

Brian Head Town Transportation Utility Fee “TUF” Study

Executive Summary

The Funding Need

- The Town is currently in year three of the open period for its Pavement Management Plan, with updated cost projections extending through 2036.
- Current projections show the program balance dipping below zero in 2035, but recovering in 2036 under the proposed funding schedule without new funding
- A funding gap of approximately \$160,000 remains, requiring identification of new or reallocated funds to sustain the program through 2036.

Options for Fund Raising

- Proposed long-term solution: Adoption of a Transportation Utility Fee (TUF) as a sustainable, dedicated funding mechanism.
- Alternative (less preferred) option: Property tax increase via a truth in taxation adjustment

Transportation Utility Fee Scenarios

- Staff Recommendation: ~\$163k TUF Revenues
- Legal (Anticipated) Maximum: ~\$499,171 TUF Revenues



BACKGROUND

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History

The Pavement Management Plan was adopted by the Council in October of 2016 and implemented the following year. From 2017 to 2020, the Town and Public Works did their best to fund and keep the plan on schedule. The plan did fall behind by one year due to cost increases. The Town finished the first cycle of the plan and went into the open three-year period. This period is intended to re-build back the funds for the next cycle of projects. Staff also evaluated if the order of the program needed to be changed. It is staff's opinion that the current order of the streets to be worked on is still the best to proceed forward.

Current

In 2024, Brian Head Town's Staff ("Staff") recommended the following:

- Set aside a one time allocation of \$195,000 from the FY 2023 General Fund surplus and add it to the \$250,000 annual transfer in FY 2025
- Pursue a Transportation Utility Fee study over the next year and cover as much of the \$160,000 gap ongoing.
- Staff will also continue to pursue efficiencies to try to bring costs down in the overall program



FUNDING NEED

Forecast	GL Code	\$
Revenues		
Property Tax	10.3110	-
Highway Sales Tax	10.3152	164,687
Class B & C Road Funds	10.3356	110,159
Total Revenues		274,846
Forecasted Expenditures		
Gravel Road Maintenance		43,318
Streets Salaries & Wages		262,605
Streets Overtime Wages		32,318
Streets Benefits		167,426
Paved Road Maintenance		40,000
Paved Road Rebuild (Construction)		225,333
Total Expenditures		771,000
Gap in Funding		496,154
Targetted Funding via TUF		163,004
<i>Total Gap Captured</i>		<i>32.9%</i>

- Brian Head is able to capture up to \$496,154 in TUF revenues
- Staff recommends reducing the actual target to \$163,000 (67% discount) to avoid any legal contests

Disclaimer: The analysis assumes that the City will use property tax towards legally eligible purposes, and will not lower total collected amount to offset TUF revenues



EXISTING FUNDING SOURCES

Class C Road Funds

- Established by the Utah Legislature in 1937 to assist municipalities with road improvements.
- Allocations are based on the miles of roadway within the city.
- Administered through UDOT, with funds increasing proportionally as new roads are added.

Fuel Tax Revenues

- Collected by the state on gallons of fuel sold (not the fuel price).
- Distributed to cities for road maintenance; provides relatively stable revenue compared to sales taxes.

Proposition I (Local Option Sales Tax)

- A local sales tax on non-food items, with 40% distributed to cities for transportation projects.
- Revenue fluctuates with the economy, depending on local retail activity.

City's General Fund

- Can be allocated to supplement road maintenance as needed, though typically limited by competing priorities.



POTENTIAL FUNDING SOURCES

Transportation Utility Fee (TUF)

- A proposed monthly utility-style fee based on Equivalent Residential Units (ERUs).
- Designed to ensure dedicated, predictable funding for street maintenance.

Property Tax Adjustment

- An alternative funding approach considered but less equitable for property tax payers.
- Would require a tax increase approval by the City Council or voters.



TRANSPORTATION UTILITY FEE

TUF Revenues	Total Entities	Total ERUs	Discount Rate	Staff Recommend	Legal Maximum
Tier 1 - Residential	31	1,007	-	\$ 11,080	\$ 30,219
Tier 2 - Office/Retail	10	254	20.0%	\$ 1,677	\$ 7,624
Tier 3 - Restaurant/Hotel	1	125	40.0%	\$ 826	\$ 3,754
Total Monthly Income	42	1,387	60.0%	\$ 13,584	\$ 41,598
Total Annual Income				\$ 163,004	\$ 499,171

- Staff Recommended - \$11.00 monthly fee to Residential Users (1 ERU).
- Legal Maximum - \$30.00 monthly fee to Residential Users (1 ERU).



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