



Audit, Finance & Enterprise Committee Report

Date: March 4, 2019
To: Audit, Finance, Enterprise Committee
Through: Karolyn Kent, Assistant City Manager
From: RJ Zeder, Transportation Department Director
Erik Guderian, Deputy Transportation Director
Subject: Changes to the Transportation Department's Schedule of Fees and Charges for Traffic Signal In-Lieu Fee

Purpose and Recommendation

The purpose of this report is to request changes to the Transportation Department's Schedule of Fees and Charges for the Traffic Signal In-Lieu Fee.

Staff recommends that a standard payment in-lieu of construction for a traffic signal be set at \$350,000 (\$87,500 per corner) at a four-leg intersection and \$320,000 (\$80,000 per corner) for a "T" intersection where no driveway access is planned for the top of the "T" (see Exhibit A).

Background

The traffic signal in-lieu fees were last updated in 2008. At that time, the in-lieu fee was set at \$200,000 per traffic signal for a four-leg intersection and \$180,000 per traffic signal for a "T" intersection. Since then, the City has seen construction costs for traffic signals rise greatly due to increases in labor and materials costs. The proposed fees reflect the cost the City is currently paying.

Developers are required to pay an in-lieu fee proportional to the number of corners being developed adjacent to a proposed signal, if the traffic signal would benefit more than one development. If a traffic signal is directly benefitting one development, then that Developer is responsible to construct the entire traffic signal as part of their off-site improvements. The City collects the in-lieu fee from the Developer and will construct the traffic signal when traffic volumes warrant the need for a traffic signal. Typically, the City collects less than three traffic signal in-lieu fees per year from Developers.

Discussion

The cost of constructing traffic signals has increased significantly since in-lieu fees were set in 2008. Exhibit B shows the full traffic signals that have been newly constructed or fully reconstructed in the past three years by the City of Mesa. The cost for construction ranges from \$261,592 to \$354,813 for a four-legged intersection. Omitting the low cost for the traffic signal (Signal Butte & Grove/Emelita) because it was constructed as part of a larger streets project and benefited from economies of scale, the range of a traffic signal cost is \$327,387 to \$354,813.

Based on this cost data, Staff recommends setting the fee for a traffic signal at a four-legged intersection at \$350,000 (\$87,500 per corner) at a four-leg intersection) and at \$320,000 (\$80,000 per corner) for a "T" intersection. "T" intersections are typically less complex and often cost less to construct. Any difference in the actual cost of the traffic signal will be borne by the City as part of the Traffic Signal CIP Program. Based on recent prices and price increases, it will likely require ongoing City contributions toward traffic signals at these locations, but at a much lower level than today.

Alternatives

One alternative is to leave the current traffic signal in-lieu fee in place at \$200,000 for a four-legged intersection (\$50,000 per corner) and \$180,000 for a "T" intersection (\$45,000 per corner). This is not recommended, since the current traffic signal in-lieu fee only covers approximately 60 percent of the actual cost for a traffic signal with the City bearing the additional cost to construct these traffic signals.

Fiscal Impact

The fiscal impact of increasing the Traffic Signal In-Lieu Fee is approximately \$0-\$112,500 per year for traffic signal construction based on the assumption that 0-3 in-lieu fees are collected. The increase in fees allows the traffic signals that are driven by development to be funded by the development that benefits from the traffic signal.

Coordinated With

The recommended fees and charges were coordinated with the Office of Management and Budget.

Fees & Charges Schedule - Key

Heading Configuration

<u>Schedule of Fees & Charges</u>
Department
Contact Information
HEADING 1
HEADING 2
<i>Heading 3</i>
Description of Fee
Description of Fee 2

Font Indications

Font	Font Indications
Regular Font	Existing fee or language
Strikethrough	Fee or language will be deleted from the Fee Schedule
BOLD CAPS	Language is being added to Fee Schedule
Bold	New or increased Fee Amount

Fee Recommendation Schedule

Exhibit A

Department: Transportation

Description of Services:	FY 17/18 Current Fee	FY 18/19 Proposed Fee	Unit:	Total Annual Fiscal Impact:	Notes:
Transportation					
Traffic Signal In Lieu Fee					
Per Quadrant at Arterial-To-Arterial Intersections	\$50,000	\$87,500	Per quadrant	\$112,500	Raising Fee to reflect the actual cost of traffic signal construction in 2018. Fiscal impact is dependent on number of developments requesting in-lieu fee. Typical collections range from 0-3 per year.
Per "T" Intersection With No Driveway Access Planned at Top of "T"	\$45,000	\$80,000	Per quadrant	\$0	Raising Fee to reflect the actual cost of traffic signal construction in 2018. Raising Fee to reflect the actual cost of traffic signal construction in 2018. Fiscal impact is dependent on number of developments requesting in-lieu fee. Typical collections range from 0-3 per year.

Total Annual Fiscal Impact : \$112,500

Traffic Signal Costs
Exhibit B

Signal Location	Description	Year	Cost
Signal Butte & Grove/Emelita	New traffic signal construction at 4 lane arterial to 2 lane local street	2016	\$261,592
Main & 74 th Street	Full traffic signal reconstruction at 6 lane arterial to 2 lane collector	2016	\$327,387
Southern & Extension	Full traffic signal reconstruction at 6 lane arterial to 4 lane major collector	2017	\$334,026
Gilbert & Hampton	Full traffic signal reconstruction at 6 lane arterial to 2 lane collector	2017	\$346,660
Country Club & 10 th Avenue	New traffic signal construction at 6 lane arterial to 2 lane local street	2018	\$354,813