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## MEMORANDUM

Date: 1/22/2025  
To: Mayor and City Councilmembers  
Through: Kely DiMartino, City Manager  
Caryn Champine, PDT Service Area Director  
From: Marc Virata, TCEF Program Manager  
Subject: Transportation Capital Expansion Fee (TCEF) collection and reimbursement

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This memorandum responds to a request at the January 2, 2025, Council Finance Committee Meeting related to the correlation and tracking of TCEF revenues collected by the City compared to the amount of TCEF reimbursements to developers for qualified improvements within a development.

### **BOTTOM LINE**

There is not a direct correlation between the amount of TCEF revenue collected from an individual development with the amount of TCEF reimbursement provided to the developer of that project. Mathematical exactitude is not required in setting a fee that is reasonably related to the costs of burdens of an activity to government services or infrastructure. To that end, the TCEF Program is designed to defray the costs of the transportation growth-related impacts which are reasonably related to that development. The fee methodology – and the use of the resulting revenue – address a development’s impacts to the City-wide transportation infrastructure. Any reimbursements are provided (within available funds) for capital road improvements. Reimbursements are not guaranteed and are not set in relation to a particular feepayer’s payments. TCEF revenue is deposited into a separate account so that it cannot be applied to general funds and purposes; and TCEF revenues must be expended for the specified purposes in City Code relating to regional transportation needs and plans.

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CC: Dana Hornkohl, Capital Projects Manager; Brad Buckman, City Engineer; Monica Martinez, Manager Financial Planning & Analysis; Heather Jarvis, Assistant City Attorney II; Dianne Criswell, Sr Assistant City Attorney

## **BACKGROUND**

In certain cases, Developers of property that construct improvements beyond local street widths (“oversizing improvements”) are eligible for reimbursement of the oversizing improvements from TCEF funds. The construction of oversizing improvements occurs when development is located in areas of planned collector and arterial roadways as part of the City’s Master Street Plan (and approved by Council). When a developer constructs these planned system-wide improvements itself, then it may be eligible – in whole or part – for TCEF reimbursement of these costs from TCEF revenues (again, subject to the availability of funds).

Not all developments are situated along collectors or arterials; therefore, not all transportation improvements within a development are eligible for reimbursement from TCEF funds.

Regardless, any new development – whether eligible for reimbursement for non-site improvements or not – will generate growth-related impacts to the overall transportation network throughout the City. Imposition of the TCEF on all developers contributes to funding for the growth-related impacts to the transportation network. TCEF funds are then able to reimburse those developers constructing oversizing improvements of collector and arterial roadways as part of their development requirements.

Example: A 10-dwelling unit subdivision constructing oversizing improvements eligible for TCEF reimbursement contributes the same amount of TCEF as a separate 10-dwelling unit subdivision (of similar dwelling sizes) that does not construct any oversizing improvements not being located along a collector or arterial. The collection of the same amount from both developments to the overall TCEF fund allows for a more equitable approach to impacts. The development located along an arterial or collector is then not burdened with a greater responsibility of transportation infrastructure when both developments have similar impacts to the overall transportation network given their same development size.

With Bloom Filing One, the Council Finance Committee members specifically inquired what amount of TCEF the City may provide as reimbursement for oversizing improvements compared to the amount of TCEF collected from the development. Bloom Filing One was approved with 260 dwelling units, and City staff are currently projecting that the amount of TCEF that will be

collected for Filing One is likely to be slightly less than the \$2 million appropriation request for reimbursement. We are only able to estimate the amount of TCEF payments from this developer because the square footage of the individual units is indeterminate at the time the development entitlement attaches; square footage for the individual units (and in turn, their associated fee) is determined later through the building permit review process.

Overall though, Bloom Filing One has constructed oversized improvements (which are eligible for TCEF reimbursement) that are adjacent to the future filings of the larger Bloom PUD. These future filings will have additional dwellings and non-residential square footage requiring additional TCEF to be paid by the developer. Generally, as here, a developer is required to build the necessary infrastructure before permits for new growth will be issued (like the construction of residential units and/or commercial property improvements); therefore, TCEF revenue that is collected on previous stages or separate developments is used to reimburse eligible costs in current developments.