

Capital Projects Funds

Capital Projects Funds are established to account for the financial resources used in the acquisition, construction, or major improvement of capital facilities and infrastructure not funded by the General Fund, Special Revenue Funds, or Enterprise Funds. These funds are essential for managing large-scale, multi-year capital investments that support the long-term growth and functionality of the City of Tucson.

Funding sources for Capital Projects Funds typically include Voter-Authorized General Obligation Bonds, Certificates of Participation (COPs) Proceeds, Intergovernmental Agreements (IGAs) and Development Impact Fees.

These funds ensure accountability and transparency in the planning and execution of capital improvement programs, aligning investments with strategic priorities such as public safety, mobility, community facilities, and sustainability.

The funds below comprise Capital Projects Funds.

Capital Project Proposition Funds (General Obligation Parks and Connections Improvement Fund)

On November 6, 2018, voters approved Proposition 407: Parks and Connections, a \$225.0 million General Obligation bond package for capital improvements dedicated to City park amenities and bicycle and pedestrian infrastructure. The first bond series were issued in the summer of 2020 for the amount of \$57.0 million, which has been spent, and a second round of bond proceeds were sold in December 2024 in the amount of \$54 million. The City plans to spend \$31.5 million on parks and recreation projects and \$26.6 million on transportation and mobility projects.

Capital Improvement Fund

The Capital Improvement Fund accounts for capital projects reimbursed by governmental agencies such as Pima County and Pima Association of Governments (PAG). Typical projects to be reimbursed by other agencies are street and highway and park improvements. Budgeted revenues for Fiscal Year 2026 are \$26.7 million, which is a decrease of \$46.8 million from the Fiscal Year 2025 Adopted Budget.

Development Fee Fund

The Development Fee Fund accounts for the capital projects funded by impact fees. Impact fees are charged to new development as a means of paying for the facilities and infrastructure needed to serve development. Currently, the City of Tucson assesses impact fees for water, roads, parks, police, and fire. Impact fees for water are accounted for in the Tucson Water Utility Fund.

Budgeted roads, parks, police, and fire revenues for Fiscal Year 2026 are \$25.3 million, reflecting a slight decrease of \$0.5 million from the Fiscal Year 2025 Adopted Budget.

In Fiscal Year 2025, the City adopted a state-mandated update to its land use assumptions and infrastructure improvement plan, which resulted in fee increases that will be phased-in over three years starting August 18, 2025.

Regional Transportation Authority (RTA) Fund

The RTA Fund accounts for the capital projects approved with funding from the RTA. The RTA plan is funded by a countywide transaction half-cent sales tax approved by the voters on May 16, 2006, which is collected by the State of Arizona. The State, in turn, transfers the collected funds to a Regional Transportation authorized fund account managed by the Pima Association of Governments (PAG), the region's metropolitan planning organization. The current plan and tax are set to expire in June 2026. A new plan and half-cent sales tax investment will go to voters for approval in Spring 2026 to continue RTA-funded transportation improvements in the region.

The budgeted revenues for Fiscal Year 2026 are \$109.2 million, which is an increase of \$65.4 million from the Fiscal Year 2025 Adopted Budget. Revenues fluctuate widely from one year to the next, depending on the status of projects. Projects funded with RTA funds include design and improvements along major arterial and collector roadways within the City. The improvements include street widening, storm drains, sidewalks, street lighting, bike paths and landscaping.

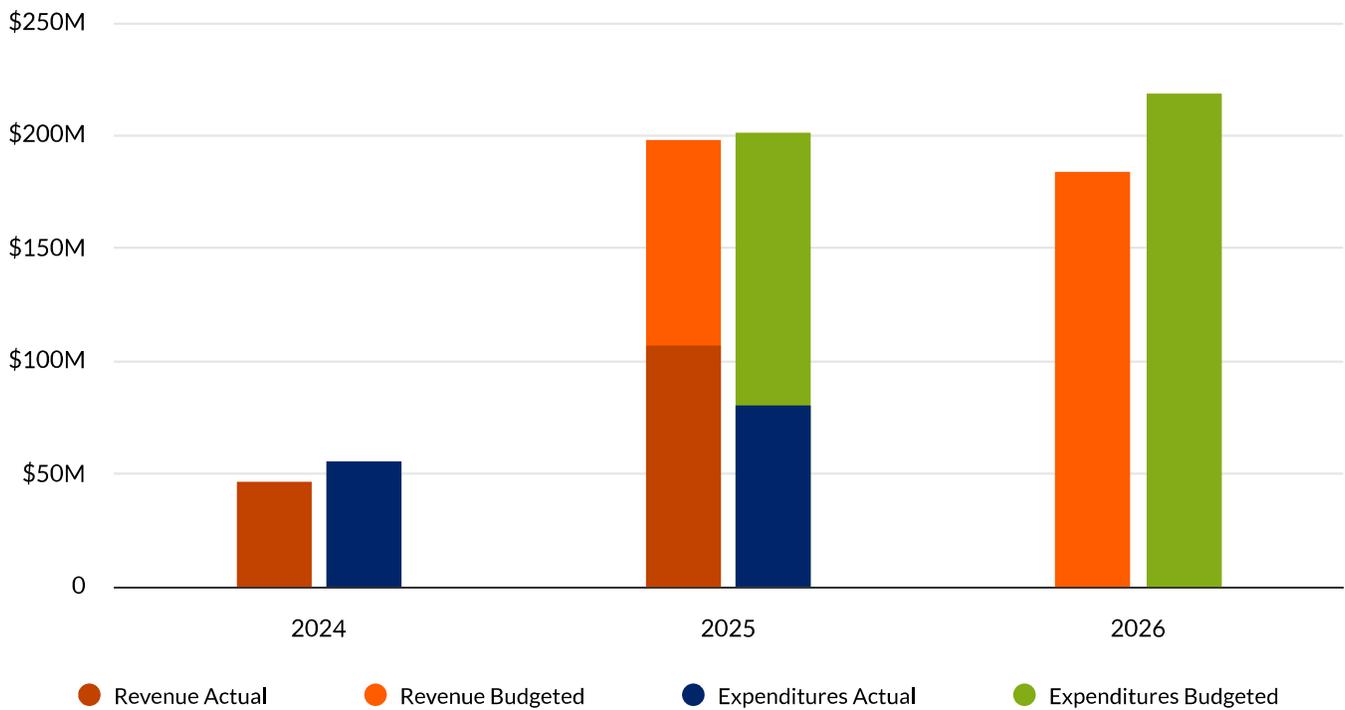
Capital Summary

This summary highlights the City of Tucson's capital-related revenues and expenditures over the past three fiscal years, reflecting investments in long-term infrastructure and facilities.

For Fiscal Year 2026, budgeted capital fund expenditures total \$218.2 million, representing an 8.6% increase compared to the Fiscal Year 2025 adopted budget total of \$201 million. In large part, the increase is offset by the net of the increase in RTA funded transportation improvement projects (increase of \$65.4 million or 149% and a decrease in the Capital Improvements Fund planned projects (decrease of \$46.8 million or 63.7%). Budgeted revenues are \$184.1 million, including transfers' from other funds of \$22.9 million, a decrease of 6.7% from the Fiscal Year 2025 budget of \$197.2 million. The decline is mostly due to the prior year's budget having a \$55 million bond proceed sale, while there is no such sale in Fiscal Year 2026.

Growth from Fiscal Year 2024 to this year's plan reflects the City's strategic commitment to upgrading essential public assets while ensuring long-term financial responsibility.

Revenues vs Expenditures Summary



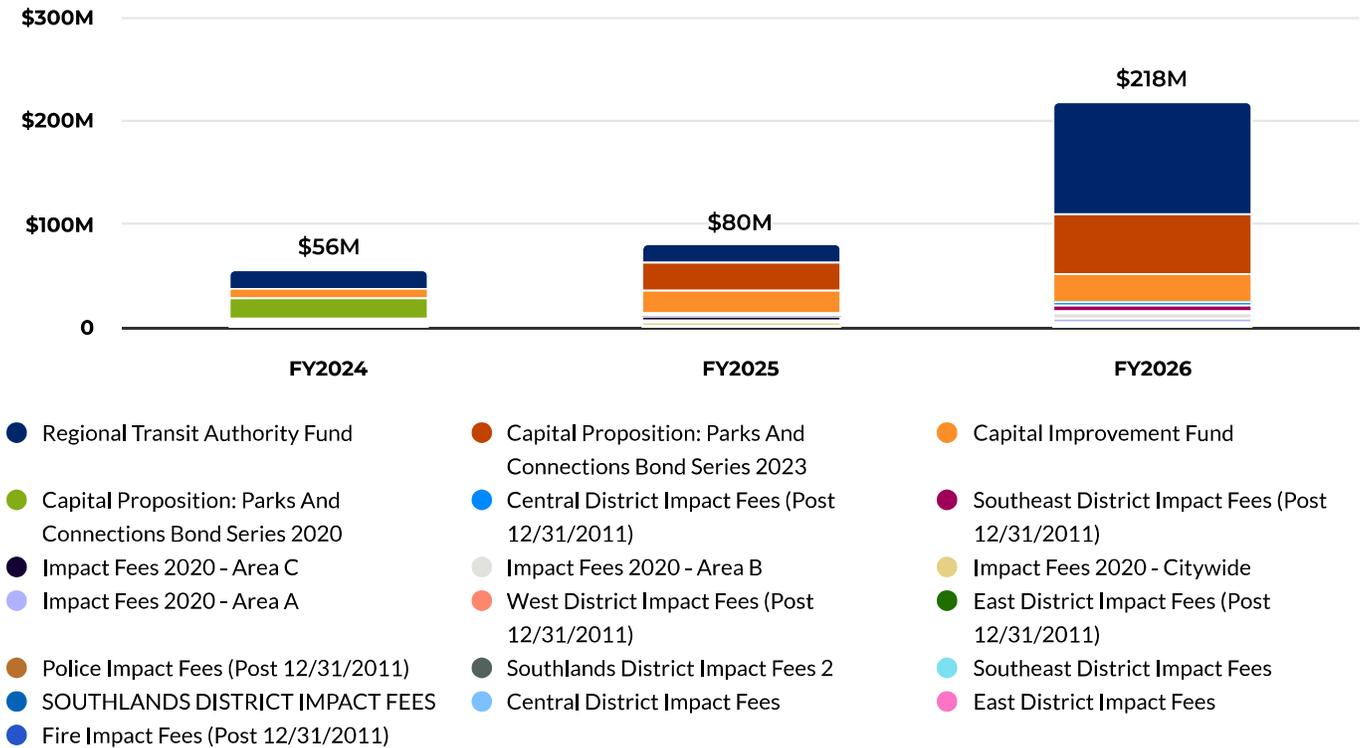
Note: Amounts shown in the graphs are rounded up.

Capital Expenditures by Fund

This section illustrates how the City of Tucson has funded capital investments over the past three fiscal years, highlighting which funds supported infrastructure improvements and growth-related projects.

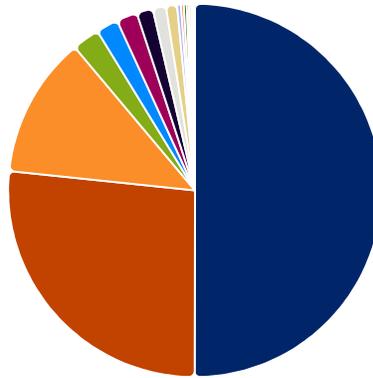
Capital fund expenditures for Fiscal Year 2026 are projected at \$218.2 million, representing a \$171.8% increase from prior year's total unaudited actuals of \$80.3 million. This significant increase demonstrates the City of Tucson's focus on delivering voter-approved projects, meeting development-related infrastructure demands, and improving the community's quality of life through strategic capital investment.

Historical Expenditures by Fund



Note: Amounts shown in the graphs are rounded up.

Fiscal Year 2026 Expenditures by Fund



Regional Transit Authority Fund	\$109,172,300	50.03%
Capital Proposition: Parks And Connections Bond Series 2023	\$58,100,820	26.63%
Capital Improvement Fund	\$26,662,900	12.22%
Southeast District Impact Fees (Post 12/31/2011)	\$5,132,000	2.35%
Impact Fees 2020 - Area A	\$4,226,500	1.94%
Impact Fees 2020 - Area B	\$3,925,000	1.80%
Central District Impact Fees (Post 12/31/2011)	\$3,041,440	1.39%
Impact Fees 2020 - Area C	\$2,500,000	1.15%
West District Impact Fees (Post 12/31/2011)	\$2,045,900	0.94%
Capital Proposition: Parks And Connections Bond Series 2020	\$727,634	0.33%
Police Impact Fees (Post 12/31/2011)	\$600,000	0.27%
East District Impact Fees (Post 12/31/2011)	\$525,000	0.24%
Southeast District Impact Fees	\$400,000	0.18%
SOUTHLANDS DISTRICT IMPACT FEES	\$400,000	0.18%
Southlands District Impact Fees 2	\$350,000	0.16%
Central District Impact Fees	\$217,800	0.10%
East District Impact Fees	\$140,000	0.06%
Fire Impact Fees (Post 12/31/2011)	\$29,440	0.01%

Notes: Charts may not total 100% due to rounding.

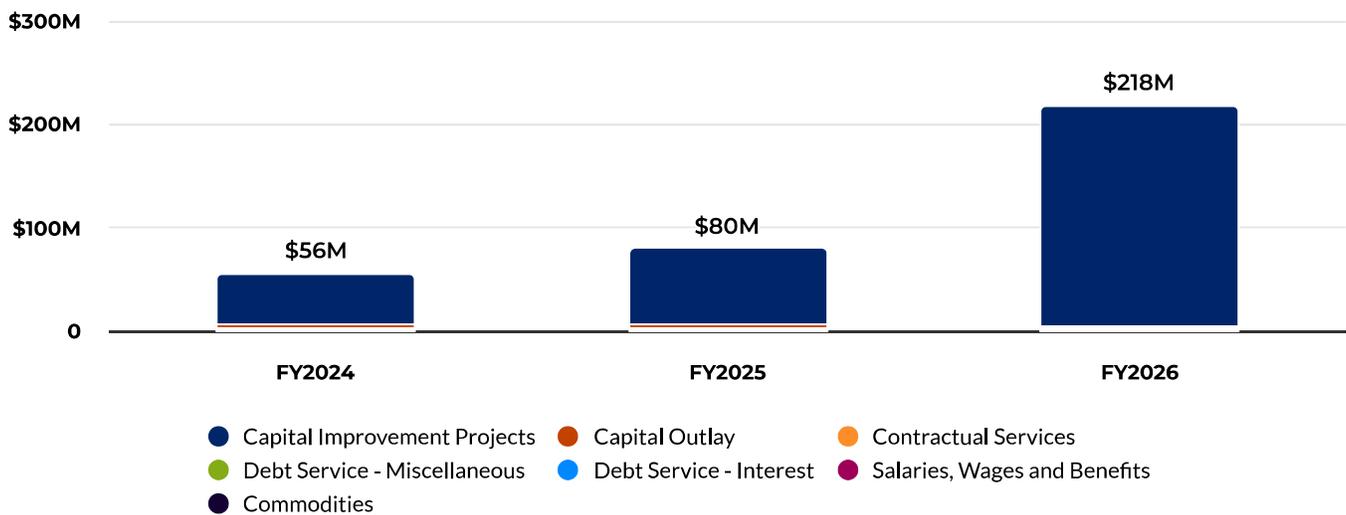
Capital Expenditures by Type

Capital spending is primarily focused on delivering infrastructure and improvement projects that benefit the community over the long term. This chart shows how capital expenditures are categorized by type over three fiscal years.

For Fiscal Year 2026, the City's total Capital Funds expenditures are budgeted at \$218.2 million, a significant increase of 171.8 % compared to the prior year's \$80.3 million. The largest category by far is capital improvement project expenditures, totaling \$213.4 million and representing 97.8% of all Capital Fund expenditures. This reflects a substantial increase of \$139.9 million over the prior year, emphasizing the City's continued focus on long-term infrastructure improvements.

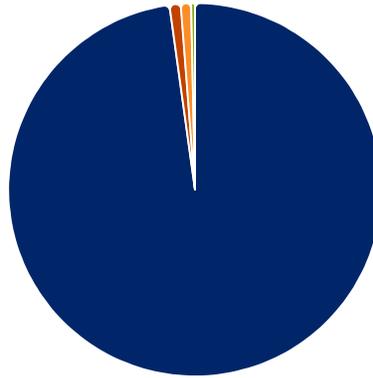
Other categories such as capital outlay, contractual services and commodities make up only a small share. The Fiscal Year 2026 spike in spending reflects a scaling up of bond-funded and growth-driven projects, as well as reinvestment in public infrastructure to meet the needs of Tucson's growing population.

Historical Expenditures by Type



Note: Amounts shown in the graphs are rounded up.

Fiscal Year 2026 Expenditures by Type



● Capital Improvement Projects	\$213,382,400	97.79%
● Capital Outlay	\$2,167,800	0.99%
● Contractual Services	\$1,918,900	0.88%
● Debt Service - Interest	\$727,634	0.33%

Notes: Charts may not total 100% due to rounding.

Capital Revenues by Fund

This chart illustrates how the City of Tucson funds its capital improvement projects through various revenue sources, including voter-approved propositions, development impact fees, and transportation authority contributions.

For Fiscal Year 2026, the City of Tucson's total Capital Fund revenues are budgeted at \$184.1 million, representing a 6.7% decrease compared to the prior year's \$197.2 million.

The largest revenue source is the Regional Transit Authority (RTA) Fund, which totals \$109.2 million (67.8% of total revenues). This marks a substantial increase of \$91 million (500%) over Fiscal Year 2025, making the RTA the dominant contributor to capital funding.

The Capital Improvement Fund is the second-largest source at \$26.7 million (16.6%), a decrease of \$5.2 million from the prior year. The Capital Proposition Fund: Parks and Connections bond proceeds declined because the City is not planning to issue new general obligation bonds in Fiscal Year 2026. The Development Impact Fee Funds budget increased slightly by \$0.5 million.

This upward trend in capital revenues aligns with the City's expanded investment in parks, mobility, and public infrastructure, ensuring resources are in place to meet both current and future needs.

Historical Revenue by Fund

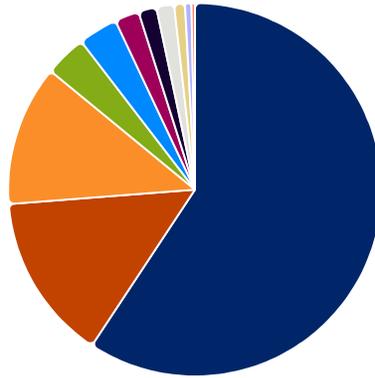


- Regional Transit Authority Fund
- Capital Proposition: Parks And Connections Bond Series 2023
- Capital Improvement Fund
- Impact Fees 2020 - Area C
- Impact Fees 2020 - Citywide
- Impact Fees 2020 - Area A
- Central District Impact Fees (Post 12/31/2011)
- Southeast District Impact Fees (Post 12/31/2011)
- Impact Fees 2020 - Area B
- West District Impact Fees (Post 12/31/2011)
- East District Impact Fees (Post 12/31/2011)
- Capital Proposition: Parks And Connections Bond Series 2020
- Police Impact Fees (Post 12/31/2011)
- Southlands District Impact Fees 2
- SOUTHLANDS DISTRICT IMPACT FEES
- Fire Impact Fees (Post 12/31/2011)
- Central District Impact Fees
- East District Impact Fees

Note: For Fiscal Year 2026, the revenue fund is \$161 million, adding a transfer-in amount of \$22.9 million totaling to \$184.1 million.

Note: Amounts shown in the graphs are rounded up.

Fiscal Year 2026 Revenues by Fund



Regional Transit Authority Fund	\$109,172,300	59.30%
Capital Improvement Fund	\$26,662,900	14.48%
Capital Proposition: Parks And Connections Bond Series 2023	\$22,431,610	12.18%
Southeast District Impact Fees (Post 12/31/2011)	\$6,658,240	3.62%
Central District Impact Fees (Post 12/31/2011)	\$6,319,600	3.43%
Impact Fees 2020 - Area A	\$3,887,160	2.11%
West District Impact Fees (Post 12/31/2011)	\$2,854,360	1.55%
Impact Fees 2020 - Citywide	\$2,839,160	1.54%
Impact Fees 2020 - Area C	\$1,703,160	0.93%
East District Impact Fees (Post 12/31/2011)	\$1,006,600	0.55%
Impact Fees 2020 - Area B	\$556,680	0.30%
SOUTHLANDS DISTRICT IMPACT FEES	\$10,200	0.01%
Southlands District Impact Fees 2	\$9,120	0.00%

Note: Charts may not total 100% due to rounding.

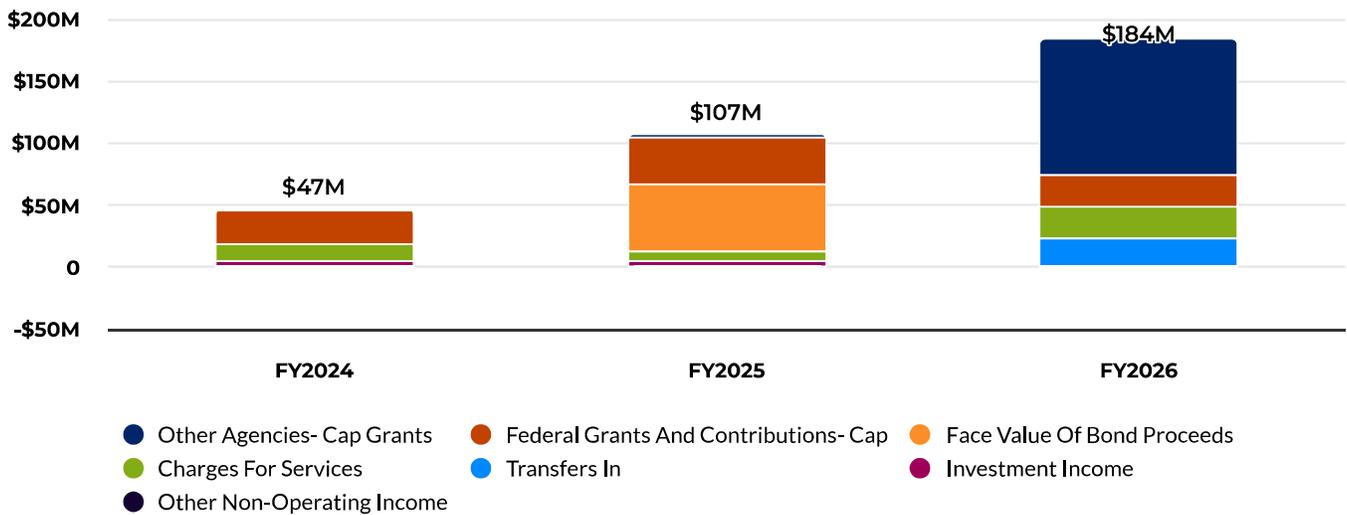
Capital Revenues by Funding Source

This chart highlights how the City of Tucson secures funding for capital projects through a combination of grants, bonds, and other revenue streams.

For Fiscal Year 2026, the City anticipates revenues reaching \$184.1 million, fueled by a sharp rise in RTA revenues, continued intergovernmental agreement funding, development impact fees, a contribution from the General Fund to support proposition 407: Parks and Connections projects, and other smaller revenue sources.

This growth reflects Tucson's strategic focus on leveraging external funding—particularly federal and intergovernmental support—alongside bond financing to advance capital investment priorities.

Historical Revenue by Funding Source

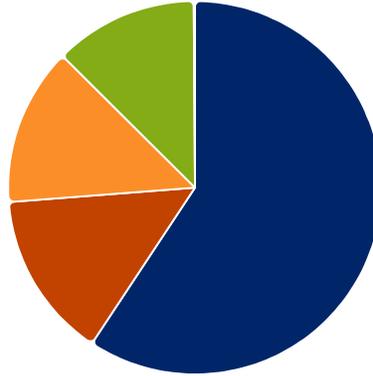


Note: Note: For Fiscal Year 2026, the revenue fund is \$161 million, adding a transfer-in amount of \$22.9 million.

Note: Charges for Service should should be labled as Impact Fees.

Note: Amounts shown in the graphs are rounded up.

Fiscal Year 2026 Revenues by Type



● Other Agencies- Cap Grants	\$109,172,300	59.30%
● Federal Grants And Contributions- Cap	\$26,662,900	14.48%
● Impact Fees	\$25,169,380	13.67%
● Transfers In	\$22,931,610	12.46%
● Investment Income	\$174,900	0.09%

Note: Charts may not total 100% due to rounding.