

Memorandum

REPORT TO: City Commission

FROM: Chris Saunders, Community Development Manager
Erin George, Community Development Director

SUBJECT: A Resolution Adopting the 2025 Service Area Report for Water Impact Fees and Establishing an Effective Date of April 5, 2025

MEETING DATE: March 25, 2025

AGENDA ITEM TYPE: Resolution

RECOMMENDATION: **Consider the Motion:** *Having reviewed and considered the staff presentation, public comment, and all information presented, I hereby adopt the findings of the proposed Resolution and adopt the Resolution with an effective date of April 5, 2025.*

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 City of Bozeman first adopted impact fees in 1996 and has used them continuously since. The State of Montana authorizes local government impact fees through [Title 7, Chapter 6, Part 16, Montana Code Annotated \(MCA\)](#) [External Link]. A key part of the state authorization is the requirement for a local government to prepare a service area report (SAR) for each fee type. The SAR consolidates key information relating to the future needs for infrastructure, expected means to provide the infrastructure, and the process by which the cost of additional services are assigned to units of new development.

The City updates the SAR at least every four years to help ensure the fees are accurate, reflect current construction costs and service needs, and remain roughly proportionate and logically connected in the benefits to the development that pays the fees. The City hired TischlerBise, a nationally prominent specialist in impact fees, to support the City in updating the impact fee SAR.

Staff has reviewed the draft Water SAR prepared by TischlerBise on behalf of the City and finds that the document meets the requirements of state law for an SAR. The SAR is in writing, the document has been provided to the public for review through the Engage Bozeman [website](#) [External Link] as

well as the agenda for the Community Development Board meeting and the City Commission agenda. The City has an annual process to update a capital improvement program to schedule construction of public facility capital improvements. As shown in the SAR, actual costs of construction and reasonable estimate of costs have been used, forecast for future needs are provided, necessary facilities to serve future growth are identified, and the appropriateness of a single service area is established. No maintenance or operational costs are included in the calculated fee. All other necessary elements are also provided.

The City published formal notice in the Bozeman Daily Chronicle on 2/01/2025, 2/15/2025, 3/01/2025, and 3/15/2025 of the public hearings before the Community Development Board and City Commission. A news item was included on the City's website, the Engage Bozeman impact fee update project website was established, several publicly available work sessions and training sessions regarding impact fees have been held during the project, and direct notification to interest groups occurred at the beginning of the project. The Community Development Board held a public hearing on the draft SAR on February 24, 2025. The video and minutes of the hearing are available through the City's [website](#) [External Link]. Discussion on the SAR begins at 54 minutes in the meeting. See the cover materials for the Water Service Area Report for more information on the Community Development Board hearing. The Board recommended unanimously, 7-0, approval to the City Commission.

The action under this agenda item is specific to the Water impact fee. The City also implements fire, transportation, and wastewater impact fees.

The review of the Water SAR is an item on the Commission's March 25, 2025, agenda. Should the Commission find that the SAR is correct and meets all requirements then this Resolution formally adopts the service area report and sets the date that it will take effect as April 5, 2025.

UNRESOLVED ISSUES: To accept or not accept the suggested effective date.

ALTERNATIVES:

1. Approve the Resolution as submitted;
2. Approve the Resolution with a modified effective date; or
3. Open and continue the item, with specific request staff to supply additional information or to address specific items.

FISCAL EFFECTS: Adoption by resolution of the Service Area Report will enable continued operation of the impact fee program to offset capital costs from new construction for wastewater functions.

Attachments:

[Adopting Resolution for Water IF SAR 2025.docx](#)
[Bozeman, MT Impact Fee Report_Water_3.5.25.pdf](#)

Report compiled on: March 11, 2025