

## COMPENSATION AGREEMENT

THIS AGREEMENT entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ between THE CITY OF BILLINGS, Billings, Montana, hereinafter referred to as the “CITY”, and Daniel Properties, LLC, 2047 Broadwater Avenue Suite 1, Billings, Montana 59102, hereinafter referred to as “DEVELOPER”.

### W I T N E S S E T H

WHEREAS, the CITY’S Rules and Regulations Governing Water and Wastewater Service outlines the procedure and criteria the CITY uses in approving extensions of the public water and wastewater systems; and

WHEREAS, the CITY’S Rules and Regulations Governing Water and Wastewater Service outlines how the CITY participates in construction of various water and wastewater facilities and applies water and wastewater construction fees and system development fees to developments; and

WHEREAS, no person, developer, customer or applicant shall acquire any vested rights under the terms and provisions of this agreement; and

WHEREAS, DEVELOPER has agreed to extend or replace water facilities for the purpose of providing service through plans and specifications approved by the City on the 29<sup>th</sup> day of June, 2023. Said plans and specifications generally provide for the construction of water facilities which are specifically described in Exhibit 1, attached hereto; and

WHEREAS, DEVELOPER is desirous of obtaining compensation for a portion of the water facilities hereafter described; and

WHEREAS, the CITY is desirous of compensating the DEVELOPER for fifty percent (50%) of construction of said water facilities.

NOW, THEREFORE, CITY and DEVELOPER, in consideration of their mutual promises to each other hereinafter stated, agree as follows:

1. The water facilities which are eligible for compensation to the extent set forth in this Agreement are specifically described in Exhibit 1, attached hereto, and by this reference incorporated herein as if fully set out.

2. With respect to DEVELOPER’S entitlement to compensation, the CITY and DEVELOPER agree that the conditions set forth hereinafter, must be met before DEVELOPER is entitled to or will receive any compensation. Said conditions are:

- (a) The extent, timing, and manner of the CITY’S participation in a water facilities extension or replacement is determined in

conformance with the CITY'S Rules and Regulations Governing Water and Wastewater Service and the DEVELOPER'S compliance with city, state and federal laws, rules, and regulations. These policies require necessary funds to be included in the current, approved Capital Improvements Projects (CIP) budget in order to be eligible for compensation back to the DEVELOPER. The DEVELOPER may choose to proceed with an extension or replacement project without waiting for funds to be made available in the CIP budget; in this case, the DEVELOPER is responsible for paying the entire cost of the construction. Extensions or replacements not eligible for compensation according to these CITY policies and practices must be constructed by the DEVELOPER at his expense.

- (b) DEVELOPER shall provide to the CITY sufficient verifiable cost data to determine the appropriate amount of compensation within thirty (30) days of final inspection of the water facilities and approval and acceptance by the CITY that all construction was completed according to the approved plans and specifications.
- (c) DEVELOPER shall enter into a compensation agreement with the CITY at the time the CITY approves the DEVELOPER'S application for extension of water facilities or, in the case of a replacement project, prior to submittal of preliminary plans and specifications by the DEVELOPER.
- (d) Upon completion of the extension or replacement of the water facilities, the DEVELOPER must convey all right, title and interest in the facilities to the CITY.
- (e) DEVELOPER shall, at all times, provide to the CITY a current address for purposes of mailing compensation to DEVELOPER.
- (f) Extension of water facilities must be done in compliance with all rules, regulations, resolutions and ordinances of the CITY, including but not limited to standards for design and construction of the facilities, competitive bidding and contract requirements for cities, prevailing wage rates, non-discrimination requirements, etc.

DEVELOPER agrees that it will not be entitled to any compensation whatsoever until the above conditions have been completely satisfied. DEVELOPER'S violation of any of the conditions set forth herein may, at the option of the CITY, result in denial of any and all compensation to the DEVELOPER.

3. In addition, it is expressly agreed that any compensation is conditioned upon the following:

- (a) Compensation is limited to costs attributable to water facilities described in Exhibit 1, less all administrative costs incurred by the CITY. In no event will compensation exceed the actual cost to the DEVELOPER of extending or replacing the water facilities.
- (b) Compensation shall not include any interest charges.

Acceptance of the water facilities for purposes of compensation as set forth in this agreement shall be evidenced by written notice of a letter from the Public Works Department of the CITY and directed to the DEVELOPER at the address set forth in the first paragraph of this agreement.

4. The CITY, by this agreement, is not guaranteeing that full compensation by the CITY to the DEVELOPER will be made. The CITY is only agreeing that it will develop a plan under the CITY'S Rules and Regulations Governing Water and Wastewater Service that will recommend that compensation for water facilities which have been extended at the DEVELOPER'S expense will be made as set forth herein. Compensation does not apply to

additional extensions or replacements of the water facilities. Compensation shall be based upon the final total project costs.

5. The address for mailing compensation to the DEVELOPER shall be that address specified in the first paragraph of this agreement. Any change in address of the DEVELOPER shall be sent to the Public Works Director of the City of Billings at P.O. Box 1178, Billings, MT 59103. The designation of a new address shall be accompanied by a copy of this agreement.

6. This agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their successors and assigns.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

DEVELOPER

By \_\_\_\_\_

CITY OF BILLINGS

By \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

## Exhibit 1

In order to obtain water service, DEVELOPER will extend a 20-inch water main and 12-inch water main along 62<sup>nd</sup> Street West south of Rimrock Road along the frontage of Tule Ridge Subdivision, located on the east side of 62<sup>nd</sup> Street West. The property on the west side of 62<sup>nd</sup> Street West is owned by the City. Since the property on the west side is owned by the City and per City policy, the City shall compensate for one-half of the cost of constructing the 20-inch water and 12-inch water main along with oversizing of the 20-inch water main. Compensation for the water main is estimated to be \$206,333.00.