

MINUTES

MONTANA SENATE 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By CHAIRMAN TOM BECK, on January 24, 1995, at
1:00 p.m.

ROLL CALL

Members Present:

Sen. Thomas A. "Tom" Beck, Chairman (R)
Sen. Ethel M. Harding, Vice Chairman (R)
Sen. Sharon Estrada (R)
Sen. Delwyn Gage (R)
Sen. Don Hargrove (R)
Sen. Dorothy Eck (D)
Sen. John "J.D." Lynch (D)
Sen. Jeff Weldon (D)

Members Excused: none

Members Absent: none

Staff Present: Susan Fox, Legislative Council
Elaine Johnston, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB 93, SB 87, SB 142
Executive Action: SB 52, SB 93

HEARING ON SB 93

Opening Statement by Sponsor:

SEN. LINDA NELSON, SD 49, Medicine Lake, presented SB 93. SB 93 requires sheriffs to attend the Law Enforcement Academy 10 week Basic Course with in one year of taking office. If, the sheriff is not willing or does not complete the course, it would be grounds for recall. SB 93 does include a grandfather clause for those currently in office who do not want to take the course and no one wants them to take the course, they do not have to. She also asked for an amendment to SB 93 on page 1 line 12 to insert "peace officer basic" after the word "the".

Proponents' Testimony:

Greg Hintz, Missoula County Sheriff's Department, presented his written testimony in favor of SB 93. (EXHIBIT 1).

Gordon Morris, Director, Montana Association of Counties, supported SB 93. He stated that even though there is a cost involved with SB 93, this cost is affordable when there is the possibility of liabilities with untrained sheriffs. Mr. Morris suggested an amendment to page one line 15 and strike "as a deputy sheriff" because some people may have gone through the training for some other position and this would relive possible problems.

Opponents' Testimony: none

Questions From Committee Members and Responses:

SEN. DON HARGROVE asked SEN. NELSON how much of a problem is the sheriff training and how many sheriffs do not have the training? SEN. NELSON replied that this is currently not a problem and the fiscal note points out that about 1 or 2 sheriffs would need to attend the Basic Course to attain the needed requirements.

SEN. J.D. LYNCH wanted to know what the Basic Course entails? Mr. Oberhofer explained that the course requires 480 hours, physical training, laws of search and seizure, fire arms, driving, ethical laws, crime scenes, and courses of all functions of law enforcement officers dealing with the public.

SEN. LYNCH asked the details of the physical training. Mr. Oberhofer said the students go through sit ups, push ups, running, and the requirements to be achieved are categorized by age and gender.

SEN. LYNCH asked SEN. NELSON why she felt the state needed to make these sheriffs go through training when some sheriffs in larger communities are elected based on there administration skills because that is the type of work they do? SEN. NELSON reassured SEN. LYNCH that if no one wanted to press the issue of making the sheriff go through the Basic Course, there would be no problem.

SEN. DELWYN GAGE asked if 7-32-2106 encompassed the area where a person has been out of law enforcement for a specified period of time and has to go back to training or receive a waiver? Mr. Oberhofer answered that this was correct and the person qualifies to take a 40 hour equivalency course.

CHAIRMAN TOM BECK asked if "as a peace officer" should be inserted after the word course on page 1 line 15? SEN. NELSON replied that Gordon Morris's amendment to strike "as a deputy sheriff" would suffice.

SEN. LYNCH wanted clarification on how long 480 hours would be. Mr.- Oberhofer stated that the Basic Course is 10 weeks.

Closing by Sponsor:

SEN. NELSON pointed out that the Law Enforcement Academy Basic Course is required of deputy sheriffs and it does not seem fair that there is no requirements of sheriffs. Sheriffs should be equally and willingly qualified for the job. SEN. NELSON urged the committees support on SB 93.

HEARING ON SB 87

Opening Statement by Sponsor:

SEN. DELWYN GAGE, SD 43, Cut Bank, introduced SB 87. SB 87 would basically put the state of Montana and state entities into the availability of bonding.

Proponents' Testimony:

Ray Beck, Department of Natural Resources and Conservation (DNRC), presented his written testimony in support of SB 87. (EXHIBIT 2). Mr. Beck also submitted a memo from Governor Racicot and Attorney General Joe Mazurek to be on the record in support of SB 87. (EXHIBIT 3).

Connie Griffith, Department of Administration (DOA), supported SB 87. The Capital Finance Advisory Group consisting of representatives from all agencies which issue bonds within the state have discussed SB 87 and urge the committees support of SB 87. Short term money available to these groups would be beneficial.

Carol South, Executive Director of the Board of Investments, supported SB 87. His agency would be responsible for assisting sister state agencies. Mr. South explained the entercap program which was a way to provide money from the selling of bonds to local governments for infrastructure. He noted that there has not been a wide use of the entercap program lately and urged support of SB 87.

Stewart Doggett, MT Innkeepers and MT Tourism Coalition, support SB 87. These groups have been working with the Governor's office and the Governor's Tourism Council to look at new ways to spend bed tax collections that will be beneficial to everyone. One suggestion is a three point program that focuses on more money for rural programs, and a grants program for tourism. In looking at these programs, SB 87 would assist.

Opponents' Testimony: none

Questions From Committee Members and Responses:

CHAIRMAN BECK asked if there is a time length on the borrowing of the money before the bond is issued? **Mr. Ray Beck** replied that the longest time before a bond issue has been around six months. He pointed out that in issuing the bonds they try to pick the best time in regards to interest rates or other issues.

CHAIRMAN BECK asked if it would be advantageous to hold the borrowed money longer and not issue for the bonds? **Ms. South** replied that to hold the money five or six years is not uncommon, but to hold the money for 15 or 20 years entercap would not be involved.

CHAIRMAN BECK wanted to know what the principle payment was back to the entercap and if a city could sit on the money and just pay the interest? **Ms. South** explained that the payments do include both interest and principle and the interest rate is variable.

CHAIRMAN BECK questioned a balloon payment on the sell of the bonds? **Ms. South** replied that in a four or five month loan there may not be any payment there for when the bond is sold, the payment would be due in one sum.

Closing by Sponsor:

SEN. GAGE in closing stated that line 13 and 14 were the thrust of SB 87 making capital available at the least cost and as expeditiously as possible.

HEARING ON SB 142

Opening Statement by Sponsor:

SEN. TOM BECK, SD 28, Deer Lodge, presented SB 142. SB 142 is an act to revise the laws concerning junk vehicles and motor vehicle wrecking facilities. He mentioned that demolition derby cars have also been added to SB 142.

Proponents' Testimony:

Roger Thorvilson, Department of Health and Environmental Science (DHES), read his written testimony in favor of SB 142. (Exhibit 4).

Earl Hoppe of Deer Lodge, stated that he is directly effected by the junk vehicle problem as just below his residence is a junk car lot. **Mr. Hoppe** passed around pictures of the lot and these pictures represent what he must look at everyday. He pointed out that he would like to see more regulation on the lots.

Mr. and Mrs. Norman Johnson of Deer Lodge, presented their written testimony. (EXHIBIT 5).

Henry Lohr, a salvage business owner in Helena, suggested an amendment on page 6 line 16 to change "Accumulations of six or fewer junk" to "Accumulations of four or fewer junk". He felt this amendment would make SB 142 more uniform and urged the committees support.

Opponents' Testimony: none

Questions From Committee Members and Responses: none

Closing by Sponsor:

SEN. BECK pointed out that the pictures displayed by Mr. Hoppe show the current problem with junk vehicle laws. These junk vehicle lots should have to be confined behind a fence out of aesthetic view. SEN. BECK asked that used car dealership lots along with junk vehicle lots be looked at before action be taken on SB 142.

EXECUTIVE ACTION ON SB 52

Discussion:

SEN. DOROTHY ECK asked for a brief review of the interlocal agreement between Kalispell and the Evergreen water & sewer district. (Exhibit 6). Alec Hanson, LC&T, noted that the property owners of Evergreen waived their right to protest annexation in order to hook onto the Kalispell sewer system.

SEN. LYNCH in regards to the agreement wanted to know who agreed never to protest annexation. He expressed mixed emotions that the people of Evergreen have a legitimate complaint that the annexation only involves prime property (the businesses), and at the same time the people of Kalispell are paying for services that are provided to not only the city but the whole area.

CHAIRMAN BECK asked Larry Akey to give some information on the agreement. Mr. Akey pointed out that there is a great deal of dispute on what was committed to in the agreement. While the City Council put it on the record for future annexation, they said they really did not intend to annex the Evergreen area for a period of ten years or more.

SEN. HARP clarified SEN. LYNCH'S concerns that the people who signed the waivers of protest were told that if they signed the waiver the city would not be in to annex Evergreen for a period of ten years but annexation started three years after the agreement.

SEN. ECK asked if there was any written proof about the misrepresentation to the people of Evergreen? SEN. HARP replied that there is none.

SEN. WELDON stated that just because the testimony was mostly on a Kalispell issue the cambodia should not believe that it does not effect other areas.

CHAIRMAN BECK agreed with SEN. WELDON that this issue of annexation needs to address real property owners and not just freeholders.

Susan Fox went over the amendments presented to SB 52 which are present in the standing committee report.

SEN. ECK noted that freeholder is stated through out section seven and would the definition of real property owner effect other parts of SB 52? Susan Fox replied that the definition is only to refer to 7-2-47.

SEN. LYNCH wanted clarification that if Anaconda wanted to annex Opportunity at the present law the people who live in Opportunity can protest but the business owners may not and according to SB 52 business owners would be able to protest. SEN. BECK confirmed that SEN. LYNCH was correct.

Motion/Vote: SEN. WELDON MOVED to ACCEPT the amendments to SB 52. The MOTION CARRIED unanimously.

Discussion:

SEN. LYNCH wanted to clarify once again that a corporation does not get anymore leverage because they own millions of dollars of property than the little guy. CHAIRMAN BECK confirmed.

SEN. ECK asked if an area where one corporation owns it all do they have the only say in annexation? Susan Fox pointed out that in section 16 it deals with majority of property owners or owners of more than 75% in assessed valuation of the real estate of the area. This provides a choice.

SEN. GAGE stated that section 16 is in regard to court review.

SEN. WELDON pointed out that the real "meat" of SB 52 is on page 2 section 4 line 14, "the resolution of annexation may not be adopted by the city council if disapproved in writing by a majority of the real property owners of the area".

Motion/Vote: SEN. WELDON MOVED SB 52 DO PASS AS AMENDED. The MOTION CARRIED unanimously.

EXECUTIVE ACTION ON SB 93

Discussion:

SEN. LYNCH felt SB 93 is not needed. He pointed out that in Butte, they had a sheriff who was an administrator and never put a gun on. SEN. LYNCH stated that the public should decide who they want for sheriff, and don't allow SB 93 be grounds for recall.

SEN. HARGROVE agreed with SEN. LYNCH that the committee would be tinkering because there does not seem to be a need demonstrated. He did state that sheriffs should take the course and that most will but it should not be mandated. He also pointed out that 10 weeks away from the job could cost the county some money.

SEN. SHARON ESTRADA expressed concern that sheriffs are not even required to take a firearms course.

SEN. LYNCH stated that even with SB 93, a person could run for sheriff if he or she does not have any training. He said that in a campaign, the opponent would be able to point out his lack of training and leave the decision up to the voters.

CHAIRMAN BECK in response to SEN. ESTRADA'S concern pointed out to SEN. LYNCH that in smaller counties, the sheriff is a working sheriff not only an administrator, and probably should have some training.

SEN. HARDING stated that the voting public should be aware of who they are electing and the committee should not take that away from them.


SEN. LYNCH commented on the length of time of the Basic Course being 10 weeks, a community may wonder why their sheriff isn't at home doing his or her job.

Motion: SEN. WELDON MOVED to ACCEPT the amendments to SB 93.

Substitute Motion/Vote: SEN. LYNCH MOVED SB 93 be TABLED. The MOTION PASSED with SEN. WELDON and SEN. ECK voting no.

ADJOURNMENT

Adjournment: 2:22 p.m.


SEN. TOM BECK, Chairman


ELAINE JOHNSTON, Secretary

TB/ej

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DATE _____

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SEN-1005


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SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 25, 1995

MR. PRESIDENT:

We, your committee on Local Government having had under consideration SB 52 (first reading copy -- white), respectfully report that SB 52 be amended as follows and as so amended do pass.

Signed: 
Senator Tom Beck, Chair

That such amendments read:

1. Title, line 4.

Following: "AN ACT"

Insert: "CLARIFYING ANNEXATION LAW BY"

Following: "FREEHOLDERS"

Insert: "AND,"

2. Title, line 5.

Following: "ANNEXATION"

Insert: "WITH THE PROVISION OF SERVICES"

Following: "LAWS"

Insert: ", BY SUBSTITUTING REAL PROPERTY OWNERS FOR RESIDENT
FREEHOLDERS"

3. Title, line 7.

Following: "MCA"

Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

4. Page 5, line 30.


Following: "~~recorder~~."

Insert: "(3) "Real property owner" means a person who holds an estate of life or inheritance in real property or who is the purchaser of an estate of life or inheritance in real property under a contract for deed, some memorandum of which has been filed in the office of the county clerk."

5. Page 7, line 15.

Insert: " NEW SECTION. Section 18. Effective date. [This act] is effective on passage and approval."

-END-

 Amd. Coord.
Sec. of Senate

211247SC.SPV

SENATE LOCAL GOVERNMENT

EXHIBIT NO. 1

DATE 1-24-95

BILL NO. SB 93

T E S T I M O N Y

Senate Local Government Committee

Senate Bill 93

By: Lt. T. Gregory Hintz, Missoula Co. Sheriff's Department
Member of Board & Directors for Montana Sheriff's and Peace
Officers Association.

The Montana Sheriff's and Peace Officers Association does
support Senate Bill 93.

This is the first of many steps that our association supports
and is now taking to make the position of Sheriff, a step above
those minimum requirements currently enacted for the positions of
Undersheriff and Deputy Sheriff. It is time to separate this
position of Sheriff from other elected officials, i.e. County
Treasurer, County Auditor and County Surveyor for example and place
them in a category equal to or above Deputy Sheriff, Justice of the
Peace, and County Attorney. All of these positions by state law
require a minimum qualification and training standards that must be
met for certification of their positions.

The only requirements now for any Sheriff in the State of
Montana, is age 18, citizen of the state and registered to vote in
the county of which the duties of the officer are performed. (MCA
7-4-2201)

Page 2.

Those currently elected to the position of Justice of the Peace must meet minimum standards of attending a Orientation Course and annual training under the supervision of the Supreme Court. (MCA 3-10-203)

The qualifications for the positions of Undersheriff and Deputy Sheriff are the same. (MCA 7-32-2102, MCA 7-32-2104)

They Are:

1. Graduate of an accredited high school or the equivalent.
2. Good Moral Character
3. Never been convicted of a Felony
4. Has not within 5 years immediately preceding his/her date of employment been affiliated in any manner with a subversive organization.

Presently no elected Sheriff in the State of Montana must meet those requirements.

In addition the Undersheriff and Deputy are required to attend the Montana Law Enforcement Academy as soon as possible after employment. (MCA 7-32-2106) Failure to satisfactorily complete the course shall be deemed cause for termination of employment.

Not only is it important that the Qualifications for Sheriff meet the minimum requirements of those required for Deputy Sheriff's, but those standards by which we hold the Elected Position of Sheriff should be higher.

EXHIBIT 1
DATE 1-24-95
SB 93

Page 3.

As I said earlier the Montana Sheriff's and Peace Officers Association is taking steps to make those standards of the Elected position of Sheriff far more stringent than that of their employees.

Someday it the hope of many of our colleagues that the requirements of Sheriff have far more requirements for training needs and Advanced Certification through P.O.S.T., PEACE OFFICERS STANDARDS AND TRAINING. The Montana Sheriff's and Peace Officers Association is currently developing those training needs through a Sheriff's Institute that will be offered to all Elected Sheriff's in the State of Montana. This is in addition to attending the Basic Course at the Montana Law Enforcement Academy.

Law Enforcement Agencies through out these United States and Montana are under the careful scrutiny of a number of organizations and attorneys watch full eyes. And if we fail, we the deputy, the department, and the citizens of each county are held liable for damages. Be it no coincidence that Failure to Train is always at the top of list for the reason to file civil suits.

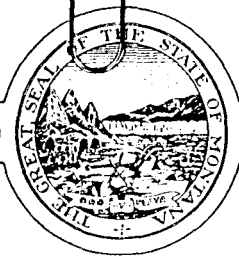
We now have gone full circle since the days of Sheriff Henry Plummer, it is past time to correct the mistakes made since the requirements for Sheriff were first established. What more of a opportune time to make a decision that will effect your constituents for years to come.

Page 4.

Please support Senate Bill 93, and eliminate the opportunity of an unqualified Elected Sheriff creating havoc among the people instead of Professionally Managing our Sheriff Departments and enforcing the laws of the State, the decision is Yours!!!

Thank You

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION



MARC RACICOT, GOVERNOR

LEE METCALF BUILDING
1520 EAST SIXTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-6699
TELEFAX NUMBER (406) 444-6721

PO BOX 202301
HELENA, MONTANA 59620-2301

SENATE LOCAL GOVERNMENT

EXHIBIT NO. 2

DATE 1-24-95

BILL NO. SB 87

MEMORANDUM

TO: The Senate Committee on Local Government

FROM: Ray Beek
Department of Natural Resources and Conservation

DATE: January 23, 1995

SUBJECT: SB #87

This bill authorizes state agencies to use the InterCap Program at the Board of Investments. Costs to the state are incurred when short term financing is obtained through public markets. By enabling state agencies to access the InterCap Program at the Board of Investments some of those short term costs would be saved.

This bill in short will create efficiencies and save the state some money when issuing short term debt. Please support this bill. I urge you to pass SB #87.

Sponsor: Senator Del Gage
LC #911 (SB#87)

Name: Short-Term Financing Bill

This bill would allow state agencies to borrow funds through the InterCap Program until they are ready to issue bonds as approved by the legislature.

This form of short-term financing would save the state money in several ways and be more efficient for the local community.

- 1) Lower cost of borrowing funds;
- 2) Lower financing costs to the state;
- 3) Community only has to work through one set of loan papers.

If the state does not have this short-term financing option it may have to issue bonds before the borrowers are ready to take delivery of the funds. This means the state pays interest on bond proceeds without the benefit of repayment from borrowers. This interest expense is reduced with the option of short-term financing.

In several cases various state agencies have had to issue Short-Term Notes. Short-term notes could cost as much as \$5,000 to \$30,000 per issue with rating agency and issuance costs. Some of the same costs of issuance are incurred twice when longer term debt replaces short-term debt. Again, these costs would be avoided with the passage of the Act.

In the past, state agencies have had local governments borrow from, INTERCAP directly to avoid issuing bonds prematurely. This solved half of the problem; but required local governments to first enter into short-term financing and then when the state agency sold bonds, they would refinance the INTERCAP loan with long-term financing. This Act would eliminate the short-term financing step.

In summary this bill allows state agencies to go through the Board of Investments InterCap program to borrow funds on a short-term basis for projects approved by the legislature which will allow the state to save funds and be more efficient in its operation. When an agency like the Department of Natural Resources and Conservation uses its funds for local government projects the process also becomes more efficient for the local governments.

contact persons:

John Tubbs - DNRC (444-6668)
Ray Beck - DNRC (444-6667)

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

SENATE LOCAL GOVERNMENT

EXHIBIT NO. 3

DATE 1-24-95

BILL NO. SB 87
LEE METCALF BUILDING
1520 EAST SIXTH AVENUE

MARC RACICOT, GOVERNOR

STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-6699
TELEFAX NUMBER (406) 444-6721

PO BOX 202301
HELENA, MONTANA 59620-2301

MEMORANDUM

TO: Members of the Legislative Committee

FROM: Board of Examiners
Marc Racicot, Governor (B)

Joe Mazurek, Attorney General *JM*

DATE: January 19, 1995

SUBJECT: SB #87 - An Act revising the Municipal Finance Consolidation Act to all
state agencies to participate in the Issuance of Bonds

We endorse the proposal made in SB #87 to allow state agencies to use the InterCap program for Short Term Financing. We feel this will give state agencies more flexibility and will result in the program efficiencies and cost savings to the State of Montana.

Department of Health & Environmental Sciences
Testimony in Support of SB 142

Senate Local Government Committee
January 24, 1995

SENATE LOCAL GOVERNMENT

EXHIBIT NO. 4

DATE 1-24-95

BILL NO. SB 142

The bill before you today represents the merger of two bill requests--one at the request of the Department, and the other a bill request developed by Senator Beck dealing with "demolition derby" cars. Four key elements are contained in SB 142, a bill that generally revises the Motor Vehicle Recycling & Disposal Act. These four elements are:

- 1) to clarify existing language,
- 2) to grant authority for the Department to use administrative orders to correct violations,
- 3) to establish a fee to offset a portion of the expense involved in processing an application for a new wrecking facility, and
- 4) to include "demolition derby" vehicles within the regulatory scheme of the Motor Vehicle Recycling & Disposal Act.

The first element, in terms of importance to the Department, is authorizing administrative order authority within the Motor Vehicle Recycling & Disposal Act. Under current law, the Department first works to correct violations of the junk vehicle law by attempting to negotiate with the violator an agreement to voluntarily correct the problem or problems.

However, should negotiation fail, the Department then must litigate in district court in an attempt to correct the violations. Litigation of any kind is expensive, resource intensive, and may not result in timely correction of the violation.

Administrative enforcement authority would allow the Department a third, intermediate, option for correcting violations of the Motor Vehicle Recycling & Disposal Act.

The second important element of SB 0142 is the addition of a processing fee for newly proposed wrecking facilities. The financial burden of processing an application from start to finish currently rests on the Program. The Department receives 15 to 18 such applications annually, each of which takes a minimum of 40

man-hours plus other resources, and can run into hundreds of man-hours, depending on the location, impacts, public opposition, etc. It is the Department's belief that instituting an application processing fee will somewhat reduce the number of applications submitted. This should allow the Department to better expend its limited resources in processing applications where there is a serious intent to establish a new wrecking facility. Conversely, we believe that the \$200 fee will not prove to be an undue burden on small businesses.

The third element in SB 142 is to include "demolition derby" vehicles as a part of the junk vehicle definition. While demolition derby vehicles might not meet the current junk vehicle definition, because they are still operable, aesthetically they do present an appearance similar to a junk vehicle by being partially dismantled. The basic intention of the Legislature in 1973 when the Program was first enacted was to address the negative visual impact to the public from discarded junk vehicles. SB 142 extends that legislative intent, in terms of aesthetics, to include demolition derby vehicles.

The fourth element in SB 0142 is clarification of the language of the law. The clarification is intended to make it more readable and understandable.

For all of the reasons just discussed, the Department urges your favorable consideration of SB 142.

Testimony presented by Roger Thorvilson
Dept. of Health & Environmental Sciences
Ph. 444-1430

Dobson Junk Yard
Eastside R. Deer Lodge, mt. 59722

We want it clarified what the actual definition of junk vehicles is.

We are asking that Mr. Dobson be required to fence the entire yard to be out of sight. It is located West of the County Road, and in an obnoxious view. It obstructs our view and can harbor rodents and filth with the location being East of the Clark Fork River. It is a caution for the Environmentalist, as well as a concern of the neighbors.

Norma & Marion Johnson
171 Eastside Rd.
Deer Lodge, mt. 59722

SENATE LOCAL GOVT. COMM.

EXHIBIT NO. Le

DATE 1-24-95

BILL NO. SB 52

#3/
6

INTERLOCAL AGREEMENT BETWEEN

THE CITY OF KALISPELL

AND

FLATHEAD COUNTY WATER & SEWER DISTRICT NO. 1 - EVERGREEN

Dated: July 25, 1990

THIS AGREEMENT made and entered into this _____ day of _____, 1990, by and between the City of Kalispell, a municipal corporation hereinafter City, and the Flathead County Water and Sewer District #1 Evergreen, a county water and sewer district organized and existing under the laws of the State of Montana, hereinafter District.

W I T N E S S E T H

WHEREAS, the City is a municipal corporation organized and existing under the laws of the State of Montana and is authorized to establish, build, construct or reconstruct a sewage utility with a plant for the treatment or disposal of municipal sewage, and to regulate, establish and change the rates, charges and classification imposed upon persons served by the utility service; and,

WHEREAS, the District is a county water and sewer district organized and existing under the laws of the State of Montana with the authority to construct, purchase, acquire, operate and maintain a sanitary sewer system to benefit the inhabitants of the District; and,

WHEREAS, the City has constructed and then improved and modified a sewage treatment plant, known as the Kalispell Waste Water Treatment Plant, hereinafter Treatment Plant. After its pending modification the Treatment Plant will have an estimated average daily treatment capacity of three million one hundred thousand (3.1 million) gallons.

WHEREAS, the District is without municipal sewage collection or treatment facilities, and continued use of the existing septic tanks within the District may add additional contamination to the groundwater serving the District's water system and contribute to contamination of the Flathead River and Flathead Lake; and,

WHEREAS, the District being within the unincorporated jurisdiction of Flathead County, has populations, densities, facilities, and areas more consistent with incorporated municipalities which in general provide for higher levels of services to its citizenry and inclusive to that higher level of service do not adversely affect contiguous populations or areas; and,

EXHIBIT 6
DATE 1-24-95
SB 52

WHEREAS, the District has proposed a project involving a County Rural Special Improvement District, hereinafter RSID, and U.S. Environmental Protection Agency, hereinafter EPA, funds to construct a waste water collection system in the District feeding into a Force Main discharging directly into the Treatment Plant; and,

WHEREAS, the collection system of the District shall contribute sewage flows from within the RSID. The total estimated average daily flow is 0.682 million gallons and provides a basis to estimate treatment cost and to plan future available treatment capacity of the Treatment Plant.

WHEREAS, it is intended herein that the City and the District shall have completely separate sewage collection systems prior to the point of inflow into the Treatment Plant, and accordingly each party shall operate, maintain, construct, repair, administer, finance, replace, regulate, and comply with governmental standards at their own expense for their respective separate collection systems.

WHEREAS, it appears at this time that the estimated proposed contribution of District sewage to the Treatment Plant will not adversely affect the capacity of said plant to treat sewage contributed by current users of the City's collection system nor those that the City reasonably expects to acquire within the life of this agreement; and,

WHEREAS, the City is operating a treatment plant below its rated capacity and is of the represented opinion that capacity could be increased without substantially increasing treatment cost and therefore would seek potential qualified customers needing treatment services; and,

WHEREAS, the District within its financial obligations and responsibilities will encounter financial requirements with some inherent difficulties in order to fund their collection system and establish a secured method of operation, maintenance, and other cost payments, and accordingly the City within a cooperative spirit shall seek to establish compatible yet responsible treatment rates and administrative charges for and with the district as related to the Treatment Plant and its processes, total costs; and,

WHEREAS, the City and District are desirous of entering into interlocal agreement whereby the District agrees to construct a collection and delivery system serving the District, and the City for consideration, agrees to treat sewage so delivered; and,

WHEREAS, the City and the District are authorized, pursuant to Title 7, Chapter 11 Part 1, Montana Code Annotated, to enter into interlocal agreements enabling them to undertake services and activities for their mutual benefit; and,

WHEREAS, it is necessary that an interlocal agreement be authorized and approved by the governing bodies and that the agreement set forth fully the purposes, powers, rights, obligations and responsibilities of the respective public agencies.

NOW THEREFORE, in consideration of the mutual covenants to be performed by the parties, it is agreed as follows inclusive of the referenced Appendices and attachments:

SERVICE AREA

It is understood between the parties hereto that this Agreement obligates the City to accept normal municipal sewage from the District for that area comprising the RSID, hereinafter Service Area (Reference Appendix A hereto). The volume shall not exceed 0.682 million gallons average daily flow. Average daily flow for purposes of this Agreement shall mean that flow reserved to the District based upon the total quantity of liquid tributary to Treatment Plant, divided by the number of days of flow measurement. For purposes of this Agreement the number of days of flow measurement shall be 75 days. The City has no obligation to accept sewage from any properties lying outside the exterior boundary of the Service Area, and the District is not hereby authorized to connect users outside the exterior boundaries of the Service Area without written consent.

CONSENT REQUIREMENTS

In the event property owner(s) or users outside the exterior boundaries of the Service Area desire to connect mains or services to the collection system operated by the District, said property owner(s) must, prior to connection, obtain a written consent executed by the chief executive officer of the City which may

include a written execution of a waiver to protest annexation and consent to withdraw from the rural fire district and any other such documents the City may require. Absent written evidence of said consent of the City, the District shall have no authority to make connection to either mains or services lying outside the Service Area boundaries. Property owners or users outside the Service Area may be required to pay a hook-up fee to the City as established by the City.

In the event the City does consent to the connection of mains or services to the District's collection system, the flow contributed by said connections shall not be considered as part of the District's Reserved Capacity.

QUANTITY OF SEWAGE TO BE TREATED

The estimated daily effluent sewage from the District is specified at an amount not to exceed .682 million gallons average daily flow which is the District's Reserved Capacity. The District shall construct within their collection system and at the beginning point of the Force Main (see Force Main Connection) an acceptable engineered flow meter to accurately measure the volume of sewage daily contributed by the District to the plant hereafter known as Use. The Use shall not exceed at any time the Reserved Capacity.

The flow meter shall be equipped to continuously record flow rates and volumes on a daily basis. The meter shall also be tied into the City telemetry-monitoring system, and tested, and calibrated prior to discharge of District influent to the plant. The metering system shall be verified for compliance at least yearly at the expense of the District. Reasonable estimated adjustments shall be made for incorrect meter readings. The City has the right at anytime to inspect the District's collection system either separately or jointly with the District.

The Reserved Capacity is for the sole benefit of users within the Service Area. Reserve Capacity in total or in any part may not be sold or transferred to any other party without the written approval of the City Council of the City. At the completion of the original duration of this agreement (See Duration and Term), any Reserved Capacity not being utilized as compared to the last 365

days average daily flow from the District, shall revert back to the City at no cost or charge to the City.

QUALITY OF SEWAGE TO BE TREATED

The influent sewage from the District shall be sampled and tested as determined necessary by a licensed treatment plant operator employed by the City. The samples shall be drawn by Treatment Plant operations personnel at the point of entry to the Treatment Plant. The District shall construct per the District's Engineer requirements an appropriate sampling system at the point of entry to the Treatment Plant, prior to City and District sewages mixing. Both District and the City treatment plant personnel shall have access at all times to the point of sampling.

The City shall monitor City lift station effluent in accordance with City ordinance or EPA regulations.

Tests to be performed, frequency of testing, and the limits for test compliance, and methods and points of sampling on influent sewage shall be determined by the City's Superintendent of the Treatment Plant. Tests shall include BOD (Biochemical Oxygen Demand), TSS (Total Suspended Solids), and other tests required by EPA or City Ordinances.

If testing results are not within the specified limits or standards then a more detailed sampling and testing program shall be undertaken by the City. If the test results remain out of the compliance specified, the District shall be notified and thereafter shall immediately begin an investigation for sources of contamination of the sewage. If the contamination is from within the District and the District does not timely stop the contamination to the reasonable satisfaction of the City, the City is authorized to take whatever action is necessary to eliminate the contamination and charge the District for cost of eliminating the contamination.

If additional treatment is required to accommodate the unacceptable variation from normal sewage influent, the District shall be assessed the cost of the added required treatment which shall hereinafter be referred to as a Surcharge Rate established in Appendix C. The City shall charge the District beyond the Surcharge Rate as necessary for any regulatory agency fines, engineering, or

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treatment and plant modifications if they are, or become, required because of this non-compliance.

FORCE MAIN CONNECTIONS

It is understood and agreed between the parties hereto that the District shall cause to be designed and constructed, as part of the collection system, a pressured conduit hereafter referred to as the Force Main commencing at the District's pump station and thence running Westerly on Conrad Drive, thence Southerly along Willow Glen, thence Westerly terminating at the Treatment Plant. The Force Main shall be constructed to EPA standards and if not applicable then to the Recommended Standards for Sewage Works - Great Lakes Upper Mississippi River Board of State Sanitary Engineers as a minimum requirement. The City shall be provided with one set of reproducible "as built drawings" upon completion of the Force Main construction. The City shall be consulted during design and construction process regarding potential future hook-up locations, pump stations, valves, meters, and etc. It is further understood and agreed that the property adjacent to or capable of connecting to the force Main, herein referred to, does not lie within the boundaries of the Service Area.

The Force Main herein described shall be primarily used and maintained by the District for the purpose of transporting sewage from the Service Area to the Treatment Plant. The parties agree that the City shall have the exclusive right to access and utilize the Force Main between the boundaries of the Service Area and the Treatment Plant. Any user outside the boundary of the Service Area who are hooked into the Force Main shall be customers of the City only. The City shall pay for the costs to increase the Force Main beyond District needs.

The District's Engineer known hereafter as the Engineer shall notify the City of the additional cost necessary to accommodate the use of the Force Main by the City. Within fifteen (15) days of notification by the Engineer the City shall be required to elect whether it wishes to pay the additional amount. In the event the City elects to pay for the additional cost to accommodate its use of said Force Main, that use shall be limited to a specified pro rata

shall be paid by the City Council and shall become a percentage of the design flow of the Force Main as determined by the Engineer at the time of the payment by the City to the District recognizing the specific sewage flows reserved and allocated in the Force Main to accommodate the volume of sewage flow from the District. Payment for upsizing the Force Main to accommodate the City shall be paid by the City to the District at the time the District is obligated to make construction payments for such to their construction contractor(s).

The City and District shall be responsible at the same pro rata percentage said, for the maintenance, repair and replacement of that portion of the Force Main, used by the City, based on volume of flow attributed respectively to the City and the District. The City's portion to be determined after the point of connection to the Force Main to the Treatment Plant.

ODOR ABATEMENT

The District recognizes the City's concern of the potential for odors at the Treatment Plant where the influent arrives at the end of the Force Main and shall construct odor treatment facilities according to the Best Available Technology.

SEWAGE TREATMENT RATE

The District hereby agrees to make payments to the City based upon a charge per 1000 gallons of influent sewage treated by the City including the replacement costs, plus monthly charges for capitalization costs. Charges shall begin at the time of hook-up and the beginning of discharge to the plant by the District. The charges will be set by the City using formulas established within Appendix B for treating sewage from the point of entering the Treatment Plant to the point(s) of permitted discharge. The District's influent volume for payment of treated sewage shall be based upon actual flow of sewage from the District's lift station to the Treatment Plant (See Quantity of Sewage to be Treated). The basis for charges for sewage treatment as set forth in Appendix B (excepting Part II) shall be the same for District's and City users and shall be established yearly by the City Council and shall become effective each January 1st.

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DISTRICT PAYMENTS FOR TREATMENT

The City shall bill the District for sewage treatment on the 10th of each month. Payments are due in full no later than ten (10) days after mailing of the City billing.

SURETY FUND

To insure payments, the District shall set up a surety fund account for the purpose of providing the City with payment protection.

The District and the City agree that the District shall maintain a surety fund in the total amount of \$100,000.00. This reserve fund will consist of a Certificate of Deposit with a recognized financial institution doing business in the State of Montana. In the event the District is in default of any payment due the City for any thirty (30) day period, the City upon (10) days notice to the District shall be entitled to assert a performance lien on said Certificate of Deposit necessary to satisfy the default. An affidavit by the City of the nature and amount of the default shall be sufficient to perfect the performance lien and authorize the financial institution to remit payment to the City in satisfaction of its performance lien. This surety fund shall be maintained for a period of three years from the date of the commencement of sewage flows from the District.

In the event the City becomes the administrator or receiver, or owner of the District's sewer system, the District hereby agrees to provide for water shut off and other enforcement measures as normally is necessary to collect sewer fees from delinquent sewer users.

ADMINISTRATOR

Pursuant to Section 7-11-10B (6), M.C.A., the parties hereto agree that the Administrator responsible for administering the operation, maintenance, modification, and expansion of the Treatment Plant shall be the City. The City shall have sole and exclusive authority in so far as matters involving the treatment of sewage and disposal.

INCREASE IN FLOW AND FEDERAL OR STATE MANDATED IMPROVEMENTS

The parties hereto agree that in the event the volume of

sewerage delivered to the City for treatment exceeds the 0.682 million gallon average daily flow, and the City has additional plant capacity, the City may allocate and reserve additional capacity to the District upon recalculation of the District's additional pro rata share of the capitalization costs for the Reserved Capacity allocated and additional Reserve Capacity at the Treatment Plant to the District by the City.

It is further understood and agreed that in the event capital improvements are required to be made to the Treatment Plant in order to comply with Federal or State laws or regulation, the District shall contribute to the financing of said improvements to the extent of the District's Reserved Capacity.

DURATION AND TERM

The duration of this agreement is twenty five (25) years. This agreement is renegotiable at any time if both parties so consent in writing. If no notice to terminate or renegotiate is received at least one (1) year prior to the expiration of this Agreement, then this agreement will renew for an additional ten (10) years. This agreement may be subsequently renewed for additional ten (10) year terms subject to the preceding clause.

APPROVAL BY ATTORNEY GENERAL

Pursuant to Section 7-11-106 MCA, this entire agreement, as a condition precedent to its validity and performance, shall be submitted to the Attorney General of the State of Montana to determine whether the agreement is in proper form and compatible with the law of Montana.

FILING OF AGREEMENT

Pursuant to Section 7-11-107 MCA, this agreement shall be filed with the Flathead County Clerk & Recorder and the Montana Secretary of State within ten (10) days after the approval of the Attorney General of the State of Montana and prior to commencement of performance.

ARBITRATION

The parties hereto agree that all unresolved claims, demands, disputes, controversies and differences that may arise between the parties hereto explicitly concerning the content of this agreement

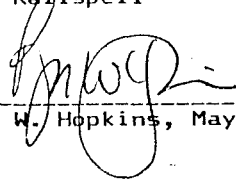
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shall first be submitted to arbitration as herein set forth, The arbitrator shall be selected, the arbitration conducted, and the arbitration ruling shall be pursuant to the provisions and rules of the Montana Arbitrators' Association. The award of the arbitrator shall be binding on the parties hereto, provided that either party shall have the right to file an action in a court of law concerning the ruling of the arbitrator, and a decision of the arbitrator shall not be considered binding on the court of law. The Court shall be authorized to award the prevailing party reasonable attorney fees. Provided, further, that in the event the party that prevailed at arbitration further prevails in a court of law, the court of law shall have authority under the terms of this paragraph to award that party reasonable attorney fees applicable to arbitration, if not previously awarded in addition to reasonable attorney fees incurred as a result of the action filed in the court of law.

SEVERABILITY

In the event any provision of this Agreement is declared void, invalid or contrary to law, the parties agree that the remaining provisions shall continue and remain in full force and effect.

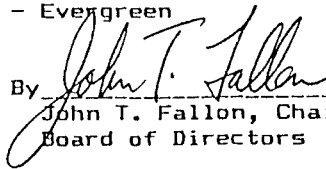
City of Kalispell

By 
Roger W. Hopkins, Mayor

Attest:



Flathead County Water and Sewer District #1
- Evergreen

By 
John T. Fallon, Chairman
Board of Directors

Attest:



APPENDIX A

DISTRICT SERVICE AREA

Approximate Boundary of District Service Area
& Collection System (See Legal Description of RSID)



City Collection System & City Limits

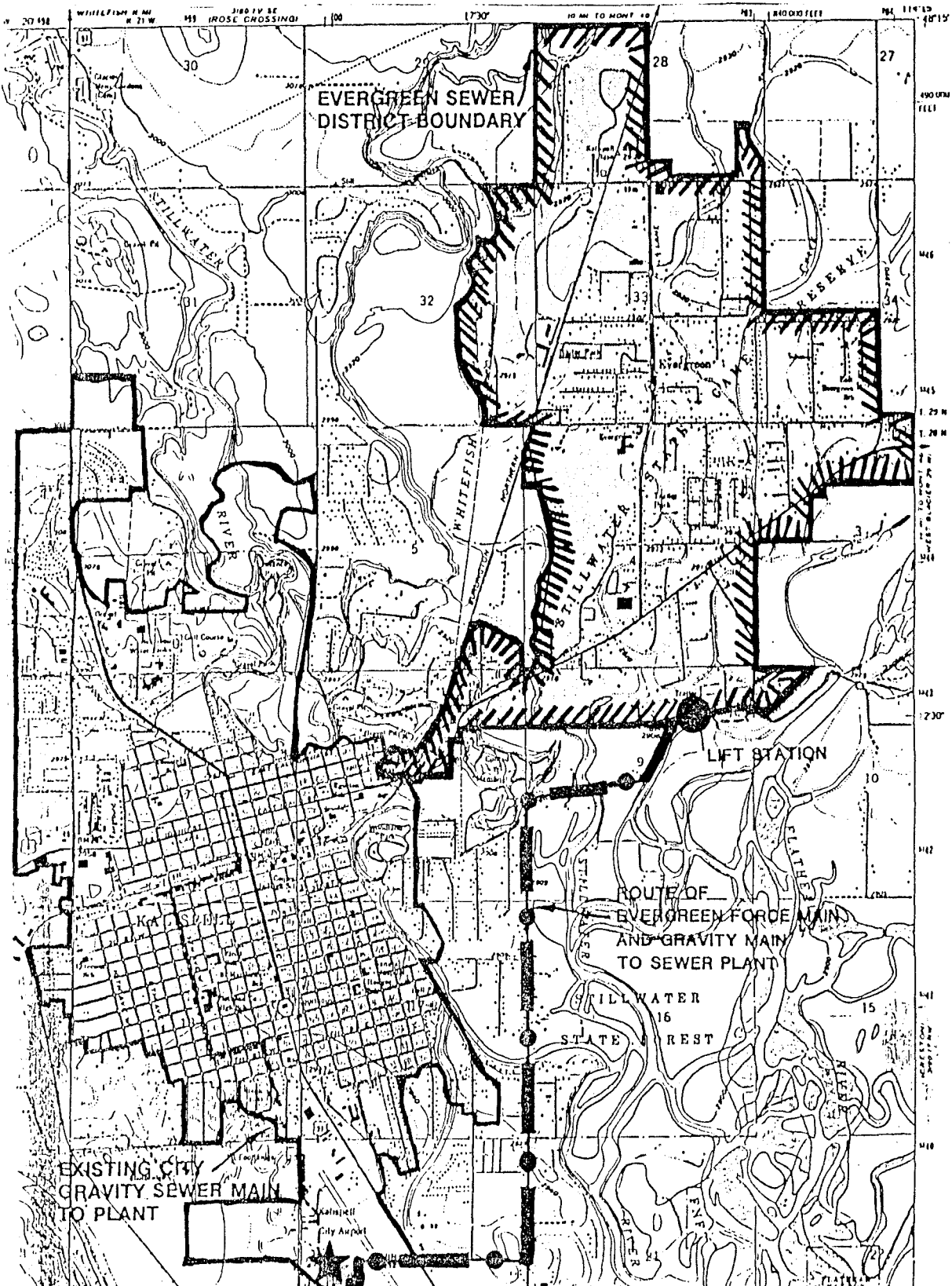
Treatment Plant



Lift Station



Force Main



EVERGREEN SEWER DISTRICT

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Commencing at the SE corner of Section 29, Township 29 North, Range 21 West, P.M.M., Flathead County, Montana, the point of beginning thence North 33 feet thence Westerly and parallel to the South boundary of said Section 150 feet, thence at right angles Northerly 150 feet, thence at right angles Easterly 150 feet to the Westerly boundary of Section 28, thence North along the West boundary of said Section 28 to the West Quarter corner; thence East along the North boundary of the South One-Half of said Section 28 to the Easterly line of the New Highway 2 East (also known as LaSalle Road); thence South along the Easterly line of the New Highway 2 East to a point 541.39 feet North of the South line of Section 28, said point being the NW corner of Certificate of Survey No 4115; thence East along the North boundary of Certificate of Survey No 4115, a distance of 485.06 feet to the NE corner of Certificate of Survey No 4115; thence South along the East boundary of Certificate of Survey No 4115 and Certificate Survey No 6471 to the Southeast corner of Parcel C of Certificate of Survey No 6471; thence East, on a line parallel with East Reserve Drive, to a point on the West boundary of Lot 2, Granite View Subdivision; thence North, along the West line of Granite View Subdivision, to the Northwest corner of said subdivision; thence East, along the North boundary of Lot 10 of Granite View Subdivision to the NE corner of said lot thence S00°03'47" West 20 feet, thence N 89°51'47"E 295 feet, thence South 20°57'23" West 229.63 feet, thence S03°00'46" West 133.18 feet, thence South 55°56'02" East 126.75 feet, thence South 39°02'08" East 95.27 feet, thence South 25°51'59" East 183.37 feet, thence South 58°06'57" East 79.99 feet to the Easterly boundary of Section 28; thence South to the Southeast corner of Section 28 Township 29 North, Range 21 West, thence South, along the East boundary of Section 33, Township 29 North, Range 21 West, P.M.M., to the Southeast corner of the Northeast Quarter of said Section 33, also being the West Quarter corner of Section 34, Township 29 North, Range 21 West, P.M.M.; thence East, along the North line of the Southwest Quarter of Section 34, to the West line of Helena Flats Road; thence South, along the West line of Helena Flats Road, to a point 165.03 feet North of the South line of Section 34; thence East, along the North line of Evergreen Estates and Evergreen Estates No. 3 to the Northeast corner of Lot 48 of Evergreen Estates No 3; thence South, along the East line of said Lot 48, to the South line of Section 34; thence East, along the South line of Section 34, to the Southeast corner of Section 34; thence continuing East, along the North line of Section 2 Township 28 North, Range 21 West, P.M.M., to the Northeast corner of Lot 3 of Section 2; thence Southwesterly, along the low water mark and the Easterly line of Lot 3, to the Northernly right of way of Montana State Highway 2.

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boundary of Highway 35,
 Southwesterly, to the Southerly boundary of Highway 35, said point lying
 in Lot 1 of Section 3, Township 28 North, Range 21 West, P.M.M.;
 thence
 Northwesterly, along the Southerly boundary of Highway 35 to the Northeast
 corner of Certificate of Survey No 8835; thence
 South, along the East line of Certificate of Survey No 8835 to a point
 on the South boundary of said Lot 1; thence
 Westerly, along the South boundaries of Lots 1,2 and 3 of Section 3, to
 the Southerly boundary of Highway 35; thence
 Southwestly, along the Southerly boundary of Highway 35, to the
 Northeast corner of that tract described in Book 419 Page 228; thence
 Southerly, along the East line of that tract described in Book 419, Page
 228, to the Southeast corner of that tract described in Book 419,
 Page 228, thence
 West, along the South boundary of that tract described in Book 419, Page
 228, to a point on the East boundary of Lot 1 Block 3 of Bernard's
 Park; thence
 South, along the Easterly line of Block 3 of Bernard's Park, to the
 Southeast corner of Lot 3 Block 3 of Bernard's Park, thence
 Northwesterly along the Easterly boundary of Lot 3 415 feet; thence
 Westerly and parallel to the Highway 300 feet to the Westerly Boundary
 of Lot 5, thence Southeasterly to the SW corner of Lot 5, thence
 continuing South to the Southerly boundary of the SW4NW4; thence
 West, along the South line of the Southwest Quarter of the Northwest Quarter
 to the West Quarter corner of Section 3; thence
 South, along the West line of Section 3, to the NE corner of the SE4SE4 of
 Section 4 Township 28 North, Range 21 West, thence
 Westerly along the North line of said SE4SE4 to the center of Spring Creek,
 thence
 Southerly along the center of said Spring Creek to the South boundary of
 Section 4 Township 28 North, Range 21 West, thence
 East to the SE corner of Section 4, thence continuing East along the North
 line of Section 10 Township 28 North, Range 21 West to the NE corner
 of Lot 3 of said Section, thence
 Southwesterly, along the Southeasterly boundary of Lot 3 to the
 Northeasterly boundary of Certificate of Survey No 7948; thence
 South 59°50'29" East, approximately 290.16 feet to a point> thence
 South 27°09'33" East 277.58 feet to a point; thence
 South 55°05'54" West 329.91 feet to a point; thence
 South 84°28'12" West, 325.51 feet to a point;
 North 81°56'08" West, 156.40 feet to a point; thence
 North 75°41'47" West, 138.72 feet to a point, thence
 North 81°19'19" West, 311.83 feet to a point; thence
 North 29°10'05" East, 320.14 feet to a point on the North meanderline of
 the Flathead River; thence
 Westerly, along the meander line of the Flathead River, being the

pg 3 continued

Southerly boundary of Lot 1 and a portion of the Southerly boundary of Lot 2, to the intersection of the meander line with the boundary line between Lots 2 and 3, Section 9, Township 28 North, Range 21 West, P.M.M.; thence West, along the boundary between Lots 2 and 3, to the Southwest corner of Lot 2 in Section 9; thence North along the West line of Lot 2 to the South boundary of Spring Creek; thence Westerly along the South boundary of Spring Creek to the Southeast corner of the NW4NW4; thence North to the NE corner of NW4NW4; thence West along the North boundary of Section 9 to an intersection with the East boundary of a parcel recorded in Book 738 Page 855; thence S 0°35'W 35 feet; thence S 19°40'W 131.6 feet; thence S30°33'W 135 feet; thence S 46°07'E 120 feet, thence S 24°20'W 395.50 feet, thence N 37°45'W 287 feet; thence N 75°45'W 368 feet more or less to the Westerly boundary of Stillwater River, thence Southerly along the West boundary of said River to the South boundary line of the NW4NW4; thence West to the SW corner of the NW4NW4 of Section 9; thence continuing West, to the Southwest corner of the Northeast Quarter of the Northeast Quarter of Section 8, Township 28 North, Range 21 West, P.M.M.; thence South, along the Easterly boundary of the Southwest Quarter of the Northeast Quarter, a distance of 100 feet to the Southerly line of that tract described as Tract 1 in Book 557, Page 990; thence West, along the South line of said Tract 1 in Book 557 Page 990, to a point on the Southeasterly right of way line of U.S. Highway No. 2 and 100 feet South of the North line of the Southwest Quarter of the Northeast Quarter of Section 8; thence running South 375.9 feet; thence running South 33°15' West, 241.5 feet; thence running South 3°47' East, 169.6 feet; thence N 76°40'W 204.5 feet more or less to the Easterly boundary of the highway; thence Southwesterly 30 feet along said highway; thence S 76°40' East 213 feet thence S12°28' West 99.4 feet, thence S 12°28' West 76.7 feet thence N 88°04' West 548.8 feet more or less to the Southeasterly line of Highway 2; thence Southwesterly along the Southeast boundary of the highway to the East boundary line of Woodland Park Drive; thence Northerly to the intersection of the extension of the East boundary of Woodland Park Drive and the Southeasterly line of Flathead Drive and the Northerly boundary of highway 2; thence Southwesterly, along the Northerly boundary of Highway 2, to the Southeast corner of the tract of land described in Book 615, Page 993; thence Northwesterly, along the East line of that tract described in Book 615, Page 993, to the Northeast corner of said tract; thence Northerly and Northeasterly, along the Westerly boundary of that tract described in Book 602, Page 463, (including roadway along the Westerly boundary abandoned June 23, 1981), to the point of intersection with the Northern most point of tract in said Book 602, Page 463, and the South line of Oregon Lane as described in Book 475, Page 331; thence

Northeasterly, continuing along the same line, to the North line of Oregon Lane; thence
Easterly, along the North line of Oregon Lane, to the intersection of the continuation of the North line of Oregon Lane with the Easterly boundary of the Great Northern Railroad right of way; thence
Northeasterly, along the Easterly boundary of the Great Northern Railroad right of way into Section 5, Township 28 North, Range 21 West, P.M.M., to the intersection of the Great Northern Railroad right of way and the North line of Lot 13 of Lake Park Village; thence
Easterly, along the Northern boundary of Lake Park Village and Stillwater Addition to the Northeast corner of Lot 1, Block 1 of Stillwater Addition; thence
Easterly, along the South line of the Stillwater River, to the intersection of the South line of the Stillwater River with the East line of Section 5, which point is North 527.01 feet from the Southeast corner of Section 5, as described in Book 653, Page 605; thence
South, along the Section line between Sections 4 and 5 of Township 28 North, Range 21 West, P.M.M., to the Southwest corner of Section 4; thence
East, along the South boundary of Section 4, Township 28 North, Range 21 West, P.M.M., to the intersection of the said South boundary with the East line of the Whitefish River; thence
Northerly, along the East line of the Whitefish River, to the intersection of the East line of the Whitefish River with the North line of Westwood Lane; thence
East, along the North line of Westwood Lane, to the intersection of said North line with the West line of River Road; thence
Northerly, along the West line of River Road, to the intersection of said West line of River Road with the South line of the Northwest Quarter of the Northwest Quarter of Section 4; thence
West, along the South line of the Northwest Quarter of the Northwest Quarter, to the Southwest corner of the Northwest Quarter of the Northwest Quarter; thence
North, along the West line of the Northwest Quarter of the Northwest Quarter, to the intersection of said West line with the Southeasterly boundary of the Great Northern Railroad right of way; thence
Northeasterly, along the Southeasterly line of the Great Northern Railroad right of way, to the intersection of said Southeasterly line with the North line of Section 4; thence
West, along the South boundary of Section 32, Township 29 North, Range 21 West, P.M.M., to the intersection of said South line with the centerline of the Whitefish River; thence
Northerly, along the centerline of the Whitefish River, to the North line of Section 32; thence
East, along the North line of Section 32, to the Northeast corner of Section 32 and the Southwest corner of Section 28 and the Point of Beginning.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED TRACTS OF LAND:

APPENDIX B

It is understood herein that payment of District monthly charges are for services and rents for Reserve Capacity only. The District has no explicit or implicit claims to treatment plant ownership, discharge permit ownership, rights of administration, management, or supervision, or the expenditure of capitalization or replacement fund monies.

BASIS FOR CHARGES TO THE DISTRICT

Billing Formula:

$\text{Monthly Charge in \$} = \text{Sum of Part I and Part II}$
--

Part I in \$/Month = (Use in 1000 of gallons/mo. x rate in \$/1000 gallons)

Part II in \$/Month = (Capitalization Cost in \$ x .22*)

Definitions:

Treatment Plant --- the entire facility known as the Kalispell Waste Water Treatment Plant, together with equipment, machinery, and land, appurtenant to and used in connection w/said plant

Use --- the District's metered flow of sewage to the Treatment Plant for a month in 1000 of gallons.

Rate --- [(Direct Cost/year + Indirect Cost/year + replacement cost/yr.) divided by (yearly Treatment Plant volume in gallons)] x 1000.

Direct Cost --- the actual cost to operate the Treatment Plant.

Indirect Cost --- the cost to supervise, administer, manage, insure, and oversee the ownership of the Treatment Plant.

Capitalization Cost --- the monthly cost (principal and interest) of debt and capital to own the Treatment Plant.

Capital --- the amount of City funds contributed to the Treatment Plant amortized over the duration of this Agreement at an interest rate commensurate with the City's sewer bond rate.

Replacement Cost --- \$31,000/yr* plus the monthly cost of depreciation or replacement based upon a 20 year life for Treatment Plant equipment, appurtenances, and accessories added to the plant.

*.22 --- the decimal representing the District's Reserved Capacity. (District's 682,000 gallons/total proposed plant design capacity of 3,100,000 gallons).

*\$31,000 used in this Agreement for reference purposes only. Final figure will change upon completion of new sewer Treatment Plant.

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Lots 1 and 2 Block 15 Springdale 1st Addition, Lot 1 Lapp 1st Addition, and Lot A of Gonsior;s Subidivision, Lot 10 except the North 75 feet and all of Lot 11 Block 4 Bernard's Park, Lots 2 and 3 Block 5 Bernard's Park, Lots 4 and 5 Block 5, excepting the Amended portion of Block 5, Lots 3,4 and 5 Block 1 Bernard's Park, Lot 6 Block 1 Bernard's Park, excepting the amended portion of Block 1.

THE END

EXHIBIT

6

DATE

1-24-95

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APPENDIX C

SURCHARGE TREATMENT RATES

Special Treated Sewage: The parties hereto agree and acknowledge that under provisions of the sewage ordinances required by the EPA, recognize that concentrations of BOD and TSS are present in sewage discharge by commercial or industrial users. The District agrees that it shall surcharge users for excessive BOD and TSS concentrations.

Where it has been determined that concentrations of BOD and TSS are present in sewage discharged by any user, a surcharge will be determined as follows:

The maximum component of sewage is 200 PPM BOD and 250 PPM TSS. A surcharge will be assessed to the District for discharging wastes at the point of entry to the plant, which exceeds the maximum component of sewage as follows: For each 25 PPM BOD above 200 PPM \$.20 Per M Gallons. For each 25 PPM TSS above 250 PPM \$.17 Per M Gallons. These surcharges are subject to change or modification as may be required by the EPA or City Ordinance.

DATE 1-24-95

SENATE COMMITTEE ON Local Government

BILLS BEING HEARD TODAY: SB 87, SB 93, SB 142

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
T. Gregory Hunt	MSPOA	93	X	
Gordon Morris	MAG	93	X	
Norman Norman Johnson		142		
Mary Hoppe		142		
Ray Beck		87	X	
GENE Kiser	MBCC	93		
CONNIE GRIFFITH	DEPT OF ADMIN	87	X	
Roger Thorvilson	MT DRES	SB142	X	
Carol Smith	Bd. Investments	87	X	
Michelle Barstad	✓	87	X	
Henry F. Lohr	Hanks Salvage	142	X	
Stuart Doggett	MT Innkeepers MT Tourism Coalition	87	X	
Jim Oberkufen	MBCC (POST)	93	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY