

Memorandum

REPORT TO: City Commission

FROM: Jon Henderson, Assistant City Manager

SUBJECT: A Resolution Establishing Intent to Negotiate a Land Exchange with NorthWestern Energy in the City's Lower Yards Property

MEETING DATE: July 15, 2025

AGENDA ITEM TYPE: Resolution

RECOMMENDATION: **Consider the Motion:** *I move to Adopt a Resolution Establishing Intent to Negotiate a Land Exchange with NorthWestern Energy in the City's Lower Yards Property.*

STRATEGIC PLAN: 4.3 Strategic Infrastructure Choices: Prioritize long-term investment and maintenance for existing and new infrastructure.

BACKGROUND: NorthWestern Energy (NWE) is upgrading its gas transmission facility (Bozeman City Gate #1) that is located on the southeast corner of the intersection of Rouse Avenue and Griffin Drive (1812 N. Rouse Ave.). The upgrades call for expansion of Gate Station No. 1, which adjoins the Lower Yards property and fronts North Rouse Avenue. To accommodate this expansion, NWE proposes to acquire a small tract of land from the city, approximately 0.210 acres (9,147.6 square feet) in area, in exchange for a small tract of land from NWE, approximately 0.169 acres (7,361.64 feet) in area. The new tract of land will contain an above-ground valve assembly and inspection/maintenance port, known familiarly as a "pig launcher".

[Chapter 2, Article 8, Division 1, Bozeman Municipal Code](#) regulates the sale of city property. In addition, [Section 2.11 of the City Charter](#) requires the City Commission to act by ordinance to convey city property.

Staff has had numerous meetings regarding this proposal. We believe the NWE pipeline expansion is consistent with furthering the public interest and find the land proposed for acquisition is not necessary for the conduct of city business.

The property which the city will acquire from NWE, in addition to relocating a portion of the pipeline currently traversing city property, will result in a significant opportunity to redevelop the property for the purposes of supporting city public works operations. Thus, the land exchange is in furtherance of the public interest as it provides the city a meaningful way to redevelop its property, that does not currently exist.

A letter from NWE further detailing their proposal is attached to this memorandum (Attachment A), along with a map exhibit depicting the proposed land exchange (Attachment B). A preliminary certificate of survey (COS) is also attached (Attachment C). Staff requests that the Commission consider the general size and location of the highlighted areas depicted on the COS in their declaratory finding with the understanding that the exact boundary of these areas is subject to minor modification upon finalization of the proposed sale and transfer.

UNRESOLVED ISSUES: If the Commission votes in the affirmative to declare the proposed land area unnecessary for the conduct of city business and consistent with furthering the public interest (according to Chapter 2, Article 8, Division 1, BMC), the following items will be completed:

- Complete a land appraisal to determine the monetary value of new parcel areas. NWE and COB to mutually agree on appraiser with NWE covering the expense of appraisal services. Administrative Staff Action;
- Prepare a preliminary certificate of survey for review/approval by city staff. NWE covers land surveying expense. The purpose of the survey is to create a utility site, which is exempt from review as a subdivision. Administrative Staff Action;
- Provisionally adopt an ordinance, that once effective, authorizes the City Manager to execute an Exchange Agreement with NWE. City staff will prepare the ordinance which, by reference, will include the specific terms of the exchange. City Commission Action;
- Finalize certificate of survey and record at Gallatin County Clerk & Recorder. NWE covers land surveying expense. Administrative Staff Action;
- Prepare a deed to transfer title of new parcels. Acquire monetary compensation from NWE per the certified appraised value of the land. Record the deed at the Gallatin County Clerk & Recorder on, or after, the effective date of the ordinance authorizing the Exchange Agreement execution. NWE to cover deed expenses. Administrative Staff Action;
- Submit a preliminary sketch plan/certificate of appropriateness application for review/approval to address zoning regulations. The site is currently zoned M-1 and a utility site of this nature is a principal permitted use within the M-1 district. NWE responsible for making application and covering expenses. Administrative Staff Action;
- NWE constructs project.

ALTERNATIVES: As directed by the City Commission.

FISCAL EFFECTS: Monetary compensation will be received from NWE at a value determined by certified appraisal of the property. All expenses covered by NWE.

Attachments:

[Resolution NorthWestern Energy Land Exchange.pdf](#)

[Attachment A - Letter of Request from NWE.pdf](#)

[Attachment B - Map Exhibit Depicting the Proposed Land Exchange.pdf](#)

[Attachment C - Preliminary Certificate of Survey.pdf](#)

Report compiled on: June 26, 2025