

# Memorandum

<b>REPORT TO:</b>	City Commission
<b>FROM:</b>	Stephen Bodell, Budget Analyst Jonathon O'Dougherty, Budget Analyst Kaitlin Johnson, Budget Manager Melissa Hodnett, Finance Director
<b>SUBJECT:</b>	Fiscal Years (FY) 2027-31 Recommended Capital Improvements Plan
<b>MEETING DATE:</b>	December 9, 2025
<b>AGENDA ITEM TYPE:</b>	Finance
<b>RECOMMENDATION:</b>	Work session and discussion, no action required
<b>STRATEGIC PLAN:</b>	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.
<b>BACKGROUND:</b>	We are proud to present the City of Bozeman 2027 - 2031 Recommended 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. 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, or master planning efforts that inform the CIP.
	Historically the City adopted the CIP in December each year. This cycle we are planning to shift adoption to March 2026. This revised timeline aligns CIP adoption with the biennial budget process, which concludes with budget adoption next June. By synchronizing these processes, we'll be able to incorporate updated financial models, revised revenue projections, current cost escalations, and the broader direction that emerges during the budget development period.
	City staff have prepared this draft CIP thoughtfully and collaboratively as our best plan at this point in time. Over the next few months, as we refine assumptions, update financial models, and continue aligning with the biennial budget process, we expect to make some modifications so that the CIP that is even more tightly connected to the City Commission's priorities and the City's fiscal outlook.
	This work session is the City Commission's initial opportunity to provide feedback on the recommended CIP.

The draft CIP is available online here:

<https://www.bozeman.net/departments/finance/budget-and-financial-reports>

<b>UNRESOLVED ISSUES:</b>	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.
<b>ALTERNATIVES:</b>	N/A
<b>FISCAL EFFECTS:</b>	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: November 24, 2025