

# Memorandum

**REPORT TO:** City Commission

**FROM:** Melissa Hodnett, Finance Director  
Kaitlin Johnson, Budget Analyst  
Jonathon O'Dougherty, Budget Analyst

**SUBJECT:** Resolution 5662, Adoption of the Fiscal Years (FY) 26-30 Capital Improvements

**MEETING DATE:** December 10, 2024

**AGENDA ITEM TYPE:** Resolution

**RECOMMENDATION:** **Consider the Motion:** *I move to approve Resolution 5662.*

**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:** We are proud to present to you the City of Bozeman 2026 - 2030 Capital Improvement Plan (CIP). This five-year Capital Improvement Plan (CIP) is a commitment to improving and maintaining the City of Bozeman's infrastructure, facilities, parks, and roads to aid in the vision of Bozeman being the most livable place. Staff have taken a great deal of time and care in preparing this document and the proposed projects and plans. The CIP includes any planned expenditure of \$25,000 or greater, that results in the acquisition of an asset with a useful life of three years or more, with a few exceptions such as large infrastructure master planning efforts. The five-year plan includes long-range plans for current facilities while balancing level of service standards, intergenerational equity, and potential rate/assessment impacts.

The proposed plan can be found on the City's website Under Finance and select [Budget and Financial Reports](#).

The CIP is presented in compliance with State and municipal code. State law requires the City to maintain a CIP for Development Impact Fee Funds. This CIP provides the schedules and cost projections required under Montana Code Annotated (MCA) 7-6-1602(2). In addition, Article 5.06 of the adopted City Charter requires the City Manager to prepare and submit a multi-year capital program to the City Commission no later than December 15th for the ensuing fiscal year.

The proposed CIP is developed by City departments and the City finance

department in coordination with the City's many long-range plans such as the Transportation Plan and the Water and Sewer Treatment and Collection Plan. Many of the City's long-term plans establish level of service standards that are critical to planning for the needs of current and future City residents. In some cases, such as water quality and wastewater discharge, standards are established or guided by outside regulating bodies.

Adoption of the CIP does not provide budget authority or bind the City in any way to perform a particular project. The adopted CIP is used as a guide to the budget development process. Any project included in this plan does not have budget authorized in the 2025 Biennium will be covered by budget savings, or a budget amendment may be required.

The proposed CIP was presented to City Commission during a work session on December 3, 2024. The plan was thoroughly reviewed and discussed with Commission, and public comment was solicited. As the next step in the process, this item will be for any proposed changes and final adoption of the FY26-30 CIP.

**UNRESOLVED ISSUES:** The planning process for capital purchases and capital infrastructure happens in many stages. The proposed CIP is one of the first stages in that process. It is a planning document that will be used to guide future budgetary proposals but does not guarantee funding for any specific project. During budget development, departments will identify operational needs that will require revenues in addition to what is required to complete this capital plan. Additional financial modeling will occur to balance projects, debt issuances and rate/assessment impacts. Projects will not be initiated unless funding is secured.

**ALTERNATIVES:** Changes to the proposed CIP can be adopted by motion.

**FISCAL EFFECTS:** The City's Capital Improvement Plan is a mid-range plan, adopted annually that identifies five years plus of capital infrastructure projects, equipment purchases, and other capital purchases that have been identified to maintain or improve City services. The CIP is a planning document and will be used as a guide for future budgetary proposals, but it does not guarantee funding for any specific project or commit the City to future purchases. More extensive financial models and potential rate impacts will be analyzed during the budget process.

Attachments:  
[Resolution 5662.docx](#)

Report compiled on: November 13, 2024