

Mayor and Council Communication

DATE: 05/12/26

M&C FILE NUMBER: M&C 26-0395

LOG NAME: 13APPLY TRANSPORTATION IMPACT FEES TO DEBT SERVICE FY26

SUBJECT

(ALL) Adopt Appropriation Ordinances to Utilize Transportation Impact Fees to Pay Toward Debt Associated with Impact Fee Eligible Projects and Amend the Fiscal Year 2026 Adopted Budget

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance adjusting the receipts and appropriations in the Transportation Impact Fee Capital Fund in the cumulative amount of \$21,973,664.83, by increasing receipts and appropriations in the Debt Service Support project (City Project No. 106945) from available transportation impact fees within the Revenue – Multiple Service Areas – Transportation Impact Fees projects (City Project Nos. UN9911, UN9912, UN9913, UN9914, UN9915, UN9916, UN9917, UN9919, UN9920, UN9921, UN9922, UN9926, UN9927, UN9928), for the purpose of funding debt service payments on debt associated with impact fee eligible projects;
2. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the General Debt Service Fund transferred from the Transportation Impact Fee Capital Fund in the amount of \$21,973,664.83; and
3. Amend the Fiscal Year 2026 Adopted Budget

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize the use of available Transportation Impact Fees to support the payment of debt service for eligible transportation-related projects. This action also addresses a finding identified in the 2024 Internal Audit of Transportation Impact Fees expenditures, which recommended greater clarity regarding the specific service area accounts from which funds are transferred to capital projects and the amount expended.

Transportation Impact Fees are collected within designated service areas and are restricted by State law and City policy to be used only for capacity-improving transportation projects that benefit the same service area in which the fees were collected. These service area designations ensure that growth pays for growth and that funds are expended in a manner consistent with their intended purpose.

To ensure compliance with these requirements and to respond to the audit finding, the Financial Management Services Treasury Team was provided with a comprehensive list of transportation-related capital projects, along with their corresponding service area designations by the Development Services Department and Transportation & Public Works Department. This information is critical to ensure compliance with Transportation Impact Fee requirements, as it confirms that any use of Transportation Impact Fees for debt service is properly aligned with the benefiting service area.

The Financial Management Services Treasury Team conducted a detailed review of the funding sources associated with each project, including an analysis of outstanding debt obligations issued to finance those projects. Based on this review, the team identified the portion of eligible project costs that may be supported with Transportation Impact Fees. The applicable Transportation Impact Fee and the Interest Earnings amounts were then compiled by service area and the Development Services Department determined the appropriate allocation of funds to be transferred and applied toward debt service payments.

The resulting allocations by service area are summarized as follows:

Service Area	Project Number	Transportation Impact Fee (Including Interest Earnings) to be Applied to General Debt Service
A	UN9911	\$1,533,524.05
B	UN9912	\$3,148,694.05
C	UN9913	\$245,751.88
D	UN9914	\$1,718,948.48
E	UN9915	\$1,238,267.34
F	UN9916	\$239,947.00
G	UN9917	\$612,795.82
M	UN9919	\$4,295,479.39
N	UN9920	\$1,577,290.57
O	UN9921	\$192,302.00

S	UN9922	\$6,801,399.00
X	UN9926	\$168,402.13
Y	UN9927	\$32,460.99
Z	UN9928	\$168,402.13

Funding is budgeted in the Transportation Impact Fee Cap Fund for the purpose of transferring to the General Debt Service Fund to support the payment of debt service for eligible transportation-related projects.

This will serve ALL COUNCIL DISTRICTS.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available in various projects within the Transportation Impact Fee Cap Fund and upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be in the General Debt Service Fund. Prior to any expenditure being incurred, the Financial Management Services and Development Services Departments have the responsibility of verifying the availability of funds.

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Expedited