



Transportation Advisory Board Report

Date: January 20, 2026
To: Transportation Advisory Board
From: Ryan Hudson, City Traffic Engineer
Subject: Changes to the Transportation Department's Schedule of Fees and Charges for Traffic Signal In-Lieu Fees (**Citywide**)

Purpose and Recommendation

The Transportation Department is proposing adjustments to the Traffic Signal In-Lieu Fees in the Schedule of Fees and Charges. If the proposed changes are approved by City Council, the fees and charges will be effective July 1, 2026.

Staff recommends that a standard payment in-lieu of construction for a traffic signal be set at \$900,000 (\$225,000 per quadrant) for a four-leg intersection and \$600,000 (\$200,000 per share) 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 2019. At that time, the in-lieu fee was set at \$350,000 per traffic signal for a four-leg intersection and \$320,000 per traffic signal for a "T" intersection. Construction costs of labor and materials for traffic signals have significantly increased. The proposed fees more closely 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 for constructing 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 in-lieu fees per year from Developers.

Discussion

The cost of constructing traffic signals has increased significantly since in-lieu fees were updated in 2019. **Exhibit B** shows traffic signals that have been newly constructed or reconstructed by the City of Mesa in recent years. The cost for

construction ranges from \$682,656-\$1,057,048 for a four-leg intersection.

Based on this cost data, Staff recommends setting the fee for a traffic signal at \$900,000 (\$225,000 per quadrant) for a four-leg intersection and \$600,000 (\$200,000 per share) for a “T” intersection. “T” intersections are generally less complex and less costly to construct, and their costs will be assessed on a per-share basis that corresponds to the number of intersection legs and adjacent property frontages. 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, City contributions toward traffic signal construction will likely be ongoing, but at a much lower level than today, if the increase is approved.

Other text amendments are proposed for the Traffic Signal In Lieu Fees to more clearly define the associated descriptions of service and distinguish four-leg and “T” intersection categories.

Alternatives

One alternative is to leave the traffic signal in-lieu fees at the current rates of \$350,000 (\$87,500 per quadrant) for a four-leg intersection and \$320,000 (\$80,000 per quadrant) for a “T” intersection. This is not recommended, as the current traffic signal in-lieu fee only covers approximately 40 percent of the actual cost of a traffic signal, with the City bearing the additional cost of construction.

Fiscal Impact

The fiscal impact of increasing the Traffic Signal In-Lieu Fees is approximately \$0-\$412,500, 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 signal that is driven by development to be funded by the development that benefits from the traffic signal.

Schedule of Fees & Charges

Exhibit A

Department: Transportation

Description of Service	Current Fee Range	Proposed Fee Range	Unit	Total Fiscal Impact	Notes
<i>Traffic Signal In Lieu FeeS</i>					
Per Quadrant at Arterial-To-Arterial FOUR-LEG Intersections	\$87,500	\$225,000	Per Quadrant	\$412,500	Raising fee to reflect the actual cost of traffic signal construction as of 2025. Fiscal impact is dependent on number of developments requesting in-lieu fee. Typical collections range from 0-3 per year.
Per SHARE AT "T" Intersections With No Driveway Access Planned at Top of "T"	\$80,000	\$200,000	Per Quadrant SHARE	\$0	Raising fee to reflect the actual cost of traffic signal construction as of 2025. Fiscal impact is dependent on number of developments requesting in-lieu fee. Typical collections range from 0-3 per year.

Estimated Total Annual Fiscal Impact: \$412,500

Traffic Signal Costs

Exhibit B

Signal Location	Description	Year	Cost
Cadence & Crismon Rd	New traffic signal construction at 4-lane arterial to 2-lane collector street	2024	\$682,656
Pecos Rd & 80th St	New traffic signal construction at 5-lane arterial to 2-lane collector street	2025	\$777,065
Brown Rd & 40th St	New traffic signal construction at 5-lane arterial to 2-lane collector street	2025	\$1,057,048
Hampton Ave & Val Vista Dr	Full traffic signal reconstruction at 6-lane arterial to 2-lane collector street	2025	\$864,614
Hampton Ave & Signal Butte Rd	Partial traffic signal reconstruction with new intersection leg at 6-lane arterial to 4-lane major collector street	2025	\$947,264
Warner Rd & Mountain Rd	New traffic signal construction at 6-lane arterial to 4-lane major collector street	2025	\$955,283