

# Memorandum

**REPORT TO:** City Commission

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

**SUBJECT:** Fiscal Years (FY) 2027-31 Recommended Capital Improvements Plan

**MEETING DATE:** March 10, 2026

**AGENDA ITEM TYPE:** Plan/Report/Study

**RECOMMENDATION:** Work session and discussion, no action required

**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:** On December 9, 2025, the City Commission was presented with the FY2027–31 Recommended Capital Improvements Plan (CIP), a five-year plan outlining the City of Bozeman’s investments in infrastructure, facilities, parks, and transportation systems in support of the community’s vision of being the most livable place. The CIP includes planned expenditures of \$25,000 or more that result in the acquisition or significant improvement of an asset with a useful life of at least three years, as well as master planning efforts that inform future capital investment.

Since that time, staff have advanced development of the FY2027 Biennium budget. Through that process, and as updated cost estimates and project information have become available, staff are recommending the following revisions to the FY2027–31 CIP:

- **Addition – Bogert Pool Renovation (GF238):** Adding \$3,114,000 to FY27 in the General Fund to reflect the updated project scope and cost estimate.
- **Addition – Lindley Center Remodel (GF209):** Adding \$2,500,000 to FY27 in the General Fund to reflect preliminary estimate based on a reassessment of anticipated facility needs.
- **Increase – Enterprise Data for Government Efficiency (EDGE) (GF277):** Increasing overall project cost \$2,000,000 to reflect updated cost estimates received through the City’s contract with the Government Finance Officer’s Association (GFOA) resulting from needs assessment. Increases are reflected in the General Fund, Building and Planning Funds, and the Public Works Administration Internal Service Fund.

- **Revision – Street Improvement Asphalt Rehabilitation (STR71):** Revise the project to incorporate annual chip/friction seal activities, providing a more comprehensive representation of ongoing street improvement maintenance efforts. This revision is descriptive only and does not affect total funding or assessment rates.
- **Reduction – Loaded Mounted Mill Replacement (STR149):** Reduce FY27 funding in the Street Maintenance Fund from \$250,000 to \$100,000 based on identification of a lower-cost alternative that meets operational needs.
- **Increase – Water Reclamation Facilities (WRF) Base Hydraulic Phase 1 Upgrades (WW129):** Increase funding by \$703,700 in Wastewater Impact Fee Fund to align with updated project cost estimates.
- **Revision - Replace #1056 - Class 3, Spill Response Vehicle (VM09):** Move the project to Unscheduled, as fleet management located a Fire Department vehicle up for disposal that can be equipped to meet the short-term need while overall responsibility for spill response is reviewed on a citywide basis.

This work session is the City Commission’s opportunity to seek clarification and provide feedback on the recommended revisions as well as the overall FY2027-31 Recommended CIP.

Both the revised and original recommended CIP documents are available online here: <https://www.bozeman.net/departments/finance/budget-and-financial-reports>

**UNRESOLVED ISSUES:** Capital purchases and infrastructure investments are planned through a multi-stage process, with the recommended CIP functioning as one of the initial steps. The CIP provides a framework for future budget decisions but does not, on its own, authorize or guarantee funding for any project. During budget development, departments will identify operational requirements and associated revenue needs beyond those reflected in the capital plan. Additional financial modeling will be undertaken to align project timing, debt financing, and rate or assessment impacts. Projects will proceed only when sufficient funding has been approved.

**ALTERNATIVES:** Changes to the revised recommended CIP can be adopted by motion at final adoption on March 24, 2026.

**FISCAL EFFECTS:** The City's Capital Improvement Plan is a mid-range plan adopted annually which 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 development process.

Report compiled on: February 25, 2026