

Memorandum

REPORT TO: Community Development Board

FROM: Kaitlin Johnson, Budget Manager
Chris Saunders, Community Development Manager
Erin George, Community Development Director

SUBJECT: Review and Recommendation Regarding the Impact Fee Capital Improvement Plan for Fiscal Years 2027-2031 for Water, Wastewater, Transportation, and Fire/EMS Impact Fees

MEETING DATE: October 20, 2025

AGENDA ITEM TYPE: Plan/Report/Study

RECOMMENDATION: Recommend approval of the proposed capital improvement plan for impact fees.

STRATEGIC PLAN: 7.5. Funding and Delivery of City Services: Use equitable and sustainable sources of funding for appropriate City services, and deliver them in a lean and efficient manner.

BACKGROUND: The State of Montana authorizes municipalities to require payment of impact fees by development to help offset the costs of capital service expansion needed by the new development. Standards for fee calculations are established and the types of fees charged are limited to those authorized by the State. The City applies impact fees for four service types: water, wastewater, transportation, and Fire/Emergency Medical Services.

One of the state requirements is the preparation of a capital improvement plan (CIP) that directs the expenditure of the fees. The state also requires an advisory committee to review and make recommendations regarding impact fees which also includes recommendations on the CIP. The City Commission has designated the Community Development Board as the impact fee advisory committee. The City's charter requires the CIP to be reviewed annually, and to be presented to the City Commission not later than December 15th of each calendar year.

The Finance Department has worked with the other relevant departments to prepare an updated CIP for consideration by the Board prior to being presented to the City Commission. The staff has reviewed the infrastructure planning documents, purposes of impact fees, available and expected funding, identified appropriate projects that will expand service capacity to support new development, identified estimated costs for individual projects, and prepared an fee specific list of projects. The CIP identifies the year(s) of

work scheduled and amount expected for each project. The annual review of the CIP enables the estimated costs to be refined as project design proceeds.

The CIP coordinates total funding across the entire City financial system. Many projects are funded by multiple sources of revenue and the CIP describes those interrelationships. The draft document is attached to this cover memo. All four of the fees are included within the attached document.

The CIP does not authorize construction. It is a financial planning tool. Before beginning construction, the City must finalize engineering design and plans, budget for expenditure of funds, follow the state required notice and bidding process or other applicable procurement requirements, and have contracts approved by the City Commission. No public hearing is required for review of the CIP by the advisory board.

UNRESOLVED ISSUES: No unresolved issues are known at this time.

ALTERNATIVES: As identified in discussion by the City Commission.

FISCAL EFFECTS: No funds are expended by this action. The CIP assists the City administration in preparing the annual budget.

Attachments:

[Draft Proposed FY27-31 CIP_Impact Fee Funds.pdf](#)

Report compiled on: October 16, 2025