

Memorandum

REPORT TO: City Commission

FROM: Natalie Meyer, Sustainability Program Manager
Brian Heaston, Senior Engineer
Shawn Kohtz, Director of Utilities
Cola Rowley, Assistant City Manager

SUBJECT: Authorize the City Manager to Sign a Master Service Agreement and Statement of Work with Eide Bailly Advisory LLC for Tax Consulting Services Under Section 48E Clean Electricity Investment Credit for the Water Reclamation Facility Solar Generating Facility, and Waive the City Charter Requirement Precluding the City's Independent Auditor, Eide Bailly LLP, from Performing Non-audit Services

MEETING DATE: August 18, 2026

AGENDA ITEM TYPE: Agreement - Vendor/Contract

RECOMMENDATION: Authorize the City Manager to sign a Master Service Agreement and Statement of Work with Eide Bailly Advisory LLC for tax consulting services under Section 48E Clean Electricity Investment Credit for the Water Reclamation Facility Solar Generating Facility, and waive the City Charter requirement precluding the City's independent auditor, Eide Bailly LLP, from performing non-audit services.

STRATEGIC PLAN: 6.3 Climate Action: Reduce community and municipal Greenhouse Gas (GHG) emissions, increase the supply of clean and renewable energy; foster related businesses.

BACKGROUND: The City is requesting authorization to sign a Notice of Award for the Water Reclamation Facility Solar Generation Project (Project) for a 608 kW DC system on the August 18, 2026 Commission Consent agenda. The project is eligible for the sunseting Section 48E Clean Electricity Investment Credit. This is a one-time only opportunity for the City to receive federal cash reimbursement of up to 40% of the total cost of the Project if successfully placed in service by December 31, 2027. City staff estimates the targeted 40% Clean Electricity Investment Credit has a value of up to \$1.12 million. Staff has worked collaboratively with OnSite Energy and HDR Engineering through the direct negotiation process to shape the Project design and costs to best position it to receive reimbursement at the 40% level.

To receive the full value of the tax credit, the Project incorporates domestic content materials. Domestic content solar panels require extended lead times. It's therefore necessary for the contractor to order the domestic-

content solar panels upon execution of the contract to receive the materials within the 2027 construction season.

The IRS must determine that qualifying criteria outlined in relevant IRS guidance have been met for the Project to receive the targeted 40% Clean Electricity Investment Credit. Such determination occurs upon IRS review of a tax filing, which may only be filed after the Project has been completed and placed into service. City staff has studied the Clean Electricity Investment Credit and associated IRS guidance to position the Project to receive reimbursement at the 40% amount. Due to the stakes associated with the 40% credit, together with the nuances and complexities of IRS guidance, the City selected Eide Bailly Advisory LLC, a professional tax consulting firm, to complete analysis of the Project relative to current Section 48E guidance, assist with domestic content requirements and procurement documentation, assist with documentation of Prohibited Foreign Entities (if necessary), and prepare IRS forms to prepare for filing. Eide Bailly Advisory LLC was selected after receiving two proposals from qualified firms. Staff determined that Eide Bailly Advisory LLC was the most responsive and price-competitive option for the City.

The City's independent auditor is Eide Bailly LLP, a licensed CPA firm that provides attest services, including audits and reviews. The City of Bozeman Charter specifies in Section 5.09 - Independent Audit that "the City Commission shall provide for an independent annual audit of all city accounts in accordance with state law and may provide for more frequent audits as it deems necessary. No accountant or firm may provide any other services to the City during the time it is retained to provide independent audits to the City; however, the City Commission may waive this requirement by a majority vote at a public meeting."

Staff proposes an engagement with Eide Bailly Advisory LLC to provide tax, advisory, and consulting services. Eide Bailly Advisory LLC is not a licensed CPA firm and cannot provide attest services, such as audits. However, in the interest of transparency, Staff brings the Commission's attention to Sec. 5.09 of the Charter. By approving this contract by a majority vote, the City Commission will contemporaneously waive Section 5.09 of the City Charter for the limited scope of the WRF Solar Generation Project Section 48E Clean Electricity Investment Credit consulting services.

UNRESOLVED ISSUES: None.

ALTERNATIVES: The City Commission may request an engagement agreement with another tax consulting firm. This will result in a significant increase in consulting fees and a delay in services that could compromise our ability to successfully obtain the Clean Electricity Investment Credit.

FISCAL EFFECTS: The attached Statement of Work sets forth a not-to-exceed price of \$54,075, including a 5% technology fee applied to billed services. Project funding is

provided in the wastewater fund capital improvements plan (CIP) as project 'WW155 – WRF Solar Arrays'. The current available unobligated balance for the Project is just over \$1 million. The Finance Department has confirmed that sufficient funding is available in the overall authorized wastewater fund budget to award the construction contract and tax consulting fees.

The current estimate for the overall net cost of the Project is \$1.7 million, including tax consulting fees, after inclusion of the targeted \$1.12 million 40% Clean Electricity Investment Credit. The Project will generate enough power to supply approximately 20 to 25% of the WRF's annual electric use. The Project is projected to be cash flow positive over the course of its 30-year useful life with an overall net present value (NPV) exceeding \$500k and a simple return on investment period of less than 15 years.

Attachments:

[City of Bozeman - Master Services Agreement.pdf](#)

[City of Bozeman_Statement of Work - Tax Consulting - Energy_Incentives-General.pdf](#)

Report compiled on: August 6, 2026