

# Memorandum

**REPORT TO:** City Commission

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

**SUBJECT:** Fiscal Years (FY) 26-30 Capital Improvements Plan (CIP) Work Session

**MEETING DATE:** December 3, 2024

**AGENDA ITEM TYPE:** Resolution

**RECOMMENDATION:** Listen, ask questions, and discuss the proposed Capital Improvement Program.

**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 at:  
<https://www.bozeman.net/government/finance/budget-and-financialreports>

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 that does not have budget authorized in the 2025 Biennium will be covered by budget savings, or budget amendments may be required.

**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 at final adoption on December 10th.

**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.

Report compiled on: November 13, 2024