continues to grow and evolve, understanding these fiscal dynamics is essential for shaping conversations and scenarios around governance options. Below are key findings from an analysis of existing fiscal conditions in Big Sky.

- ◆ **Property Tax Distribution and Redistribution:** Property taxes are the primary funding source for local services in Montana, and the concentration of taxable value in Big Sky makes the area a major revenue driver for all property taxing districts in the region. However, the variation among districts in size of service areas means that in many instances, property tax dollars are not necessarily reinvested in the Big Sky area. This is particularly true of County-wide levies in the Big Sky area, where Big Sky produces a disproportionate amount of revenue relative to the share of services received.
 - The Gallatin County portion of the BSRAD contributes 14 percent of Gallatin County's taxable value. Gallatin County provides road maintenance on county-owned roads and provides 911 dispatch and Sheriff services in the Big Sky area. Sheriff services are funded through an interlocal agreement between the two counties and an allocation of resort taxes.
 - The Madison portion of the BSRAD contributes 85 percent of Madison County's taxable value, despite representing just 2.6 percent of Madison County's land area and less than one-fifth of its permanent population. The mountainous geography makes most county services inaccessible to the Big Sky area.
- ◆ **Growth in Property Values:** Since 2015, taxable property values have quadrupled in Madison County and tripled in Gallatin County. Concerns over rising property tax bills statewide have led to state action, such as a primary homeowner rebate program in 2024, and legislative proposals for a homestead exemption in 2025. While tax bills are rising, levy limitations restrict prevent local governments from fully capturing the growth in property values. In the Big Sky area, resort taxes are a critical supplement to property taxes.

- ◆ **Critical Revenue Tool:** Despite inherent volatility experienced by all sales taxes, resort tax revenue has shown strong positive growth, outpacing inflation and serving as a critical and reliable funding source for the Big Sky community.
 - Resort tax revenues have more than doubled between FY19 and FY24, reaching \$20.9 million in FY24, driven by expanded taxable activities and luxury developments. It acts as a property tax offset, funds core public services, and supports community driven initiatives in Big Sky, with 54 percent of revenues coming from the Gallatin County side of Big Sky and 46 percent coming from the Madison County side.
 - Over the past five years, resort tax dollars that support local nonprofits grew by 32 percent, support for public entities increased by 174 percent, and funding for public functions more than tripled (228 percent).
- ◆ **Resort Tax Role Captures Non-Resident Economic Activity and plays a Key Role in Service Provision:** Resort tax allows the Big Sky community to invest in a higher level and – potentially – a wider variety of public services within the Big Sky Community. Unlike property taxes, which are collected but not necessarily reinvested in the Big Sky area, resort tax is a locally collected, locally governed, and locally reinvested revenue stream. Given its historically high growth, and the fact that it extracts revenue primarily from visitors and tourists, the resort tax is a powerful revenue tool that has allowed the community to invest in services and benefits that may be outside of the typical unincorporated area service profile.
 - Resort tax also allows Big Sky to reinvest locally generated tax dollars in a more geographically concentrated area. Unlike property tax revenues, which are redistributed outside of BSRAD, the resort tax allocations have only supported services provided immediately in the community.
 - More than half of resort tax revenues come from hotel, lodge, and resort sales, or from club activities, reinforcing the tax’s role as a harness of tourist, second home-owner, and visitor activity. Sales from these sectors comprised \$13 million out of \$21 million collected in 2024.
- ◆ **Property Tax Offset:** Similar to other communities with a resort tax, Big Sky’s resort tax functions as a property tax offset, reducing the cost of core public service delivery for property owners. Its fiscal profile (high growth, though relatively unstable) also serves as an appropriate counter to property taxes, which grow slowly but are more stable.
- ◆ **Evolving Resort Tax Base:** The distribution of taxable sales has shifted significantly. In FY19, Madison County accounted for 70 percent of sales, but the growth of areas like the Town Center in Gallatin County has led to a more even distribution across counties.



- ◆ **Diverse Public Funding Landscape:** Service provision in Big Sky relies on a combination of property taxes, resort taxes, special (parcel-based) assessments, fees, other public funds, and private funding.
 - In FY25, property taxes generated \$93 million, little of which was reinvested in Big Sky, while resort tax provided \$17 million for local services. Private philanthropic contributions add \$5–\$7.5 million annually to support nonprofits.
 - In the Big Sky area, property owners may be subject to a number of special assessments for certain purposes, including rural improvement districts, the Big Sky Trails, Recreation and Parks District and Big Sky zoning mills.

Introduction

The Big Sky Resort Area District (BSRAD) is currently undertaking a local governance study to better understand and evaluate governance options for the unincorporated community of Big Sky, Montana. As part of the existing conditions analysis, this memo establishes a foundational understanding of Big Sky’s fiscal landscape, which will inform the development and evaluation of potential governance options in the second phase of this project.

This memo offers insights into the role Big Sky plays within the broader Gallatin and Madison County region. It highlights the complex network of service providers and revenue streams that support a wide range of services in Big Sky. By detailing the structure of property taxes, the resort tax, and other fiscal and economic considerations, this memo sheds light on how Big Sky operates within its regional context and provides preliminary considerations to help guide scenario development and allow local evaluation of governance options.

High-Level Community Characteristics

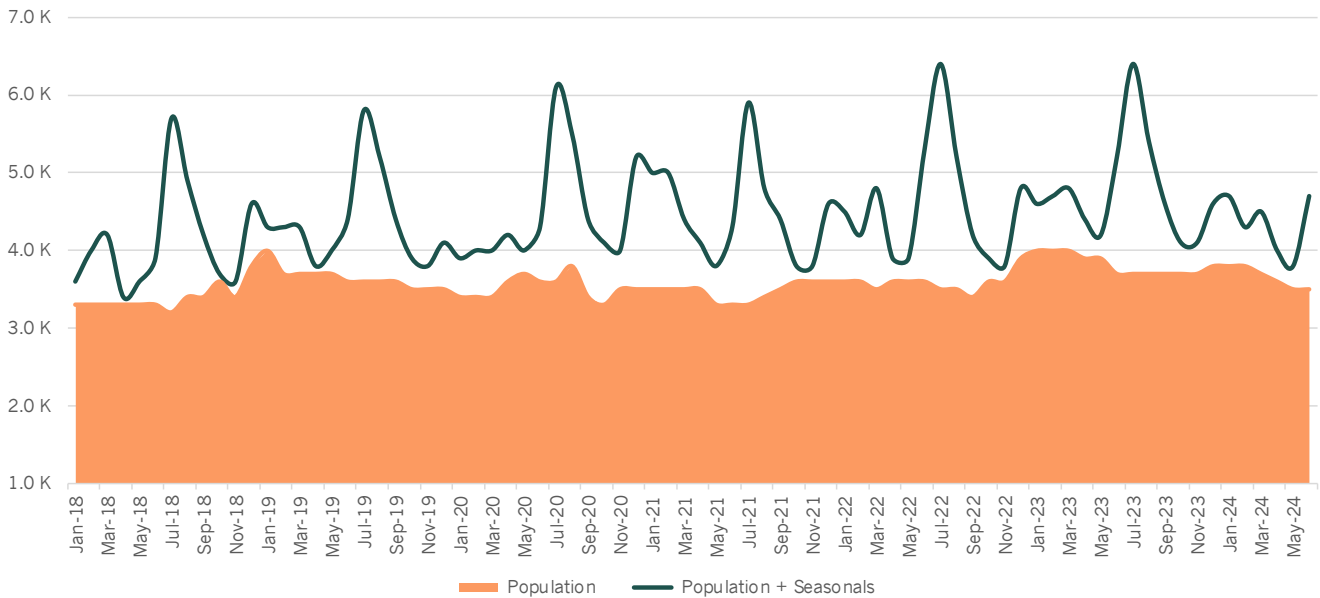
Characteristics of a community often determine both revenue capacity (through tax base and economic activity) and service demands (through demographics and development patterns). The high-level overview of Big Sky’s characteristics provided in this section serve as context for helping residents assess whether current fiscal policies and governance structures appropriately serve and sustain the community.

Big Sky has emerged as a premier destination for households seeking an exclusive, luxury mountain lifestyle, where world-class skiing combines with high-end amenities and private clubs that attract wealthy residents from across the U.S. These high-net-worth households have invested in second homes, vacation properties, or even primary residences in the area.

Exhibit 1 shows that since 2018, the number of permanent residents in Big Sky has remained relatively stable at around 3,500 people, with fluctuations that have generally balanced out over time. However, Big Sky’s demographic composition is shifting, driven by patterns of in- and out-migration that reflect broader social and economic factors.



Exhibit 1: Permanent and Seasonal Population Trends, Big Sky, January 2019-May 2024



Source: Placer.ai

Data from Placer.ai¹ reveals that new arrivals are often younger individuals, likely without families, who are drawn to Big Sky's active lifestyle and recreational amenities. These are households who tend to be young, single individuals who prioritize lifestyle experiences, often choosing to live in areas that offer recreational opportunities despite potentially higher costs. They tend to be adaptable and willing to relocate for enhanced quality of life, valuing access to outdoor activities and communities of like-minded peers. In contrast, those leaving the community tend to be older individuals seeking retirement or families in search of greater affordability, particularly for housing. This dynamic, coupled with Big Sky's status as a seasonal destination and the new development that supports the growing seasonal economy, adds to the perception of sustained population growth.

Seasonal residents increase the population by an additional 1,000 to 3,000 people at various points throughout the year, greatly influencing the demand for various services in Big Sky.

Visitors

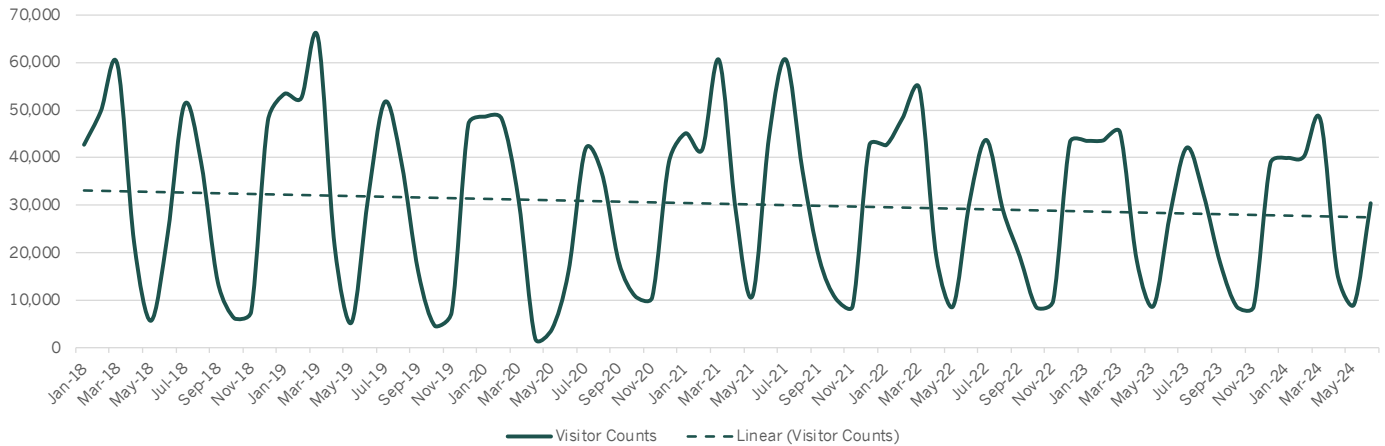
Visitor data for Big Sky, Montana reveals a distinct cyclical pattern in tourism, with seasonal peaks and valleys each year. Exhibit 2 shows consistent seasonal fluctuations, with visitor counts having reached their highest points of around 50,000 to 60,000 during peak summer

¹ Placer.ai is a location analytics platform that uses anonymized mobile device data to analyze consumer behavior, foot traffic patterns, and visitation trends at commercial locations and destinations. The platform provides insights into visitor demographics, cross-shopping patterns, trade areas, and market penetration.



and winter seasons, while dropping significantly to around 10,000 visitors during shoulder seasons.

Exhibit 2: Visitor Counts, Big Sky, January 2018-May 2024



Source: Placer.ai

Big Sky’s has general year-round appeal, averaging approximately 30,000 monthly visitors and accumulating over 2.3 million total visitors between 2018-2024. This pattern reflects Big Sky's dual identity as both a premier winter ski destination and a popular summer recreation hub. However, visitor trends in Big Sky during peak seasons have shown a gradual decline since their peak in 2019. Between February and March 2019 there were approximately 118,000 visitors. By 2023, visitors had decreased to just under 89,000 in February and March. This downward trend continued into 2024, with February and March visitor counts at around 88,000.

These findings illustrate the significant role of tourism in shaping Big Sky’s fiscal landscape and underscore the importance of visitor-driven revenue streams for the community.

Housing Affordability

Big Sky, Montana faces a critical housing affordability crisis driven by a shortage of affordable units, rapid job growth, and high development costs. Rental vacancy rates are effectively zero, and most new housing is market-rate, far beyond the reach of the local employee base of Big Sky. With over 80 percent of resident households requiring below-market housing, the affordability gap is stark.²

The cost of living index (COLI) in Big Sky is almost 54 percent higher than the national average, with housing costs more than 100 percent of the U.S. norm.³ These high living expenses force many workers to live in surrounding areas, incurring significant commuting

² 2023 Big Sky Community Housing Needs Update. WSW Consulting, Inc. and Urban Rural Continuum.

³ 2024 Cost of Living Analysis for Service Workers Living in Big Sky and Ennis, Montana. EConorthwest.



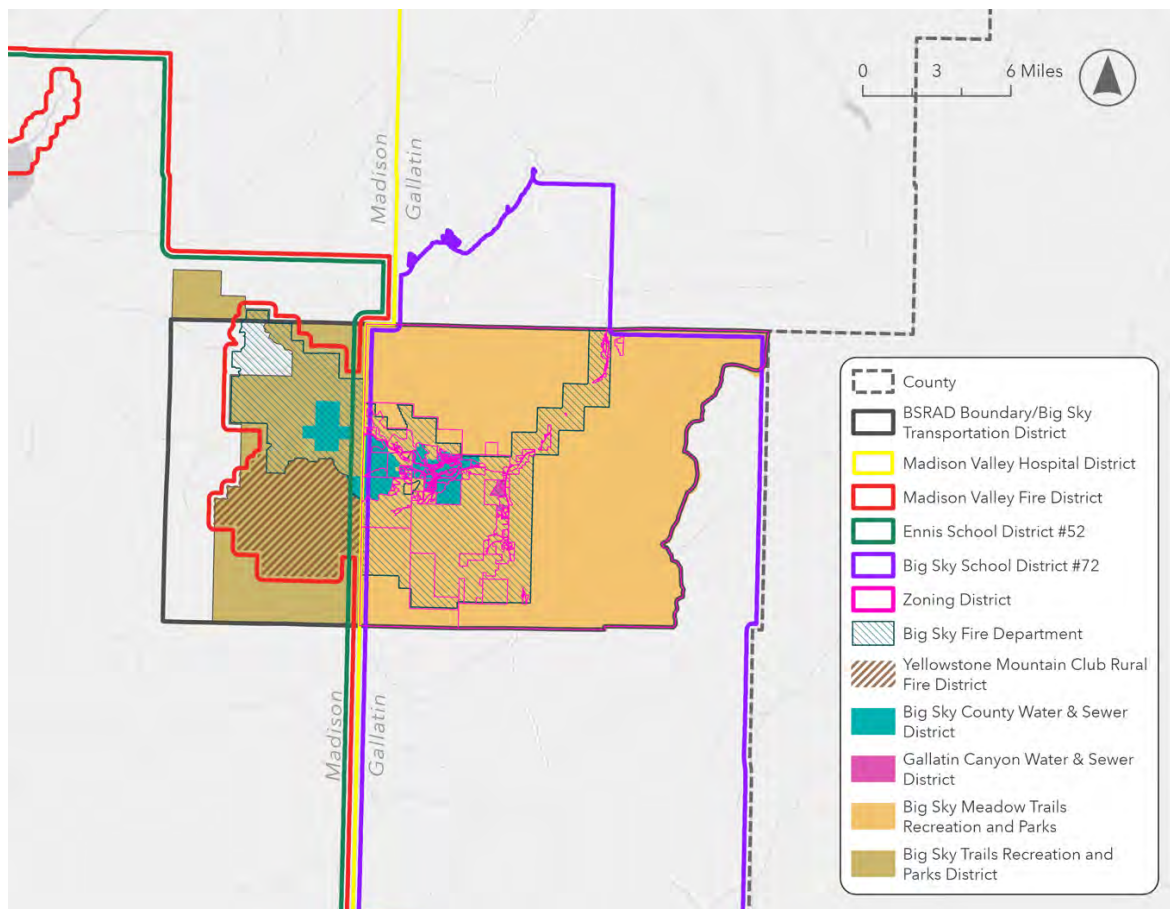
costs. The 2023 Housing Needs Assessment reports that 39 percent of in-commuters indicate they would relocate if affordable housing were available.⁴

Development costs, driven by high land prices and construction costs, further exacerbate the affordability gap, particularly for these employees necessary to sustain the tourism economy in Big Sky.

Service Provision

Big Sky's governance and service structure is a complex landscape of twelve overlapping service districts (excluding RIDs - rural improvement districts) and taxing entities that collectively address the community's needs. In the absence of a traditional centralized municipal government, a range of organizations, districts, and special entities provide critical services such as water and sewer management, fire protection, law enforcement, housing resources, transportation, and recreational amenities. Both public revenues – largely in the forms of property and resort tax – and private dollars fund these services.

Exhibit 3: Primary Service Districts in Big Sky



⁴ 2023 Big Sky Community Housing Needs Update. WSW Consulting, Inc. and Urban Rural Continuum.



Source: ECONorthwest

The community has demonstrated a strong commitment to collaboration and resourcefulness to meet the diverse needs of permanent and seasonal residents, employees, visitors, and local businesses. This is evident in the successful establishment of community housing programs, expansion of public transit services, and investments in infrastructure in the absence of a central form of government. The current structure requires significant coordination among a variety of stakeholders to provide services. This complex service landscape reflects one of Big Sky's many unique characteristics as an unincorporated resort community, situated between two counties. However, the shifting demographic trends, seasonal fluctuations in population and visitation, and persistent housing affordability challenges underscore the importance of examining Big Sky's existing fiscal conditions within the context of a changing market and resident base. These dynamics also highlight challenges and opportunities created by Big Sky's unincorporated status (to be explored more in-depth below and during the next phase of the governance study), which results in a service structure that depends on a network of overlapping providers to meet the needs of residents, workers, and visitors.

Revenue Landscape

The following section provides an overview of the fiscal components that contribute to public services in Big Sky, highlighting the primary revenue sources, property and resort taxes. This section also explores the complexities of tax allocation across jurisdictions, the geographic distribution of revenue, and the growing significance of these revenue streams in addressing the community's evolving needs.

Property Tax

Property tax is the primary source of public revenues for local governments in Montana, and most property taxes paid by property owners are local in nature.⁵ Property taxes are one of only four local taxing authorities allowed by the state, the others being resort taxes in certain communities including Big Sky, a local option gasoline tax, and a local option vehicle registration fee. As such, property taxes are a critical funding source for locally delivered public services.

The state, counties, municipalities, school districts, and special districts all may impose property taxes, which are collected by the state. In Montana, the taxable value of property is determined by the Department of Revenue based on regular appraisals of market values. The taxable value represents a small percentage of the appraised market value, about 1.35

⁵ In 2022, local property taxes are 96 percent of local government tax revenue in FY 2022 (Montana Department of Revenue 2021-22 Biennial Report) and about 61 percent of own-source revenue (Census of State and Local Government Finance). About 43 percent of the \$2 billion collected in property taxes were allocated to local governments and special districts, with the remainder going to schools (39 percent) and the state (17 percent). Intragovernmental revenues (from the federal or state government) are also primary revenues for local governments in Montana.



percent for residential properties and 1.89 percent for commercial properties. Taxing jurisdictions may then impose a mill levy on taxable value to receive their allocation of property tax revenues from the state.

Local governments are subject to a levy limit, which limits growth in property taxes to a levy sufficient to generate the previous year's property tax revenue, plus half the rate of inflation over the past three years. This mill levy growth is calculated excluding newly taxable value but then applied to all taxable value (including newly taxable), which allows for modest growth outside of the inflationary limitation.⁶ The levy limit does not apply to voter-approved levies.

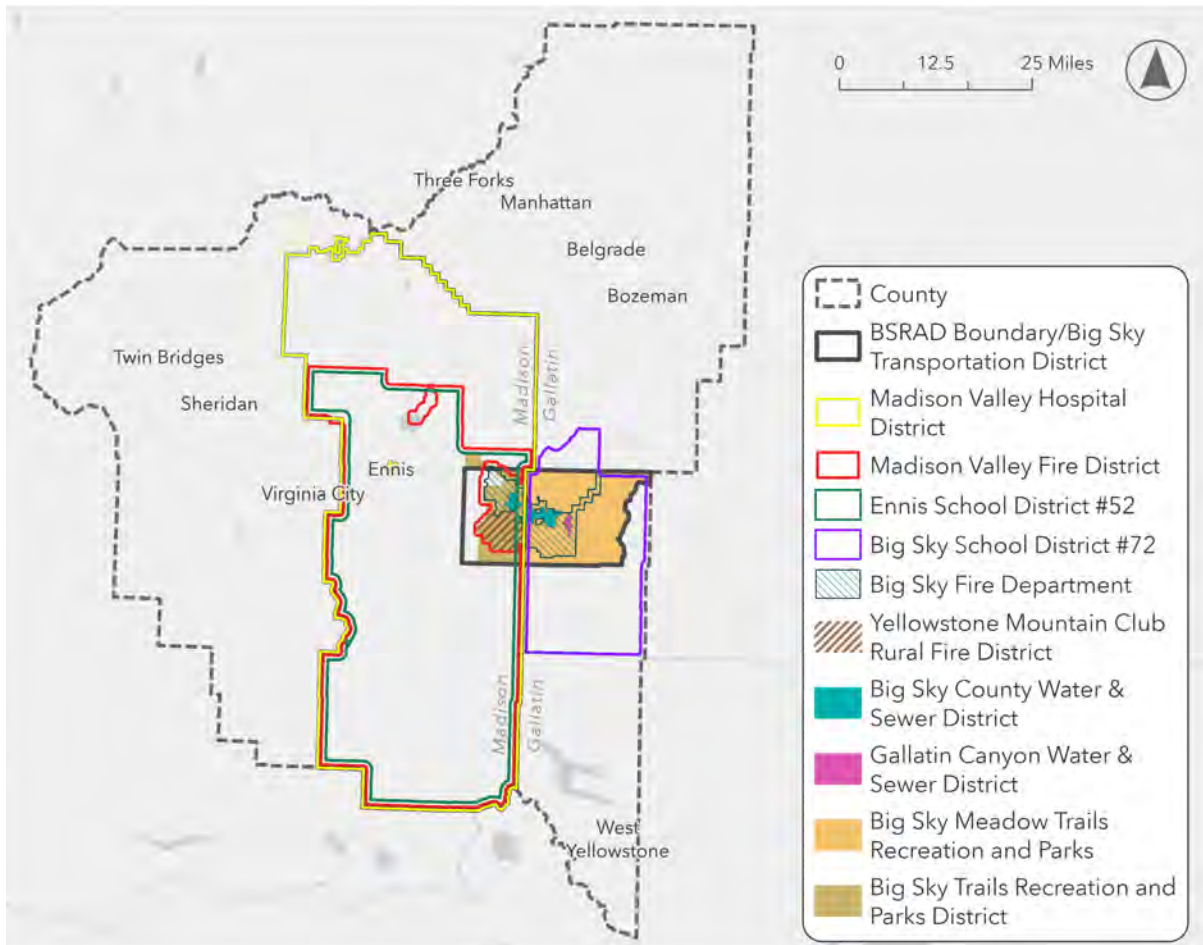
There are several taxing districts operating in the Big Sky area. These districts provide different public services and functions, operate as largely independent entities, and have service areas and tax bases that vary in size and shape. Exhibit 4 below is a map outlining the different tax districts in the Big Sky area.

There is a substantial concentration of taxable value in the Big Sky area, driven primarily by increases in luxury real estate and amenities. This concentration makes it a significant revenue driver for many of these districts. However, the varying sizes of service areas often mean that property tax dollars collected in Big Sky are not always reinvested locally. The taxing districts outlined below represent areas where property tax revenues are collected but not necessarily where these funds are spent on services. Many of these districts serve large, geographically broad areas, with the Big Sky Resort Area District (BSRAD) covering only a small portion of these regions. This issue is particularly pronounced on the more rural Madison County side of the county line, where Big Sky's remote location and challenging geography limit access to Madison County services.

⁶ MCW 15-10-240 Procedure for calculating levy. See also "Property Tax Limits" brief, Montana Legislature Office of Research and Policy Analysis, September 2023. <https://archive.legmt.gov/content/Committees/Interim/2023-2024/Revenue/Meetings/September-2023/tax-limits-2023.pdf>



Exhibit 4: Big Sky Area Property Tax Districts, Madison & Gallatin Counties



Source: ECONorthwest

TAXABLE VALUE IN THE BIG SKY AREA

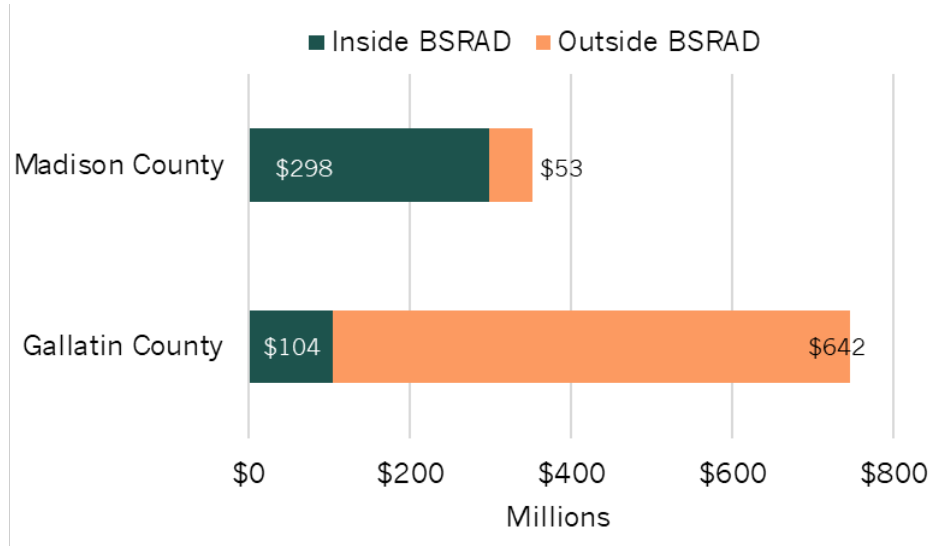
In 2024, the market value of real property in the Big Sky Resort Area District is estimated by the Department of Revenue to be **\$25 billion**, and taxable value to be **\$391 million**.⁷

⁷ Taxable value is about 1.6 percent of market value. Because the Big Sky Resort Area District is not a property taxing district, DOR does not publish taxable values for the area but instead provided a special boundary report for 2023 and 2024. DOR also provided a 2024 boundary report for the BSRAD boundary to ECONorthwest, which was then joined to parcel data and will be used as the basis for the calculations of taxable value shares below. ECONorthwest's estimate for total taxable value is \$387 million, which is a 1.2 percent margin of error from the DOR estimate.



As BSRAD spans two counties and multiple property tax districts, the relative share of taxable property in each jurisdiction varies. In general, given the concentration of more urban areas in Gallatin County compared to Madison County, BSRAD properties comprise an estimated 14 percent of taxable value in Gallatin County, compared to 85 percent in a more rural Madison County. Exhibit 5 provides the relative dollar amounts.

Exhibit 5: Taxable Value of Property Located Inside and Outside of the BSRAD Boundary, 2024



➤ **Key Findings**

Taxable value within the BSRAD boundary is distributed unevenly across two counties. BSRAD represents an estimated **14 percent** of Gallatin County’s total taxable value and **85 percent** of Madison County’s taxable value.

Source: Analysis of Assessor Data and Department of Revenue Certified Values, 2024

BSRAD’s share of Madison County’s taxable value is remarkably disproportionate to its geographic footprint, as it accounts for just 2.6 percent of the county’s total land area as shown in Exhibit 3 and potentially holds less than a fifth of the County’s permanent population.⁸ Additionally, due to the mountainous geography of Madison County and the limited access to Jack Creek Road⁹, **few public services are provided in the Big Sky area by Madison County and other county-wide districts levying within BSRAD.**

The districts levying taxes on the Gallatin County side of BSRAD tend to be located within BSRAD, meaning property tax dollars generated within BSRAD are then spent on services within BSRAD. Exhibit 6 shows relative taxable value of property within and outside of BSRAD

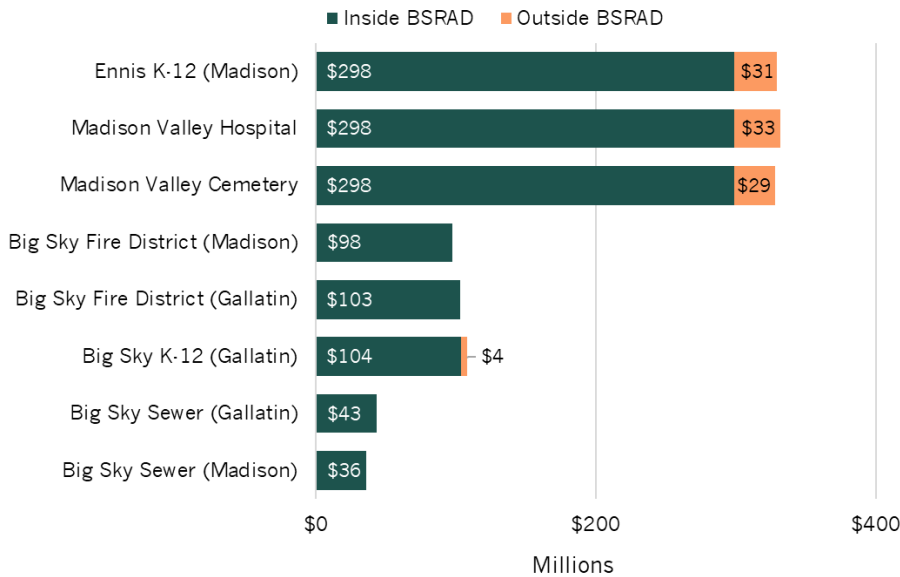
⁸ The 2022 population estimate for Madison County was about 8,700 residents and the 2023 population of Gallatin County was about 126,400 (2022 and 2023 ACS 5-year and 1-year, respectively). The permanent population of the Big Sky area is estimated to be about 3,500 (Placer.ai). If we assume half of Big Sky’s permanent residents live in Madison County, then the share of Madison County residents living in BSRAD is about 20 percent.

⁹ Jack Creek Road is a private route connecting Big Sky to the nearby town of Ennis located in Madison County. Restricted access to the road, controlled by a variety of private entities, and its challenging terrain, limits its availability to the public and primarily serves those with explicit permissions or affiliations. The limited physical access between the Madison County side and the Big Sky area hinders regional connectivity and disrupts economic integration between the communities on both sides.



in illustrative jurisdictions. The Madison County side of BSRAD contains about 90 percent of the tax base for Ennis K-12 and the Madison Valley Hospital districts, though they represent only 5.2 percent and 7.2 percent of the land area, respectively, and do not provide conveniently accessible services to Big Sky area residents.

Exhibit 6: Estimated Taxable Value In and Out of BSRAD, Select Jurisdictions, 2024



➤ **Key Findings**

The Madison County side of BSRAD contains about 90 percent of the tax base for Ennis K-12 and the Madison Valley Hospital districts, though they represent only 5.2 percent and 7.2 percent of the land area.

Source: Analysis of Department of Revenue BSRAD Parcel Data and District Certified Taxable Values, 2024

PROPERTY TAX BASE IN BIG SKY

On the Madison County side of BSRAD, residential properties make up the majority of the tax base, accounting for 88 percent of all properties and 92 percent of the total taxable value. Commercial properties make up just 5 percent of property in BSRAD on the Madison County side. On the Gallatin County side, residential property comprises 74 percent each of the property and taxable value, while commercial property is about 10 percent of both property and value. Agricultural and timber properties are about 15 percent of value, but only about 3 percent on the Madison County side. Exhibit 7 provides a table of parcels and taxable value for BSRAD by county.



Exhibit 7: Parcels and Taxable Value by County in BSRAD, 2024

Property Type	Madison		Gallatin	
	Parcels	Taxable Value	Parcels	Taxable Value
Residential Property	3,075	\$267,320,900	3,129	\$74,489,416
Commercial Property	169	\$13,978,842	367	\$10,750,631
Mixed Use	-	\$0	3	\$87,220
Agricultural and Timber Properties	157	\$6,180,840	335	\$10,294,593
Non-Qualified Ag	41	\$2,967,121	183	\$5,522,172
Industrial Real Property	1	\$56,080	3	\$70,952
Government Property	49	\$0	178	\$4,602
Manufactured Homes	-	\$0	21	\$34,143
Centrally Assessed	2	\$0	4	\$0
Total	3,494	\$290,503,783	4,223	\$101,253,729

Source: EConorthwest analysis of Assessor Data and Department of Revenue Certified Values, 2024.

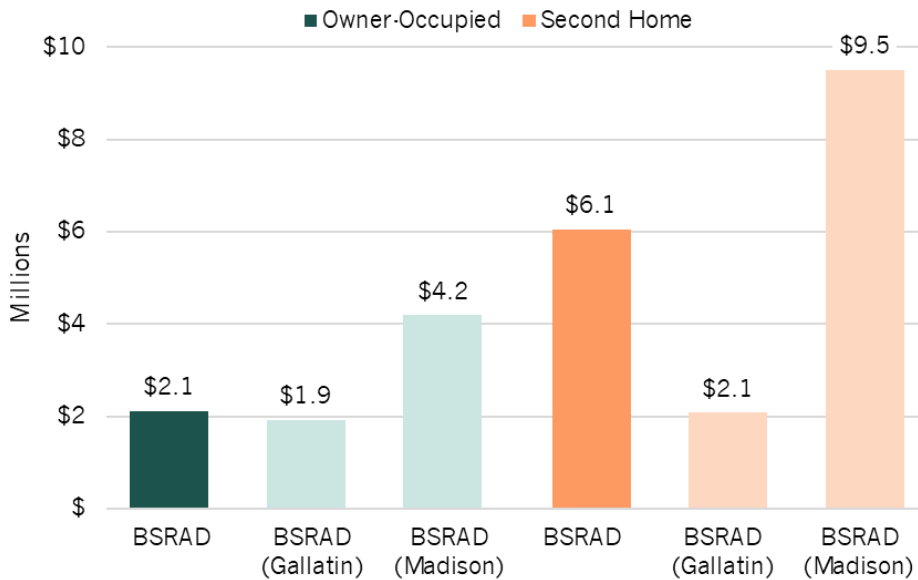
Of residential properties, it is very difficult to estimate the share of primary, second home, and vacation rental properties. However, EConorthwest conducted a high-level analysis of the residential assessor data within the BSRAD boundary to create a sample of primary resident properties and second/vacation home properties to estimate average market values of each using assessor data.¹⁰

The average market value of owner-occupied homes in the sample of 3,000 parcels was \$2.1 million (dark green below) and the average market value of second/vacation homes was \$6 million (dark orange below). Exhibit 8 shows the average market value on each side of the County line, for second homes and owner-occupied homes. (Average market value on each side of the county line are the lighter colors.) Second/vacation homes in the BSRAD, particularly in Madison County, likely contribute disproportionately to the taxable property value in the area.

¹⁰ Permanent residents were identified based on properties receiving a state tax rebate designated for primary residents, as determined from Department of Revenue records. Properties with out-of-state mailing addresses were classified as second or vacation homes. Additionally, properties where the site zip code differed from the owner's zip code were classified as second or vacation homes to account for Montana residents owning secondary properties in Big Sky. Properties owned under entities such as LLCs, holding companies, or investment firms were also classified as second or vacation homes.



Exhibit 8: Average Market Value of Owner-Occupied and Second Homes, BSRAD, 2024



➤ Key Findings

Second and vacation homes, especially in Madison County, are a significant contributor to the property tax base with significantly higher market values than owner-occupied homes.

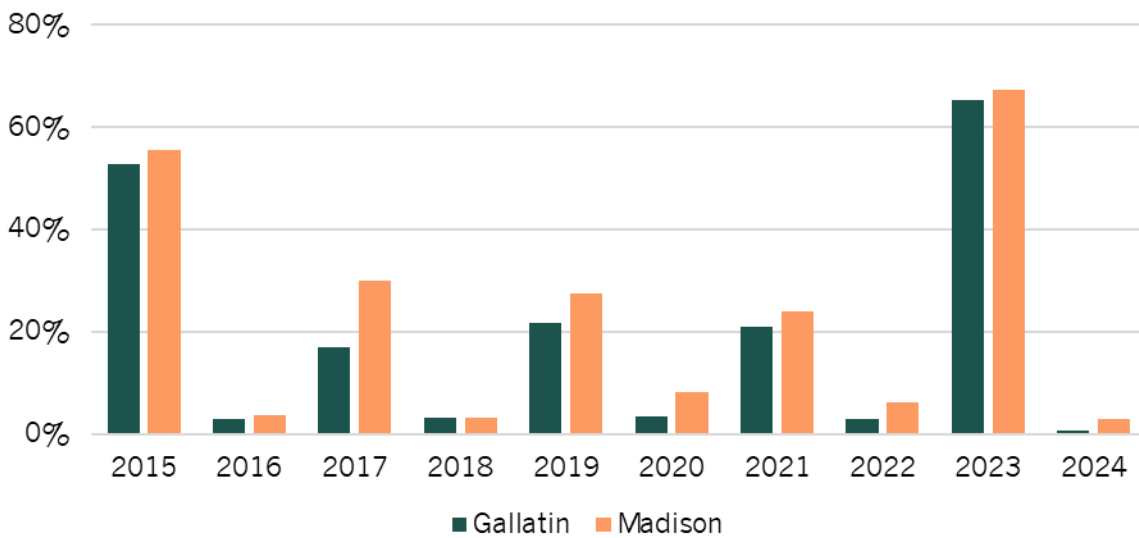
Source: ECOnorthwest analysis of parcel data

GROWTH IN PROPERTY VALUE

The Department of Revenue conducts property appraisals to estimate their true market value for property tax purposes every two years, specifically in odd-numbered years. It is expected that valuations may increase every two years as the Department is “catching up” from a year in which there is no appraisal. However, in 2023, market values increased dramatically; in Gallatin County, they increased more than three times as much as they had in the previous three appraisal cycles, and in Madison County, they increased by about two-and-a-half times. Exhibit 9 shows the annual growth in market value between 2015 and 2024. In 2015, market value in Gallatin County was \$15 billion; in 2024 it had increased more than three-fold to \$49 billion. Madison County’s 2015 market value was \$5 billion; in 2024 it had increased more than four-fold to \$22 billion.



Exhibit 9: Annual Growth in Certified Market Value, Gallatin and Madison Counties, 2015-2024



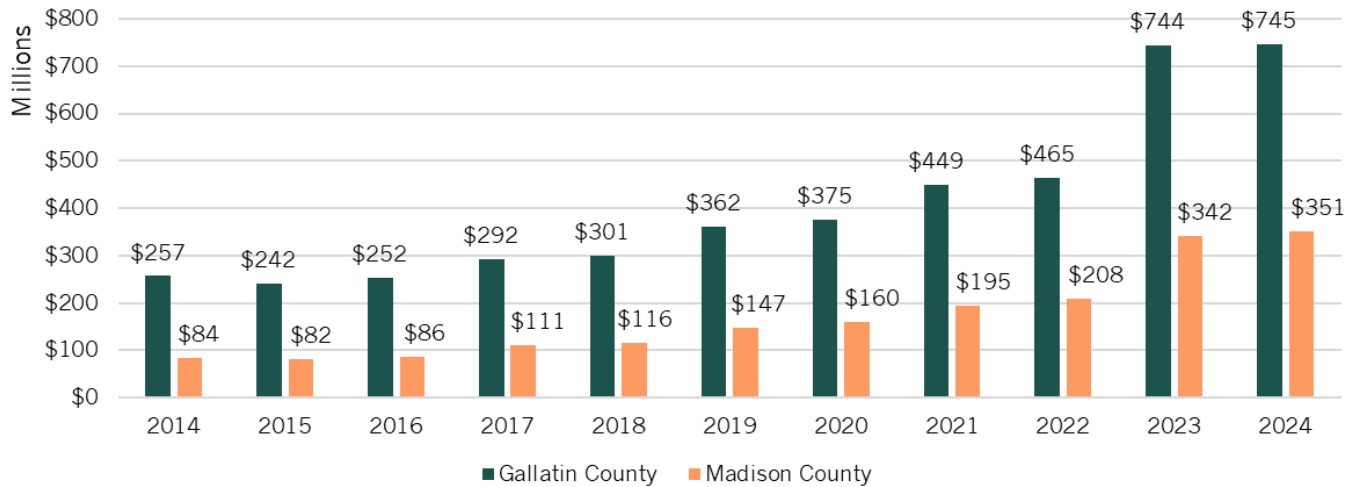
Source: Analysis of Department of Revenue Data

The total taxable value of property in each county has experienced tremendous growth as well. In Gallatin County, taxable value has tripled in 10 years, growing from \$242 million in 2015 to \$745 million in 2024. In Madison County, values have grown over four times, from \$82 million in 2015 to \$351 million in 2024. Exhibit 10 below shows the growth over time.

In both counties, the growth and development of the Big Sky area have been a key driver of the increase; this is particularly true on the Gallatin County side, where the value of property within the Big Sky Fire District grew much more quickly than the County as a whole. However, due to levy limitations in state law which limit levy growth to 1/2 the rate of inflation over the prior three years, city and county property tax revenue does not increase as quickly as taxable value.



Exhibit 10: Certified Taxable Value, Gallatin and Madison Counties



Source: Analysis of Department of Revenue Data

The increases in the Big Sky area were part of a statewide trend which caused significant concern about the impact on taxpayers among all taxing jurisdictions. In 2023, the State of Montana offered a one-time annual rebate of \$675 for permanent resident property owners in an effort to offset the impact of the increase to residential taxpayers.¹¹ In 2025, the Department of Revenue projects an additional sizable increase.¹²

PROPERTY TAX REVENUE COLLECTED IN THE BIG SKY AREA

Taxpayers in the Big Sky area will be subject to different levies, depending on their location within the various layers of taxing jurisdictions.

In 2023, an estimated **\$33 million** in property taxes were paid by property owners within the Gallatin County side of BSRAD.¹³ About two thirds (\$23 million) of this tax revenue was for county-wide or state-wide uses, and about one third (\$11 million) was for local or Big Sky districts (the Big Sky Fire District and Big Sky K-12 District). About 14 percent of Gallatin County-wide and state-wide property tax revenues collected in Gallatin County come from Big Sky.

On the Madison County side, of an estimated \$69 million collected, about **\$59 million** is estimated to come from properties within BSRAD – about 86 percent. Of this total, less than 10 percent - **\$6 million out of the \$69 million collected** – is for districts concentrated in the

¹¹ <https://mtrevenue.gov/taxes/property-tax-rebate-house-bill-222/>

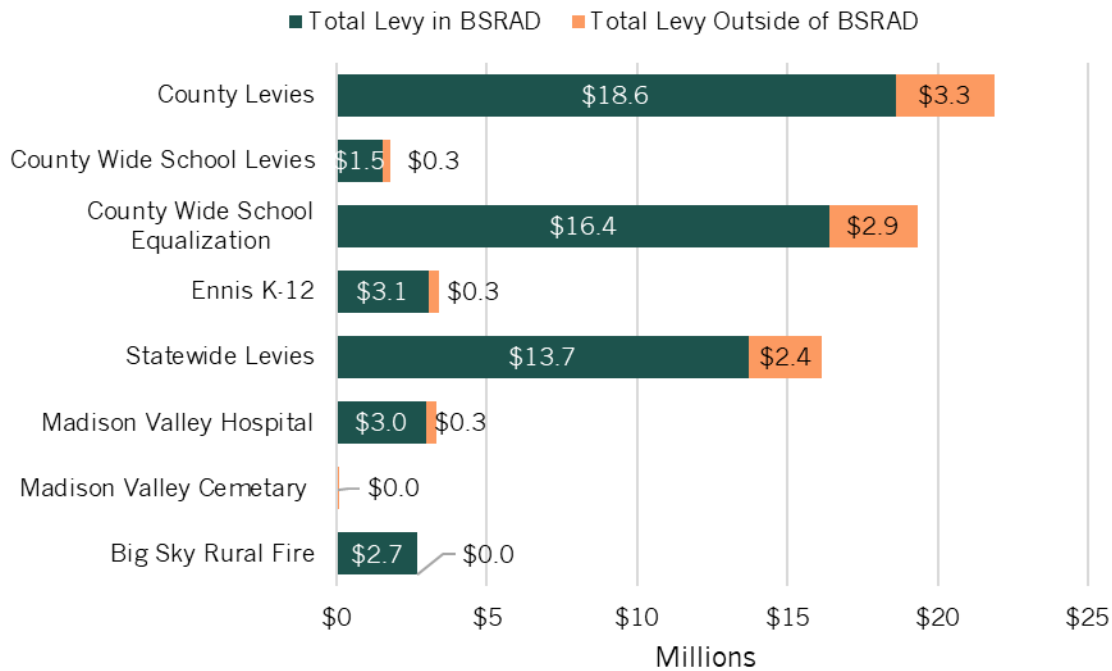
¹² <https://dailymontanain.com/2024/11/18/montana-lawmakers-told-property-taxes-could-rise-again-if-assessment-rate-unchanged/>

¹³ This is based on ECONorthwest's estimates of mills collected in the Big Sky District, multiplied by the certified taxable value of each district. The Big Sky School District is used as a proxy property tax bill, given that it covers most of the Gallatin County side of BSRAD.



Big Sky area (Big Sky Rural Fire and Ennis K-12). Exhibit 11 and Exhibit 12 below provide breakdowns by taxing jurisdiction.¹⁴

Exhibit 11: Estimated Levies Collected for State, County, and Local Property Tax Districts that Levy in the Big Sky Area, Madison County, FY 2025

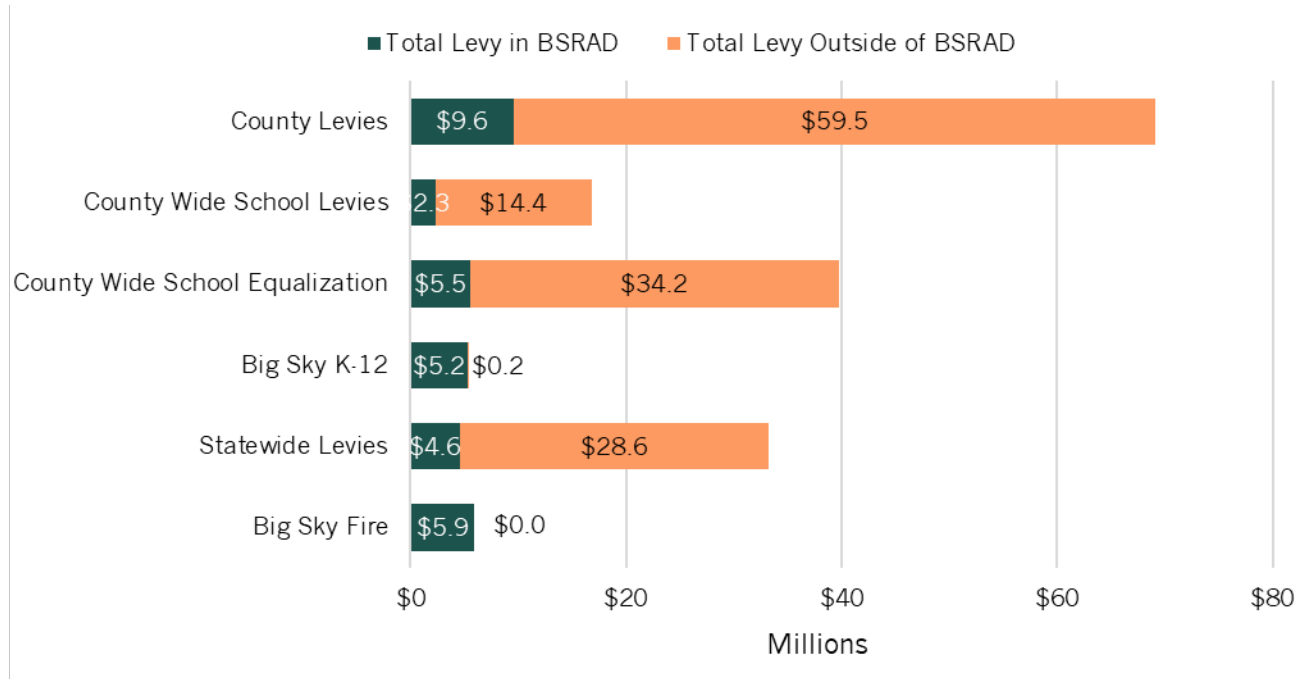


Source: ECONorthwest analysis of Certified Taxable Values and FY 2025 County Levy Information

¹⁴ This is based on ECONorthwest’s estimates of mills collected in District 29 (52-Out Big Sky Fire), which is geographically similar to the Madison County side of BSRAD.



Exhibit 12: Estimated Levies Collected for State, County, and Local Property Tax Districts in the Big Sky Area, Gallatin County, FY 2025



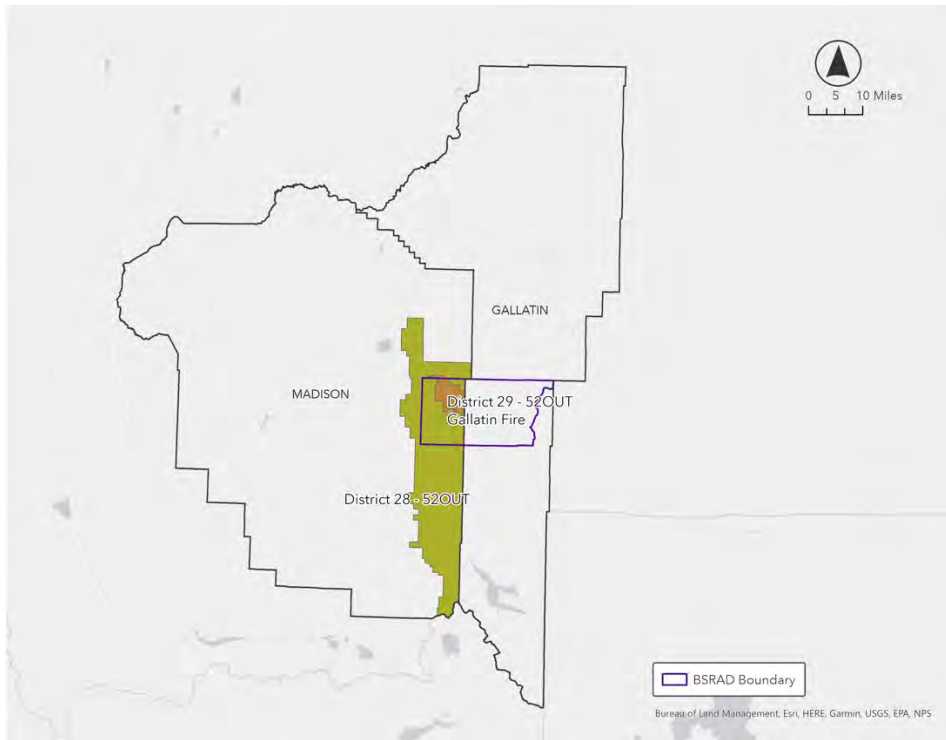
Source: ECONorthwest analysis of Certified Taxable Values and County FY 2025 Levy Information

The levy calculations above come from mills collected in two taxing districts that are rough geographic proxies for BSRAD. Understanding the property tax bills currently paid by BSRAD property owners is important baseline information for an incorporation scenario which may or may not include additional property tax levy scenarios. Additionally, as will be discussed in the next section, resort taxes offset some of the costs of public services in the BSRAD area that may otherwise be paid for with property taxes.

In Madison County, District 29 includes county levies, statewide levies, and several special district levies including Big Sky Fire District, Madison Valley Cemetery, Madison Valley Hospital, and Ennis K-12 District. The total millage for a property in this district was 218.39 in FY 2025. Exhibit 14 provides an example of a tax and assessment bill from this district, for a home with \$25,000 in taxable value, with an assessed market value of \$1.9 million.



Exhibit 13: Levy Districts 28 & 29



Source: ECONorthwest

Exhibit 14: Example Tax Bill for a Home Located in District 29, Madison County

Voted *	% of Tax	Tax Amount	Mill Levy
STATE SCHOOL LEVY	38.43 ‰	\$2,455.28	95.000
DISTRICT SCHOOL LEVY	4.17 ‰	\$266.46	10.310
STATE LEVY - UNIVER	2.43 ‰	\$155.07	6.000
COUNTYWIDE EDUCATIO	2.04 ‰	\$130.52	5.050
Total School	47.07 ‰	\$3,007.33	116.360
County General	4.04 ‰	\$258.44	10.000
Road	2.41 ‰	\$154.29	5.970
* Nursing Homes	6.88 ‰	\$439.37	17.000
Bridge	1.11 ‰	\$71.07	2.750
* Weed	0.44 ‰	\$28.43	1.100
County Fair Fund	0.51 ‰	\$32.31	1.250
Airport	0.85 ‰	\$54.27	2.100
District Court	0.26 ‰	\$16.80	0.650
* Library	0.93 ‰	\$59.44	2.300
Planning	0.28 ‰	\$18.09	0.700
Emergency/Disaster	0.00 ‰	\$0.00	
* Senior Citizens	0.81 ‰	\$51.69	2.000
Public Safety-Law E	4.21 ‰	\$269.30	10.420
* Public Health	0.77 ‰	\$49.11	1.900
Total County	23.50 ‰	\$1,502.61	58.140
Other State			
FOREST FIRE PROT TA	0.78 ‰	\$50.00	
Total Other Stat	0.78 ‰	\$50.00	0.000
Other			
Local Govt Study Co	0.06 ‰	\$3.88	0.150
Permissive Medical	1.44 ‰	\$91.75	3.550
* Search/Rescue	0.23 ‰	\$14.73	0.570
SRS Permissive Mill	0.03 ‰	\$2.07	0.080
* Big Sky Fire	11.77 ‰	\$752.09	29.100
Madison Valley Cem	0.06 ‰	\$4.14	0.160
Big Sky Trails Recr	2.49 ‰	\$158.96	
Big Sky Water Bond	2.05 ‰	\$131.29	
* Madison Valley Hosp	4.16 ‰	\$265.69	10.280
Madison Valley Soil	0.24 ‰	\$15.51	
Total Other	22.53 ‰	\$1,440.11	43.890
Fees			
RSID 99-01 Maintena	1.49 ‰	\$95.00	
RSID 99-03 Maintena	4.62 ‰	\$295.00	
Total Fees	6.11 ‰	\$390.00	0.000
Total Bill	100.00 ‰	\$6,390.05	218.390



Source: Madison County Treasurer

In Gallatin County, the Big Sky K-12 District is a close proxy for the BSRAD boundary. Total mills for taxing jurisdictions in this area were 327.72, including county-wide, state, other and special levies. Properties in this district are also subject to a number of special assessments. Exhibit 15 provides an example of a tax bill for a home with a market value of about \$1.8 million or \$24,000 in taxable value.

Exhibit 15: Example Property Tax Bill for a Home Located in Big Sky K-12 District, Gallatin County

KEY TAXING AUTHORITY			GENERAL MILLS	TOTAL	SPECIAL ASSESSMENTS				
KEY	DESCRIPTION	1ST HALF	2ND HALF	TOTAL	KEY	DESCRIPTION	1ST HALF	2ND HALF	TOTAL
CO	CNTY BLDG CAPITAL PROJ	7.910		\$191.20	OT	GLTN CONSV DIST MILLS	5.80	5.80	\$11.60
CO	CNTY FAIRGROUNDS	0.880		\$21.28	OT	GLTN CO WTR QUALITY (FEE)	3.30	3.30	\$6.60
CO	CNTY GENERAL FUND	13.850		\$334.78	OT	BIG SKY ZONING MILLS	6.41	6.40	\$12.81
CO	CNTY LIBRARY	3.380		\$81.70	OT	STATE FOREST FIRE (FEE)	25.00	25.00	\$50.00
CO	CNTY OPEN SPACE OPERATION	4.000		\$96.68	OT	OPEN SPACE BOND MILLS	13.90	13.90	\$27.80
CO	CNTY PARKS	0.500		\$12.08	OT	BIG SKY WATER MILLS	61.40	61.39	\$122.79
CO	CNTY PERMISSIVE MED LEVY	7.360		\$177.90	OT	RID318 BIG SKY MDW RD MT	134.71	134.70	\$269.41
CO	CNTY PERMISSIVE SRS LEVY	0.270		\$6.52	OT	RID380 LKNG GLASS RD MNTC	141.87	141.86	\$283.73
CO	CNTY REST HOME	9.000		\$217.54	OT	BIG SKY TRAILS & PARKS	48.12	48.11	\$96.23
CO	CNTY ROAD & BRIDGE	12.030		\$290.78		TOTAL SPECIAL ASSESSMENTS	440.51	440.46	\$880.97
FI	CNTY/CITY HEALTH DEPT	2.730		\$65.99					
FI	BIG SKY FIRE DEPARTMENT	57.360		\$1386.50					
PU	CNTY DETENTION CNTR BOND	3.130		\$75.66					
PU	CNTY PUBLIC SAFETY	26.140		\$631.86					
SC	CNTY SEARCH & RESCUE	3.000		\$72.52					
ST	COUNTYWIDE ELEM RETIREMENT	14.060		\$339.86					
ST	COUNTYWIDE HS RETIREMENT	8.380		\$202.56					
UN	COUNTYWIDE TRANSPORTATION	0.770		\$18.62					
UN	SD #7 BZN HS DEBT-PRE BSKY	5.330		\$128.84					
UN	SD #72 BIG SKY K-12 BUILDIN	1.730		\$41.82					
UN	SD #72 BIG SKY K-12 BUS DEPREC	0.720		\$17.40					
UN	SD #72 BIG SKY K-12 DEBT SE	22.620		\$546.78					
UN	SD #72 BIG SKY K-12 TECH	0.870		\$21.04					
UN	SD #72 BIG SKY K-12 TUITION	1.540		\$37.22					
UN	SD #72 BS K12 GENERAL FUND	17.660		\$426.88					
UN	STATE ELEM EQUALIZATION	33.000		\$797.68					
UN	STATE EQUALIZATION AID LEVY	40.000		\$966.88					
UN	STATE HIGH SCHOOL EQUALIZATION	22.000		\$531.78					
UN	GALLATIN COLLEGE	1.500		\$36.26					
UN	UNIVERSITY 6 MILL LEVY	6.000		\$145.04					
	TOTAL	327.720		\$7,921.65					

DISTRIBUTION BREAKDOWN			
CO	COUNTY	\$1,496.45	
FI	FIRE DISTRICT	\$1,386.50	
PU	PUBLIC SAFETY	\$780.04	
SC	SCHOOL	\$1,781.02	
ST	STATE SCHOOL	\$2,296.34	
UN	UNIVERSITY	\$181.30	
OT	OTHER	\$880.97	

TOTAL TAX	1ST HALF	2ND HALF	TOTAL YEAR
TOTAL GENERAL TAXES	3,960.83	3,960.82	7,921.65
TOTAL SPECIAL ASSESSMENTS	440.51	440.46	880.97
TOTAL	\$4,401.34	\$4,401.28	8,802.62

Source: Gallatin County Treasurer

Resort Tax

In 1992, voters in the Big Sky area approved the imposition of a 3 percent tax on the retail value of luxury goods and services sold in the area.¹⁵ The tax was initially administered by the Madison and Gallatin County Commissioners and an appointed Board of Advisors who made recommendations regarding allocations of funding. In 1998, voters approved the formation of

¹⁵ Voters in Gallatin and Madison Counties approved the tax through special election in April 1992. Madison County resolution referring the measure to voters: <https://resorttax.org/wp-content/uploads/2019/09/Madison-Res-1992-Big-Sky-Resort-Tax.pdf>. Gallatin County resolution: <https://resorttax.org/wp-content/uploads/2019/08/Special-District-Results-4-13-1992-SAMPLE.pdf>



the Big Sky Resort Area District as the resort tax’s new governing body.¹⁶ The District is governed by a five-person elected board of BSRAD residents, who serve four-year terms. The tax and district were reauthorized in 2006 and will expire in 2032 unless further extended.¹⁷

The tax is imposed upon the retail sale of “luxuries” wherever they are sold within the district boundary. Luxuries are defined as” goods, services, products, or items sold at retail that are not considered Necessities of Life,” the latter of which are further defined as groceries, transportation, utilities, gasoline and fuel, medicine and medical supplies, landscaping and other property maintenance services, appliances and hardware, and goods and services provided by nonprofits.¹⁸ All businesses must register with the District. Businesses with taxable sales generally include hotels, motels, or other lodging facilities; restaurants and other food service establishments; taverns, bars, or other establishments serving alcohol; and destination ski resorts and other recreational facilities.

The current rate of the tax is 4 percent, with the additional 1 percent approved by voters in 2020 and dedicated toward infrastructure improvements in the area.

RESORT TAX REVENUE

In FY 1994, the first full fiscal year of implementation, the 3 percent resort tax provided the Big Sky community with \$1.2 million. By FY24, this number had grown to \$15.4 million. Exhibit 16 shows the resort tax collections since the tax was implemented in 1993 with peaks noted over the years.

Exhibit 16: Resort Tax Collections, 1993 – 2024



¹⁶ Resolution 1998-29 is the joint resolution of Madison and Gallatin County Commissioners creating the Big Sky Resort Area District in 1998. <https://resorttax.org/wp-content/uploads/2020/06/Resolution-1998-29.pdf>.

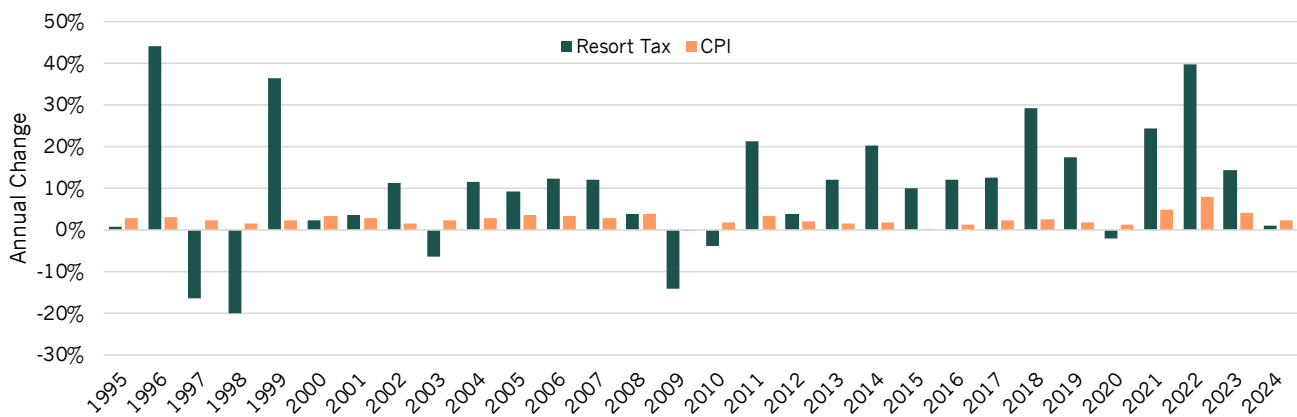
¹⁷ 98-01ORD Section 3. <https://resorttax.org/wp-content/uploads/2022/10/Ordinance-98-01-Revision-Signed-10.2022.pdf>

¹⁸ For a full definition of exemptions, see 98-01ORD Section 1(10). <https://resorttax.org/wp-content/uploads/2022/10/Ordinance-98-01-Revision-Signed-10.2022.pdf>



Resort tax collections have grown by an average of 10 percent annually since FY95, the first full year-over-year of collections. Tax revenue growth is fairly volatile, with year-over-year changes ranging from a 5 percent decrease to a 25 percent increase. This variation is reflected in the standard deviation of 15 percent, which measures how widely these annual growth rates fluctuate around their average. Like most sales taxes, resort tax revenue is volatile, but its strong positive growth, especially when compared to inflation, have made it a historically reliable revenue source. Exhibit 17 shows a comparison of growth in annual resort tax collections with growth in the consumer price index, a measure of inflation.

Exhibit 17: Annual Change in Resort Tax Revenues & Average Consumer Price Index, 1995 – 2024



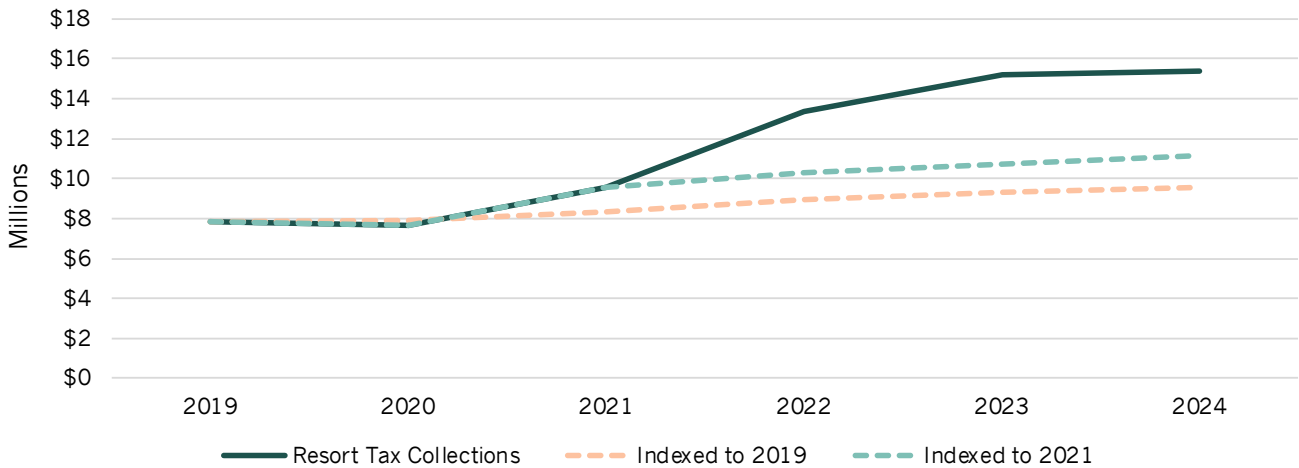
Source: ECONorthwest analysis of BSRAD resort tax revenue and CPI (Bureau of Labor Statistics, posted by the Montana Association of Counties)

In the past five years, resort tax has grown significantly faster than inflation, with collections more than doubling in nominal terms (unadjusted dollars) between FY19 and FY24.¹⁹ This growth is likely due to multiple factors, outside of inflation: a FY20 change in resort tax base requiring alcohol sales (i.e., alcohol sold in a retail setting such as a liquor store) to be taxed at the same rate as prepared drinks (i.e., alcoholic drinks served at a restaurant or bar), an increase in the number of registered establishments collecting resort tax (from 458 in 2020 to 617 in 2024) and increased spending on luxury goods and experiences at exclusive clubs and high-end resorts such as the Montage which opened in December 2021.

¹⁹ 2019 was chosen as a base year because it is a full fiscal year pre-COVID pandemic, which impacted visitorship to the area. 2021 was selected because it represents the first full fiscal year of collections after a major change to the resort tax base (extending the tax to closed container alcohol sales).



Exhibit 18: Resort Tax Collections, Nominal and Indexed, 2019 – 2024



Source: ECONorthwest analysis

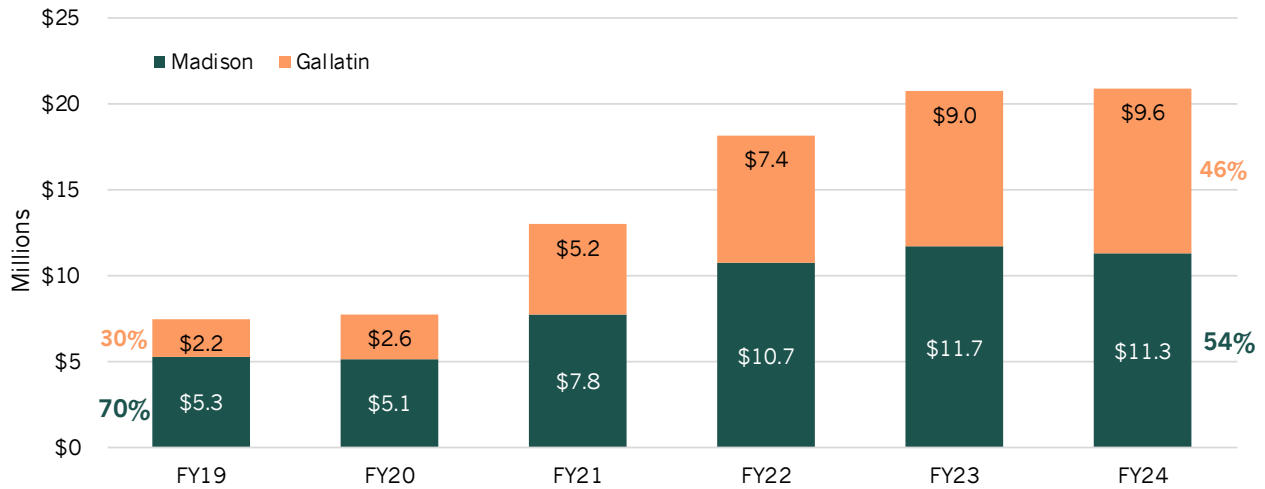
Note: This graph indicates that resort tax revenue has grown substantially faster than the price of goods in the past five years of actual data (2019 through 2024). If resort taxes had growth at the pace of inflation beginning in 2019, revenues would have followed the orange dotted line. If they had grown at the pace of inflation beginning in 2021, they would have followed the dotted light blue line. Growth over the dotted blue line is due to factors outside of tax changes and the natural increase in the price of goods, likely the volume and nature of sales.

RESORT TAX BASE

Resort tax collections, including the one percent for infrastructure, were \$20.9 million in FY24, with 54 percent originating in Gallatin County and 46 percent in Madison. The geographic distribution of taxable sales has changed significantly over the past six years. In FY19, 30 percent of sales originated in Gallatin and 70 percent in Madison. With the growth of areas like the Town Center on the Gallatin County side of Big Sky, which includes new retail shops, restaurants, short-term rentals, and a hotel, the distribution of the tax base has shifted toward a more even distribution overall, shown in Exhibit 19 below.



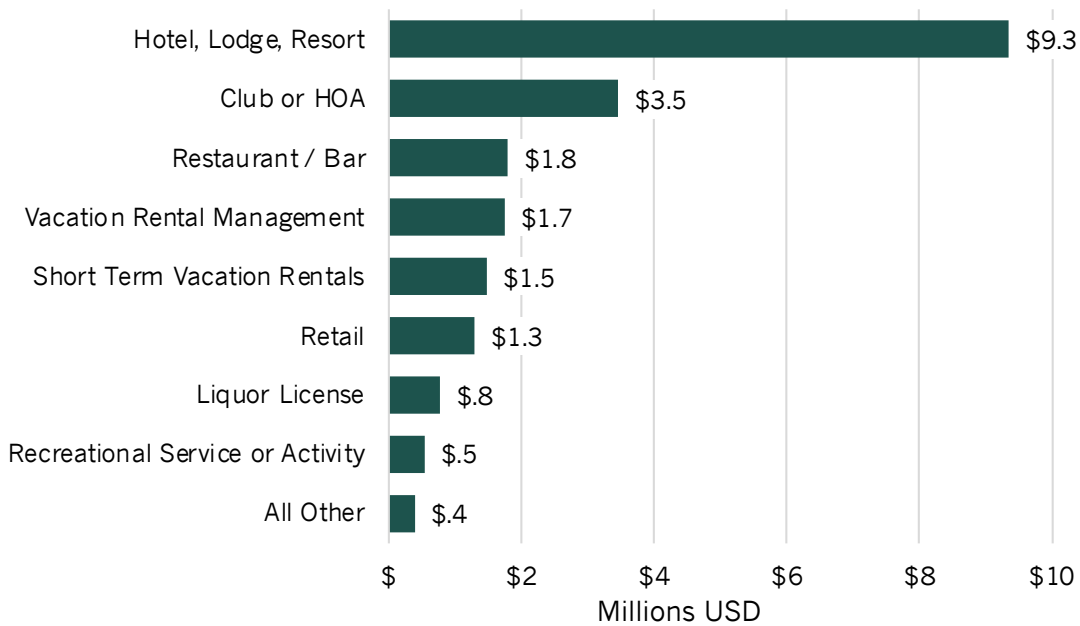
Exhibit 19: Collections of Resort Tax Revenue by County, FY19 - FY24



Source: ECONorthwest analysis

In FY24, about 45 percent of all revenue derived from hotel, lodge, and resort sales, and 17 percent derived from the portion of club fees that are subject to resort tax (portions of recreational activities such as golf course or ski utilization, in addition to food, beverage, lodging, retail, and all other items that are taxable within the district). The remainder of revenue is generated from a diverse distribution of taxable activities, as shown in Exhibit 20 below.

Exhibit 20: Tax Collections by Taxable Category, FY 2024



Source: ECONorthwest analysis

RESORT TAX ALLOCATIONS

Resort tax allocation decisions are made by the Board according to a process follows district policies and procedures.²⁰ Resort tax revenues fund several different types of services and organizations: government grants (generally, BSRAD’s support of public services performed in the area), nonprofit grants (contributions to nonprofits performing various services and functions in the area), infrastructure investments (notably debt service for the Big Sky County Water & Sewer District's Water Resource Recovery Facility (WRRF) for which the 1 percent rate increase was approved), and BSRAD operations. Organizations may apply for funding for projects, services, or operations with a community-wide benefit within eight impact areas.²¹

Over the most recent four fiscal years (including FY25), the BSRAD Board has approved investments of at least \$69 million, not including a \$4.9 million down payment on land at the intersection of US 191 and MT 64 in FY25 which is slated for future improvements by the Montana Department of Transportation.²² Exhibit 22 shows resort tax allocations by type of recipient and Exhibit 22 shows the five-year investments by impact area.

Exhibit 21: Resort Tax Allocations by Type of Recipient (\$ millions), FY21 - FY25

Type of Funding	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-Year Total
BSRAD Operations	\$0.8	\$0.9	\$1.1	\$1.5	\$1.6	\$5.9
Government Grants	\$1.7	\$2.6	\$3.3	\$7.5	\$4.7	\$19.8
Nonprofit Grants	\$3.5	\$4.5	\$7.0	\$6.7	\$7.1	\$28.8
WRRF Debt Service	\$2.7	\$2.9	\$3.0	\$3.1	\$3.1	\$14.9
Total	\$8.7	\$10.8	\$14.4	\$18.8	\$16.6	\$69.3

Source: Big Sky Resort Area District

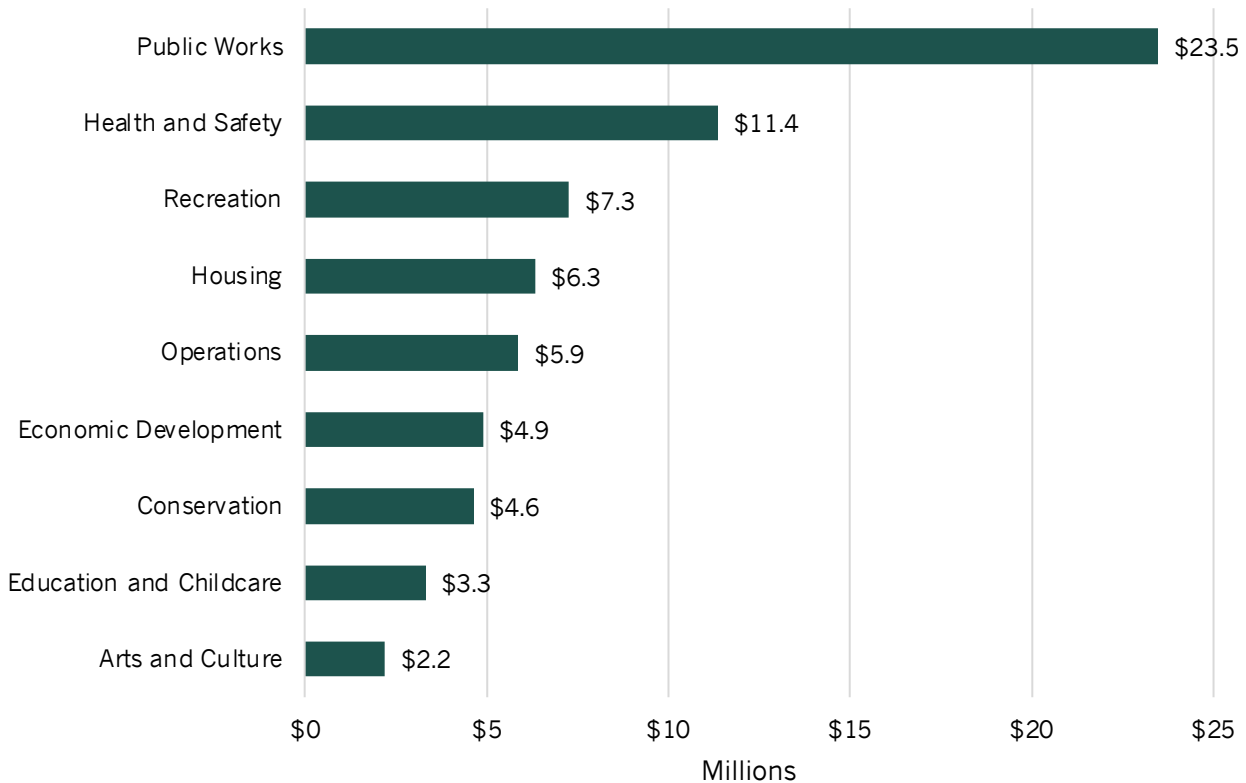
²⁰ https://resorttax.org/wp-content/uploads/2019/08/2018.03.22_ORD-No.99-01.pdf

²¹ <https://resorttax.org/wp-content/uploads/2024/04/FY25-Nonprofit-Binder.pdf> and <https://resorttax.org/wp-content/uploads/2024/01/Resolution-2023-02R.pdf>

²² FY 2025 commitments are listed here. <https://resorttax.org/wp-content/uploads/2024/06/FY25-Commitments-by-category.pdf>.



Exhibit 22: Resort Tax Allocations by Impact Area, FY21 - FY25 Total



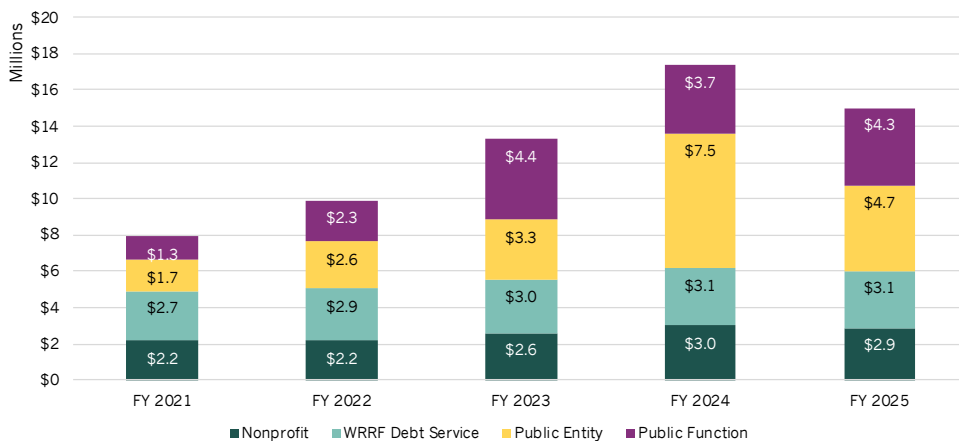
Source: Source: Big Sky Resort Area District

Resort tax revenue helps fund essential public services in Big Sky, including fire protection from the Big Sky Fire District, law enforcement through the Gallatin County Sheriff, and utilities provided by Big Sky Water and Sewer. Resort tax revenue either fully supports these services or reduces their direct cost to residents. It also supports “public-like” functions, which can be defined as those services and benefits that are usually or frequently provided by a municipal government in other communities, such as parks and recreation services, a library, or affordable housing. Because resort tax functions to reduce the annual cost of services that could or may otherwise be funded by property taxes, it is useful to understand the magnitude of investment in these types of functions over the past five years.

Exhibit 23 provides a history of allocations by type of recipients (allocations are shown in the fiscal year that they will support operations, rather than in the year they were awarded by BSRAD). Nonprofit funding has grown **32 percent** over the past five years. Support for public entities has grown **174 percent**, and support for public functions has more than tripled, growing **228 percent**.



Exhibit 23: Resort Tax Allocation History, with Fiscal Years Smoothed for Public Entity Recipients



Source: EConorthwest analysis of Big Sky Resort Area District allocations (smoothed for fiscal years)

➤ Key Findings

Over the last 5 years, nonprofit funding has grown 32%, support for public entities has grown 174%, and support for public functions has more than tripled.

RESORT TAX OPERATIONS

BSRAD uses a small portion of resort tax funding for BSRAD operations (personnel costs, office expenses, professional fees, overhead, utilities, property taxes, communications costs, etc). Operations expenditures are budgeted at \$1.5 million in FY25, or 6.8 percent of total resort tax revenues and an increase of **93 percent** since 2021. During this time, resort tax revenue has increased **172 percent** (almost twice as fast as BSRAD operational spending).²³ Government recipients of resort tax revenues list their administrative costs as ranging from 7 percent of total budget (Big Sky School District) to 29 percent (Big Sky Water and Sewer District) depending on the complexity of the function provided.²⁴ A water sewer district overseeing complex capital projects and enterprise-type functions, including billing customers, would likely have higher administrative costs than a more simple organization that does not collect revenues. There also may be definitional differences in how organizations categorize administrative costs, even across like functions.

Service Providers

Public services in the Big Sky area are provided by multiple entities. There are twelve major service districts in the area, providing a variety of public services. Some of these entities also receive allocations of resort tax, either as Big Sky's share of an interlocal agreement (e.g. for Sheriff services) or to supplement property taxes (e.g. for Big Sky Fire District). Other districts

²³ BSRAD FY 2025 Operating Budget. <https://resorttax.org/wp-content/uploads/2024/10/FY25-BSRAD-Operating-Budget-1.pdf> and BSRAD FY19 Audit. <https://resorttax.org/wp-content/uploads/2024/07/FY19-Audit.pdf>

²⁴ Government Services Application information, FY25 Capital and FY25 – FY27 Operations requests.



collect special assessments in the form of fees or parcel-based mills. For others, the resort tax is the primary funder (e.g. Big Sky Transportation District).

Many essential community services in Big Sky are provided by non-governmental organizations rather than traditional public agencies. These organizations perform functions that are typically handled by local governments in other communities and offer their services either free of charge or at reduced rates to benefit the public. Resort tax provides substantial and growing funding for these services. Exhibit 24 shows a breakout of the categories of use by resort tax recipient organizations.

Exhibit 24. Categories of Resort Tax Use



Source: ECONorthwest

The consultant team held discussions with resort tax recipients who have received larger or consistent allocations, and public entities that provide services in the Big Sky area. The following section summarizes our key findings from these conversations and examines how these organizations, both public and private, work together to deliver essential community services. Exhibit 25 provides a high-level overview of the FY25 profile for these select Big Sky service providers, highlighting their funding sources, including resort tax, local public funds, direct revenue, and the total revenue generated by each provide. Additional context for each provider is discussed below.



Exhibit 25: FY 2025 Fiscal Summary of Select Big Sky Service Providers, Millions

	BS FIRE	GALLATIN CO. SHERIFF FOR BS	GALLATIN CANYON WATER SEWER	BS WATER SEWER	BS TRANSP	BS SCHOOL DISTRICT #72	MORNINGSTAR	BS HOUSING TRUST	BS COMMUNITY ORGANIZATION (& BSTRP)
Resort tax	\$1.2	\$0.7	\$0.2	\$3.3	\$1.5	\$0.05	\$0.75	\$2.0	\$1.0
Local mills	\$9.5	\$0.0	\$0.0	\$0.0	\$0.0	\$5.3	\$0.0	\$0.0	\$0.0
Other public	\$0.0	\$0.6	\$1.0	\$0.0	\$2.0	\$2.6	\$0.5	\$0.0	\$0.0
Other	\$0.15	\$0.6	\$0.0	\$0.0	\$0.0	\$0	\$0.2	\$0.9	\$0.8
Direct revenue	\$0.2		\$0.0	\$5.0	\$0.16	\$0	\$0.4	\$0.2	\$1.2
Total Revenue	\$12.3	\$1.9	\$1.2	\$8.3	\$3.6	\$7.9	\$2.0	\$3.1	\$3.0
Admin or indirect	<i>no response</i>	n/a	\$0.07	\$1.8	\$0.9	\$0.75	<i>no response</i>	\$0.4	\$0.9
Programming	<i>no response</i>	\$1.9	\$0.01	\$4.7	\$2.8	\$10.0	<i>no response</i>	\$2.5	\$3.2
Total Expenses	\$11.9	\$1.9	\$0.08	\$6.5	\$3.7	\$10.75	\$2.6	\$3.0	\$4.4
# of FTE	41	3	n/a	16	18	52	24	4	30
People served annually	10,000	435,000	<i>no response</i>	3,000	950	395	<i>no response</i>	<i>no response</i>	<i>no response</i>

Source: BSRAD FY25 Allocation Application information. For BSCO, FY24 budget information listed in the application is shown for context (FY25 budget information was not available). For the Big Sky Sheriff, Gallatin County provides overhead and administrative support, along with detention services that are not easily estimated and so not shown above.

Public Safety

Public safety in the Big Sky area is supported by a combination of publicly funded and privately funded entities, ensuring fire protection and law enforcement services tailored to the community's unique needs.

FIRE

The Big Sky Fire District (BSFD) funding primarily draws from county levies and resort tax revenue. In FY 2023, the district received \$6.2 million from Gallatin and Madison Counties combined²⁵, supplemented by \$1.8 million in resort tax funding.²⁶ The district's projected total revenue for FY25 is \$12.2 million, including \$1.18 million through an interlocal agreement with BSRAD. BSFD levies its maximum mill levy of 55.65, meaning future growth in property tax revenues is constrained. BSFD currently maintains a staff of 32 full-time (actual in FY23, excluding seasonal personnel) with plans to expand to 41 in FY25. The district has seen a significant increase in service calls, already handling 1,600 calls as of September 2024 compared to 1,267 in 2023, with emergency medical services comprising the majority of these responses.²⁷ The Big Sky Fire Department serves about 10,000 people annually.

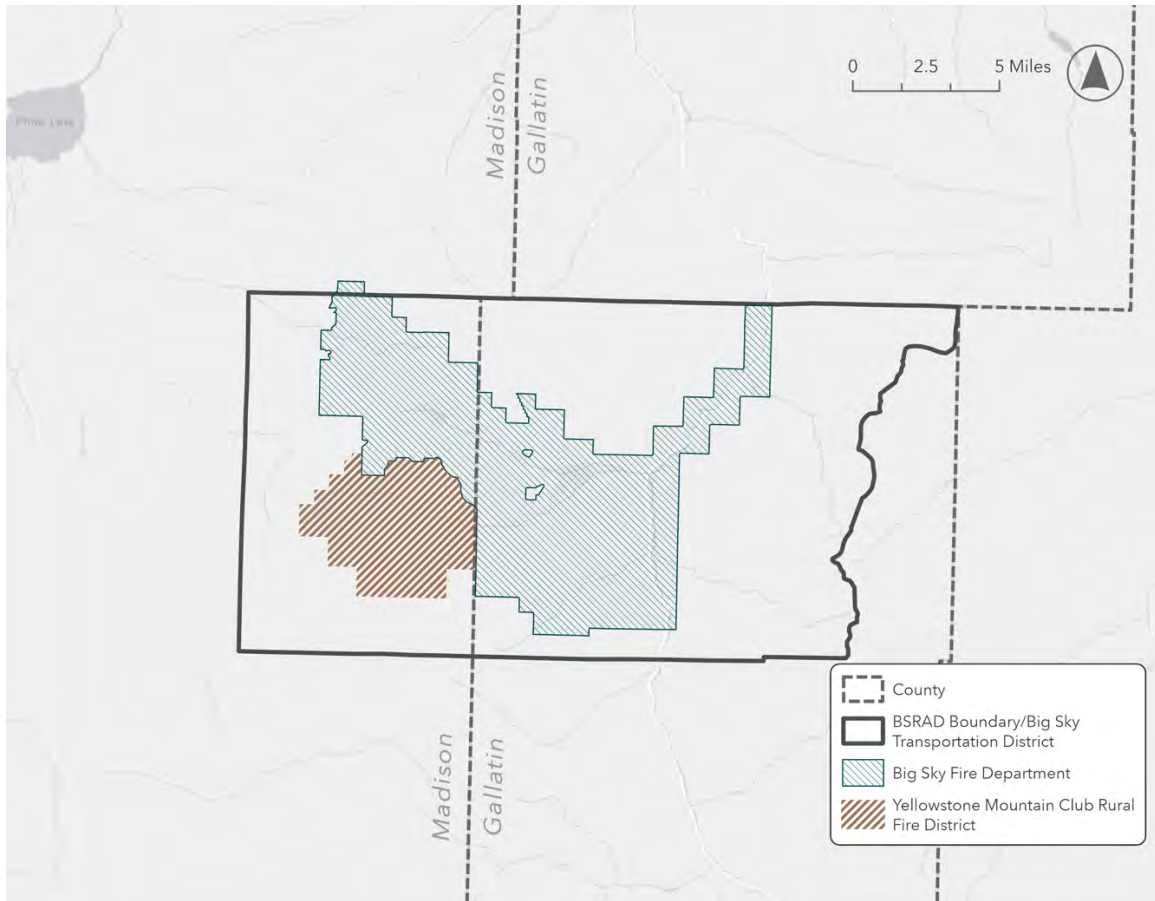
The Yellowstone Mountain Club Rural Fire District is a privately funded fire protection district that operates exclusively within its designated boundaries shown below in Exhibit 26. It is financed through user fees, administered through the Yellowstone Club Property Owners Association, rather than public taxes.

²⁵ <https://bigskyfire.wpenginepowered.com/wp-content/uploads/2024/05/Big-Sky-Fire-Department-6.30.23-Financial-Statements.pdf>

²⁶ ECOnorthwest analysis of BSRAD allocations, smoothed for fiscal years.

²⁷ Consultant interviews with BSFD, September 2024.

Exhibit 26: Fire Districts, Big Sky area



Source: ECONorthwest

SHERIFF

The Big Sky Area Patrol provides law enforcement services for the Big Sky area through the Gallatin County Sheriff's office, funded by both Madison and Gallatin counties and supplemented with resort tax. The patrol has an annual budget of \$1.9 million beginning in FY25, jointly funded by Big Sky resort tax and both Madison and Gallatin Counties. The patrol consists of eight Gallatin County deputies: three funded by resort tax, three by Madison County, and two by Gallatin County. Additionally, BSRAD pays up to \$100,000 for search and rescue services, operations, and equipment. Gallatin County provides additional support services, including detention facilities and administrative overhead for the deputies, which are not specifically earmarked for the Big Sky Resort Area Patrol.

Infrastructure

Infrastructure in the Big Sky area is supported by a combination of publicly funded entities and privately owned facilities, delivering infrastructure such as water, sewer, transit, and road maintenance.



WATER & SEWER

The Big Sky Water & Sewer District manages water and sewer services for approximately 3,000 residential and 300 commercial properties in the area. Operating with a budget of \$7.4 million in FY24²⁸, the district's funding comes largely from user fees (about \$5 million in revenue), dedicated bond repayment levies, and, since FY 2021, an additional 1 percent resort tax specifically allocated to the Water Resource Recovery Facility, which is projected to generate \$3.1 million in FY25.

Gallatin Canyon Water & Sewer District was established in December 2020 and aims to provide centralized sewer services along the Highway 191 corridor, reducing reliance on septic systems to protect the Gallatin River and support sustainable growth. The project involves constructing nearly five miles of sewer collection mains to convey wastewater to the Big Sky Water Resource Recovery Facility (WRRF). The WRRF, completed in 2024, was built to meet the growing wastewater treatment needs of the area.

Construction for the GCCWSD project is slated to begin in 2026 and once the connection is established, the Gallatin Canyon district will integrate with the Big Sky Water and Sewer District.

TRANSIT

The Big Sky Transportation District is a public entity responsible for providing transportation services within the Big Sky area. The district offers year-round public transportation under the "Skyline" brand, facilitating travel within Big Sky and between Big Sky and Bozeman.²⁹ In December 2022, the district introduced Big Sky Connect, a fare-free, on-demand micro-transit system serving the Meadow Village and Town Center areas, enhancing local mobility.³⁰

The Big Sky Transportation District operates with a \$3.6 million budget, with resort tax funding covering approximately 30 percent of funding. About 45 percent of operations funding comes from the Federal Transit Authority, through the Montana Department of Transportation. The remainder of funding comes from fare revenues from the Bozeman/Big Sky route.³¹

ROADS

In the Big Sky area, road ownership and maintenance involve multiple entities. The primary thoroughfares, U.S. Highway 191 and Montana Highway 64, are state maintained, providing access to the Big Sky community. Within the community, local roads are managed by a

²⁸ <https://www.bigskywatersewer.com/documents/financials/district-budget.fy-2023-2024.pdf>

²⁹ <https://skylinebus.com/info/about>

³⁰ Consultant interviews with Big Sky Transportation District, September 2024.

³¹ Consultant interview with BSTD, September 2024.



combination of Rural Improvement Districts (RIDs), private entities, and homeowners associations.

RIDs are used to pay for the construction and maintenance of local roads in certain areas of Big Sky.³² The Gallatin County Commission oversees the creation and administration of RIDs.

The Big Sky Owners Association (BSOA), the largest homeowners association in the area, oversees over 2,400 properties across more than 8,000 acres in both Gallatin and Madison counties. The BSOA is responsible for maintaining common areas, including the roads within the association.³³

Additionally, certain roads, such as Jack Creek Road, are privately owned and maintained. Jack Creek Road, for example, is owned by Moonlight Basin and requires authorized access for use.³⁴

Child Care & Education

The Big Sky School District #72 total FY25 budget is \$7.1 million (\$3.9 million general fund). About half of the general fund is from property taxes. Big Sky K-12 does not rely on resort tax for operations, but it did receive \$375,000 in FY25 from resort tax for housing support for teachers and school employees, and \$50,000 to support 4k (pre-kindergarten) programming.³⁵ The district faces significant financial challenges, operating with a \$1 million deficit in FY25 and relying on private fundraising to supplement operational costs while using public funds primarily for personnel expenses.³⁶ The Big Sky School District also serves a number of students from the Ennis school district (due to the geographic inaccessibility to Ennis schools) and, on a discretionary basis, students from the Bozeman area.

Morningstar Learning Center provides early childhood care and education for children aged 6 months to 6 years and offers a tuition assistance program that is funded through resort tax grants and additional funding through the Yellowstone Club Community Foundation, Spanish Peaks Community Foundation, and Moonlight Community Foundation. The resort tax tuition reduction funding amount was \$750,000 in FY25.³⁷

³² A Rural Improvement District (RID) is a special assessment district created by a county government to fund infrastructure improvements for the benefit of a specific area. Property owners within the RID boundary are assessed fees to pay for the improvement costs over time.

³³ <https://www.bigskymt.org/about.html>

³⁴ <https://www.madisoniannews.com/news/jack-creek-road-passes-qa>

³⁵ [https://core-docs.s3.us-east-](https://core-docs.s3.us-east-1.amazonaws.com/documents/asset/uploaded_file/3039/BSSD/4708112/8.13.2024_Complete_Packet.pdf)

[1.amazonaws.com/documents/asset/uploaded_file/3039/BSSD/4708112/8.13.2024_Complete_Packet.pdf](https://core-docs.s3.us-east-1.amazonaws.com/documents/asset/uploaded_file/3039/BSSD/4708112/8.13.2024_Complete_Packet.pdf)

³⁶ Consultant interview with Big Sky School District superintendent, September 2024.

³⁷ ECONorthwest analysis of BSRAD allocation data.



Housing

The Big Sky Housing Trust is a community land trust dedicated to addressing housing challenges in Big Sky through rental support and the development of both ownership and rental housing. As the sole housing organization in the area, it serves over 570 individuals (225 homes) annually and relies on funding from the resort tax and philanthropy, with BSRAD contributions growing steadily in recent years, from \$380,000 in FY 2021 to \$2 million in FY25.

Parks and Recreation

The Big Sky Community Organization provides parks, trails, recreation, and community activities in the Big Sky area. BSCO also develops and implements a comprehensive parks and trails master plan for the community. BSCO's budget for FY25 is \$1.123 million and is split evenly between parcel assessments levied through the Big Sky Trails, Recreation and Parks District (BSTRP) and BSRAD funding. Rather than using a traditional levy, the organization collects assessments from 7,020 parcels (3,842 in Gallatin and 3,178 in Madison counties) to fund the daily maintenance and operations of local parks and trails, and operations for BASE, the community and recreation center, which offers a variety of recreational programs and serves as a central hub for residents and visitors. Resort tax has funded a variety of projects over the years, including contributing to the construction costs of BASE. BSCO notes that eventually, a portion of resort tax could be pledged toward a bond that would allow larger and more stable investments in park infrastructure. BSCO also develops and implements a comprehensive parks and trails master plan for the community. While the district was established in 2011, it operated as a non-taxing entity for most of its history.

Zoning

Zoning on the Gallatin County side of the Big Sky area is handled by the BS Zoning Advisory Committee and serviced by Gallatin County staff. Property owners on the Gallatin County side of the Big Sky area are subject to Big Sky zoning mills to offset the cost of administering the Advisory Committee.



Nonprofits

Community foundations in Big Sky also support local nonprofits that help address community needs. Notable organizations include the Yellowstone Club Community Foundation (YCCF), the Moonlight Community Foundation (MCF), and the Spanish Peaks Community Foundation (SPCF). As an example, YCCF contributes \$4 to \$6 million annually to various services and programs across entities in the Big Sky area.³⁸

³⁸ Consultant interview with Yellow Stone Community Club: YCC grants between \$4 million and \$6 million annually. Moonlight Community Foundation has granted \$2,963,464 over the past eight years, including around \$750,000 in 2023 to priority areas. In 2023, Spanish Peaks Community Foundation awarded a total of \$756,762 in grants over two cycles, supporting 44 different organizations. <https://moonlightcommunityfoundation.org/about/> Since fall of 2014, SPCF has granted over \$2.9 million to nonprofits serving Big Sky residents and workers. https://spanishpeaksfoundation.org/wp-content/uploads/2023/10/SPCF_2023_annual_report.pdf.

