

LARIMER COUNTY | ENGINEERING DEPARTMENT

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MEMORANDUM

TO: Board of County Commissioners

FROM: Mark Peterson, County Engineer

DATE: May 12, 2025

RE: 2025 Transportation Capital Expansion Fee (TCEF) Adjustments

Since 1998, under the terms of the Land Use Code, Larimer County has been collecting Transportation Capital Expansion Fees (TCEF) from new traffic generating development. The TCEF can only be used for capacity-related improvements to Larimer County's roadway system. Fees are based on maintaining an adequate Level of Service (LOS) on the mainline County Road system.

The County's TCEF Study was last updated in 2018. The study established a fee schedule that considered road capacity needs, development patterns, and other factors such as the construction costs of transportation improvements. Since 2018, the annual TCEF adjustments have considered construction cost inflation factors based on the direction of our Land Use Code, which stipulates, "*The fees in the road fee schedule shall be updated annually by the Fee Administrator to reflect changes in road construction costs during the previous year.*" The methodology used for the annual fee update is also specified in the Land Use Code as an 8-quarter moving average of the quarterly Construction Cost Index (CCI) data compiled and reported by the Colorado Department of Transportation (CDOT). The 8-quarter moving average is intended to reflect changes in road construction costs over a 2-year period to smooth out short-term cost fluctuations.

Engineering Staff reviews the TCEF schedule annually and notifies the Board of County Commissioners (BCC) of the results. Last year, the 8-quarter moving average showed a need for an increase of 17.2% from the 2023 values to reflect actual road construction costs occurring in the State. The BCC discussed rate changes in a work session on May 20, 2024, and ultimately supported a 10% increase, considering the financial impacts on the development community, but also acknowledging that the loss in TCEF revenue from using the lower percentage could cause a delay in capacity-related capital projects. This year, the past 8-quarter moving average showed a 2.77% decrease, from the prior year's 17.2% increase. However, Staff recommends a 4.44% increase to align the County with the actual TCEF rate





that would have been achieved had the full 17.2% increase been adopted last year, based on the adopted 8-quarter moving average, rather than the 10% that was implemented. Figure 1 below shows a graph depicting the annual and cumulative TCEF adjustments since the fee's inception.

The procedure spelled out in the Land Use Code states, *"if the change in fees is less than or equal to 5%, the new fees become effective without further action by the BCC. If the fee change is greater than 5%, the BCC shall determine the percentage to be used to update the fees."* Staff is considering the 2025 TCEF rate change to be 7.22%, based on the current CDOT eight-quarter moving average showing a -2.77% decrease and the proposed +4.44% increase. Although we are proposing only a 4.44% increase from the current fee schedule, we are still seeking input from the BCC since the total rate change (7.22%) is greater than 5%.

As an example, a 4.44% TCEF rate increase for a new single-family home (between 1,801 SF and 2,400 SF) would increase the fee by \$294, from \$6,628 (2024) to \$6,922 (2025). Table 1 below shows the change in TCEF amounts for all categories, considering a 4.44% increase from the 2024 Fee Schedule.

Staff Recommendation and Request for Direction:

The Engineering Department recommends that the Commissioners consider adopting a 4.44% increase to the 2024 TCEF Fee Schedule. This adjustment aligns the TCEF with the rate that would have been implemented last year had the full increase been applied, based on the adopted 8-quarter moving average methodology. The proposed increase reflects the rising road construction costs experienced in our capital projects and will help maintain the current level of service. It ensures adequate funding is available to expand road capacity in response to increased vehicle trips generated by new development.

Another consideration is that our TCEF program is being restudied this year in conjunction with our 2025 Transportation Plan update. The TCEF structure is being re-analyzed using updated development and traffic predictions and current cost data. The Engineering Department Staff plan to present the results of the updated TCEF Study to the BCC by the fourth quarter of 2025. The revised TCEF Study will establish an accurate baseline considering the most up-to-date data to support the fee, such as development trends, trip generation rates, average vehicle miles traveled, existing and future road capacity needs, and current road construction costs. This will provide another opportunity for the County to ensure the fee structure supports maintaining an adequate level of service while accommodating additional vehicle trips generated by new development.

Based on the input given, staff will provide a 2025 TCEF Schedule for adoption at an upcoming Administrative Matters meeting. The adopted fee schedule will be effective on July 1, 2025, consistent with the specified annual effective date listed in the Land Use Code. The effective date also aligns with the annual cost-of-living adjustments and impact fees for other Community Development services.

Figure 1: 2025 TCEF ADJUSTMENT

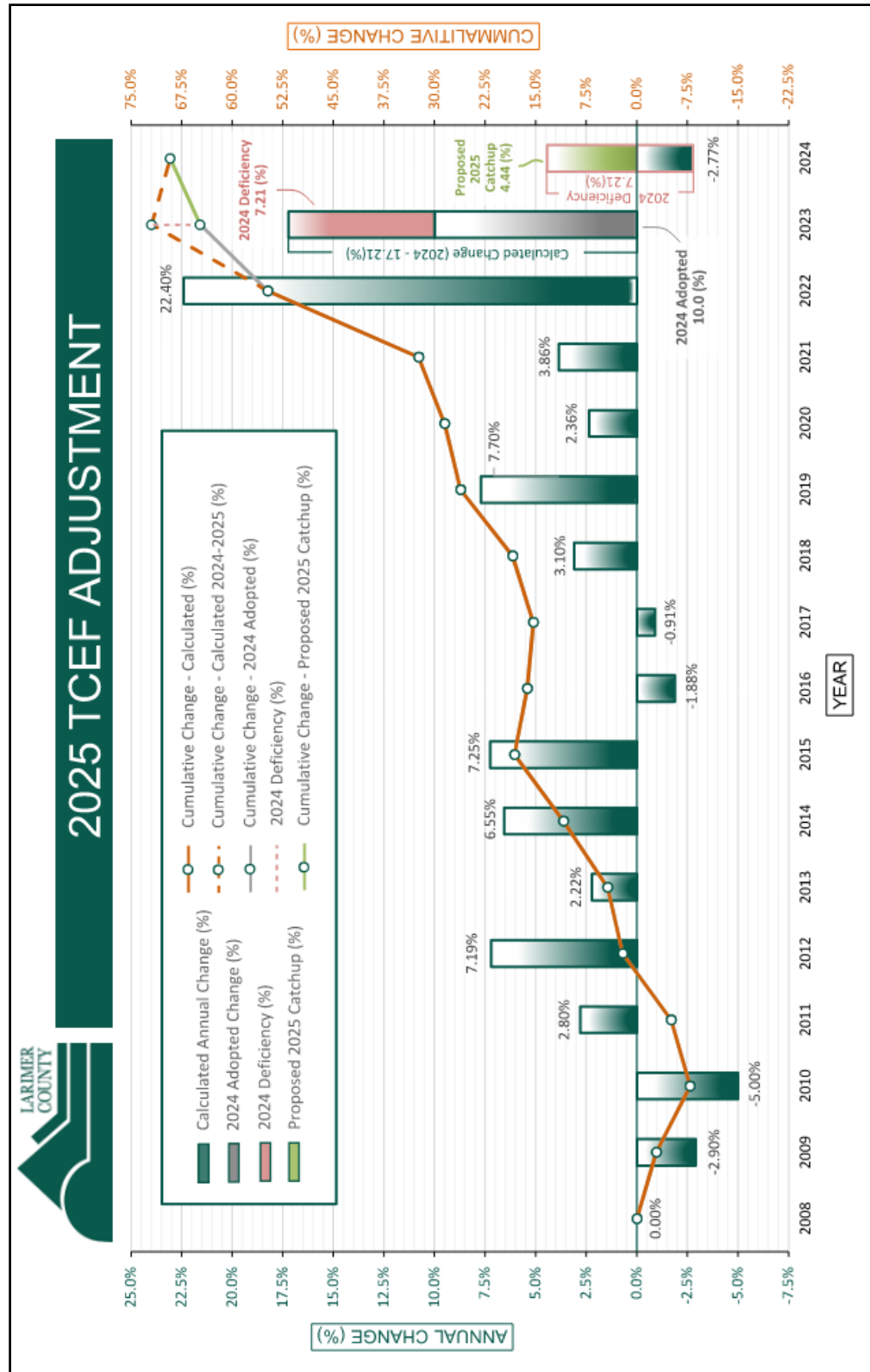




Table 2: Proposed TCEF Rate Structure with 4.44% Increase

Residential TCEF			
Finished Living Space per Dwelling (Square Feet)	2024 TCEF (Current)	2025 TCEF (with 4.44% Increase)	Change
900 or less	\$3,350	\$3,498	\$148
901-1300	\$4,700	\$4,909	\$209
1301-1800	\$5,662	\$5,912	\$350
1801-2400	\$6,628	\$6,922	\$294
2401-3000	\$7,436	\$7,766	\$330
3001-3600	\$8,094	\$8,453	\$359
3601 or more	\$8,653	\$9,038	\$385
Non-Residential TCEF			
Non-Residential Use (per 1,000 SF of Floor Area)	2024 TCEF (Current)	20245 TCEF (with 4.44% Increase)	Change
Industrial	\$2,059	\$2,150	\$91
Commercial	\$8,683	\$9,069	\$386
Office & Other Services	\$5,110	\$5,337	\$227