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Transportation Utility Fee (TUF)

Need and Purpose

Remember that Traffic is the #1 Complaint from Residents

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Transportation Utility Fee (TUF) - Overview

Why use a TUF?

A TUF covers maintenance for our transportation network:

- Roadways (asphalt)
- Sidewalks & Trails
- Traffic Signals

Why do we need it?

The City has a massive annual maintenance burden.

Current Issue: Costs are subsidized by other budgets and funds each year.

Why change now?

As we grow, capital project expenditures increase exponentially.

Necessary projects lack a **dedicated funding source** for improvements like roundabouts.

Transportation Utility Fee (TUF) - Our Preparation

Strategic Development

We have been developing a framework to enact a TUF for several years.

- Compliant with new legislation and rules

Fund Deployment

We have identified WHERE the funds will be deployed, prioritizing maintenance uses.

- Free up funding for capital projects
- Support other enterprise-related expenses

In Summary: TUF in Spanish Fork

Current Funding Gap

Other budgets currently subsidize maintenance. This is why service remains high despite lack of self-funding.

TUF Strategic Advantage

A TUF dedicates specific funding to maintenance, ensuring long-term infrastructure stability.

Resource Reallocation

Freed-up subsidy funds can now be redirected toward critical capital projects, personnel, and other essential needs.

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CURRENT STATUS:
Draft TUF Study, Awaiting Finalization

Spanish Fork TUF Study

Prepared for
Spanish Fork City

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August 2026

Parametrix

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HB 425 / §10-6-134.5
Rules and Requirements for TUFs

- ☑️ Requires a reasonable relationship between the fee imposed and the benefit/need created by those pay the fee.
- ☑️ Requires a study – Show maintenance need and funding gap.
- ☑️ In developing fee, use methodologies based on trip generation, vehicle types and traffic counts. Must exclude the day of the week which has the lowest traffic counts.
- ☑️ Impose different TUF rates for different classifications of users, including commercial and residential.
- ☑️ Requires a public hearing before imposing a TUF.
- ☑️ City shall establish a Transportation Fund for all TUF revenue.
- ☑️ TUF may be imposed only by an ordinance. Must have appeals process.
- ☑️ City shall conduct Annual Review. TUFs expire after 10 years and requires new study.

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SPANISH FORK FUNDING SHORTFALL:
TUF Revenue Target & Deployment Strategy

FY2027 Streets/Transportation Maintenance Budget — **$2,530,000**
- Road Repair: $1,700,000
- Develop. Seal Coats: $230,000
- Curb/Gutter/Sidewalk: $600,000

Subsidy Transfer Funds from Other Enterprise Funds — **$900,000**
- Water: $407,000
- Sewer: $181,000
- Power: $136,000
- Garbage: $136,000
- SFCN: $45,000

TUF Implementation Phasing/Schedule
- **FY27: $600,000** — Water, Power subsidies
- **FY28: $950,000** — Sewer, Garbage, SFCN subsidies
- **FY29: $1,500,000** — Other maint. needs (growth)

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SPANISH FORK FUNDING SHORTFALL:
How We Fairly Offset Existing Utility Subsidies

TUF Implementation Phasing/Schedule

- **FY27: $600,000** — Water, Power subsidies
- **FY28: $950,000** — Sewer, Garbage, SFCN subsidies
- **FY29: $1,500,000** — Other maint. needs (growth)

	Total Streets Subsidy	**Residential Revenue**	True Transportation Burden	**Non-Residential Revenue**	True Transportation Burden
Water	$407,305	77%		23%	
Power	$135,768	54%	**53.1%**	46%	**46.9%**
Total	**$543,073**	**71%**		**29%**	

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IMPLEMENTATION STRATEGY:
Understanding How We Calculate/Assess Fees

Table 5. Trip Generation Summary

Category	Units	Trip Gen	% of Trips
Residential	13,635	121,686	29%
Non-Residential	975	301,427	71%
Total	**14,610**	**423,113**	**100%**

Table 6. Non-Residential Trips

ITE Group Category	Daily Trips	% of Total	Example Land Use
Industrial	34,548	11%	Light Industrial, Flex Space
Lodging	1,518	<1%	Hotel/Motels
Recreational	6,961	2%	Parks, Golf Courses, Movie Theatre
Institutional	38,180	13%	Schools, Churches
Medical	4,584	2%	Hospitals, Clinics, Assisted Living
Office	17,691	6%	Office Bldgs. Govt Bldgs., Post Office
Retail	98,824	33%	Big Box, Grocery Stores, Strip Malls
Service	99,121	33%	Fast Food, Gas Stations, Banks, Car Wash
Total	**301,427**	**100%**	

Table 4. Residential Trip Generation

Category	Units	Trip Gen	% of Trips
Single-Family	12,523	114,123	92%
Multi-Family	1,112	7,562	8%
Total	**13,635**	**121,686**	**100%**

Table 1. Spanish Fork City Power Connections

Category	Connections
Residential Single-Family	12,329
Residential Multi-Family	1,428
Commercial Single-Unit	2,143
Commercial Multi-Unit	32
Total	**15,932**

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IMPLEMENTATION STRATEGY:
Understanding How We Calculate/Assess Fees

Average

Land Use	Percent of Trip Ends	Frontage *	TUF Burden
Residential	28.8%	77.5%	53.1%
Non-Residential	71.2%	22.5%	46.9%
Total	100%	100%	100%

Figure 7. TUF Burden Calculation

* **Frontage Distribution** is calculated by considering the number of lane miles fronted by each zone type.

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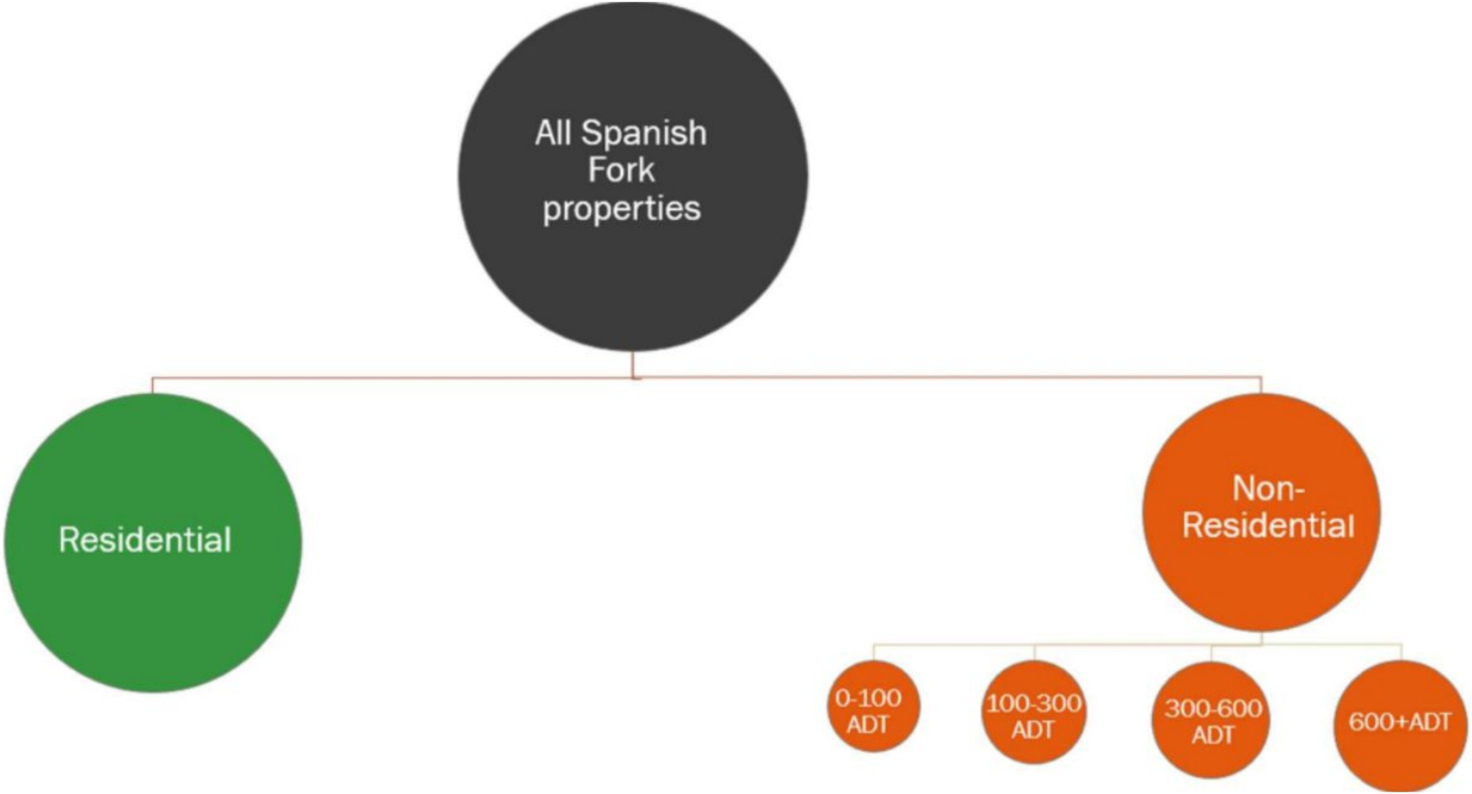
IMPLEMENTATION STRATEGY:
Understanding How We Calculate/Assess Fees



IMPLEMENTATION STRATEGY:
Understanding How We Calculate/Assess Fees

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Table 7. Land Use Categories for Trip Generation

Land Use Categories		Example Land Use
Residential	Single-family Residential	Detached or attached side by side house structure
	Multi-family Residential	Attached side by side and/or over and under structure
Non-Residential	<100 ADT	Small offices, insurance agency, dental office, small retail, hair salon, etc.
	≥100 to <300 ADT	Churches, general office, specialty retail, bank, government offices, parks, gymnastics, dance, self-serve car wash, tire store, etc.
	≥300 to <600 ADT	Medical clinic, fitness center, drive-thru car wash, bank with drive-thru, small restaurant, hotel, assisted living, etc.
	≥600 ADT	Schools, hospital, post office, library, big box retail, grocery store, gas station, fast food with drive-thru, large restaurant, etc.

IMPLEMENTATION STRATEGY:
Proposed Fee Structure for FY27

Table 9. Expanded Rate Structure for FY2027

Residential	% of Res. Trips	TUF Share	Units	Yearly Fee	Monthly Fee
Residential	100.0%	$ 318,780	13,635	$23.38	$1.95
Non-Residential	**% of Non-Res. Trips**	**TUF Share**	**Units**	**Yearly Fee**	**Monthly Fee**
0 to 100 ADT	10.3%	$ 29,005	644	$ 45.04	$ 3.75
100 to 300 ADT	13.1%	$ 36,950	179	$ 206.43	$ 17.20
300 to 600 ADT	8.2%	$ 23,080	54	$ 427.42	$ 35.62
600+ ADT	68.3%	$ 192,185	98	$ 1,961.07	$ 163.42
Total	**100%**	**$ 281,220**	**975**	-	-

FY27 Revenue Target: $600,000

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IMPLEMENTATION STRATEGY:
Proposed Fee Structure for FY28

Table 11. Expanded Rate Structure for FY2028

Residential	% of Res. Trips	TUF Share	Units	Yearly Fee	Monthly Fee
Residential	100.0%	$ 504,730	13,635	$37.02	$3.08
Non-Residential	**% of Non-Res. Trips**	**TUF Share**	**Units**	**Yearly Fee**	**Monthly Fee**
0 to 100 ADT	10.3%	$ 45,925	644	$ 71.31	$ 5.94
100 to 300 ADT	13.1%	$ 58,505	179	$ 326.84	$ 27.24
300 to 600 ADT	8.2%	$ 36,545	54	$ 676.75	$ 56.40
600+ ADT	68.3%	$ 304,295	98	$ 3,105.02	$ 258.75
Total	**100%**	**$ 445,270**	**975**	-	-

FY28 Revenue Target: $950,000

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IMPLEMENTATION STRATEGY:
Proposed Fee Structure for FY29

Table 13. Expanded Rate Structure for FY2029

Residential	% of Res. Trips	TUF Share	Units	Yearly Fee	Monthly Fee
Residential	100.0%	$ 796,950	13,635	$58.45	$4.87
Non-Residential	**% of Non-Res. Trips**	**TUF Share**	**Units**	**Yearly Fee**	**Monthly Fee**
0 to 100 ADT	10.3%	$ 72,515	644	$ 112.60	$ 9.38
100 to 300 ADT	13.1%	$ 92,375	179	$ 516.06	$ 43.01
300 to 600 ADT	8.2%	$ 57,700	54	$ 1,068.55	$ 89.05
600+ ADT	68.3%	$ 480,460	98	$ 4,902.66	$ 408.56
Total	**100%**	**$ 703,050**	**975**	-	-

FY29 Revenue Target: $1,500,000

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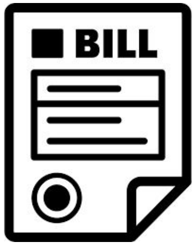
IMPLEMENTATION STRATEGY:
How We Plan to Roll Out TUF

Finalize TUF Study	Complete Public Noticing and Education Efforts	Approve Ordinance in City Council	Assess Fees
Complete the **full study** (including any revisions or changes) and prepare it for publication.	Per §10-6-113 and §10-6-114, we will provide **7-14 day notice** of the proposed fee and public hearing. We will also establish an **informational website** AND send notices in monthly utility bills/emails.	In the **September 15 or October 6** City Council meeting, the final TUF study and proposed ordinance will be presented for approval and adoption.	Staff will coordinate with Utility Billing to create and assess the pertinent fee to each utility account, based on their **parcel designation**. Fees can be effective **October 2026**.



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APPEALS PROCESS:
Required per §10-6-134.5 (8)

- ❑ We (Spanish Fork) are required to establish a process by which entities or individuals can **challenge/appeal** their assigned fee tier
- ❑ The entity or individual must furnish **evidence** of the actual traffic count or trip generation (validated by City professionals)
- ❑ **City Council (?, or other approved body)** must hear and make **final decisions** on appeals
- ❑ Limitation on Recoverability: *"In the event of a successful appeal for classification designation, the user can only be refunded for up to two years maximum of the difference (i.e., limitation on recoverability)"*

Web-based Appeal Process

On our TUF website, users will be able to fill out a form and attach their proof/evidence

Streamlined for Council

City staff will process these appeals, package them for quick consideration, and present them to council.

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Questions

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Additional Requirements

Rates	City shall establish different rates with a TUF for different classifications of users if the rates and classifications have a reasonable basis
Classifications	Classifications of users shall at minimum include: -Residential users -Commercial users -Other users
Public Hearing	City must provide notice for and hold a public hearing before imposing or increasing a TUF by ordinance
Appeal Rights	Ordinance must establish an appeals process to challenge an assigned users classification
Dedicated Revenue	City must establish a dedication transportation fund to deposit TUF revenue
Annual Reviews	Required yearly review of the TUF and prepare a written report to be submitted to the state auditor
Expiration	A TUF expires 10 years after the effective date of the ordinance imposing it

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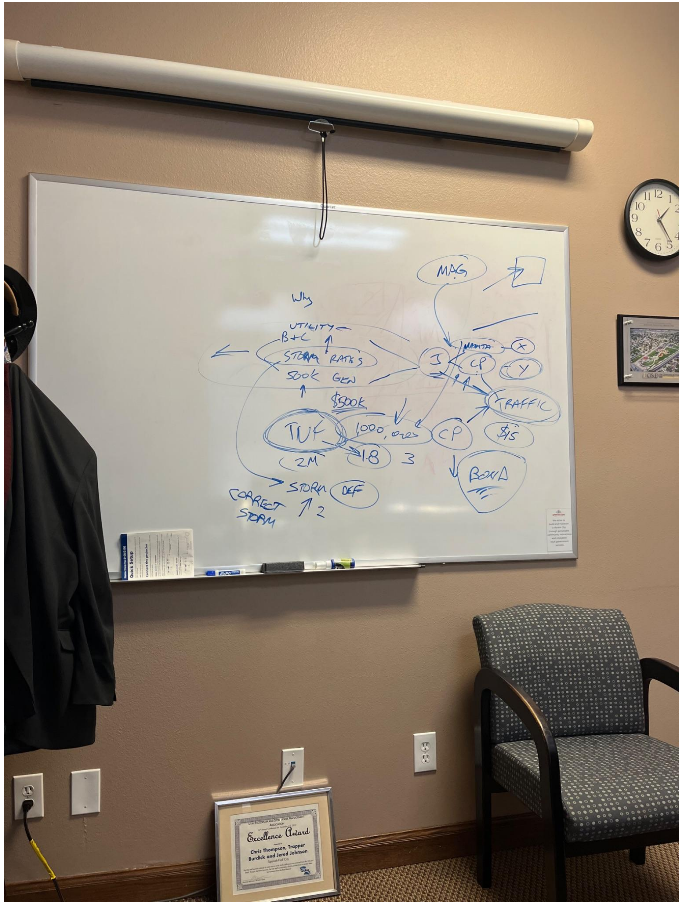

Current Expenses - Streets and Transportation ONLY

Excluding Impact Fee Reimbursable

Expense Type	Amount in FY2025
O&M	$7.1M
Maintenance (pavement, signs, concrete, etc.)	$2.4M
Capital (transportation projects, etc.)	$3.1M
Total	$12.6M

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Current Revenue - Streets and Storm

Excluding Impact Fees

Revenue Source	Amount in FY2025
MAG/UDOT/County	$2.6M
B&C Road Funds	$2.3M
Storm Drain Fees	$3.1M
General Fund	$500k
Road Repair Assessment	$900k
Total	$9.4M

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Next 10 Years

Expense Type	Projected Amount in Next 10 Years
O&M	~$75M
Maintenance (pavement, signs, concrete, etc.)	~$30M
Capital (transportation projects, etc.)	~$17M
Total	**$125M**

Revenue Source	Projected Amount in Next 10 Years
B&C Road Funds	$23M
Storm Drain Fees	$32M
General Fund	$5M
Other Revenue	$45M
Total	**$105M**

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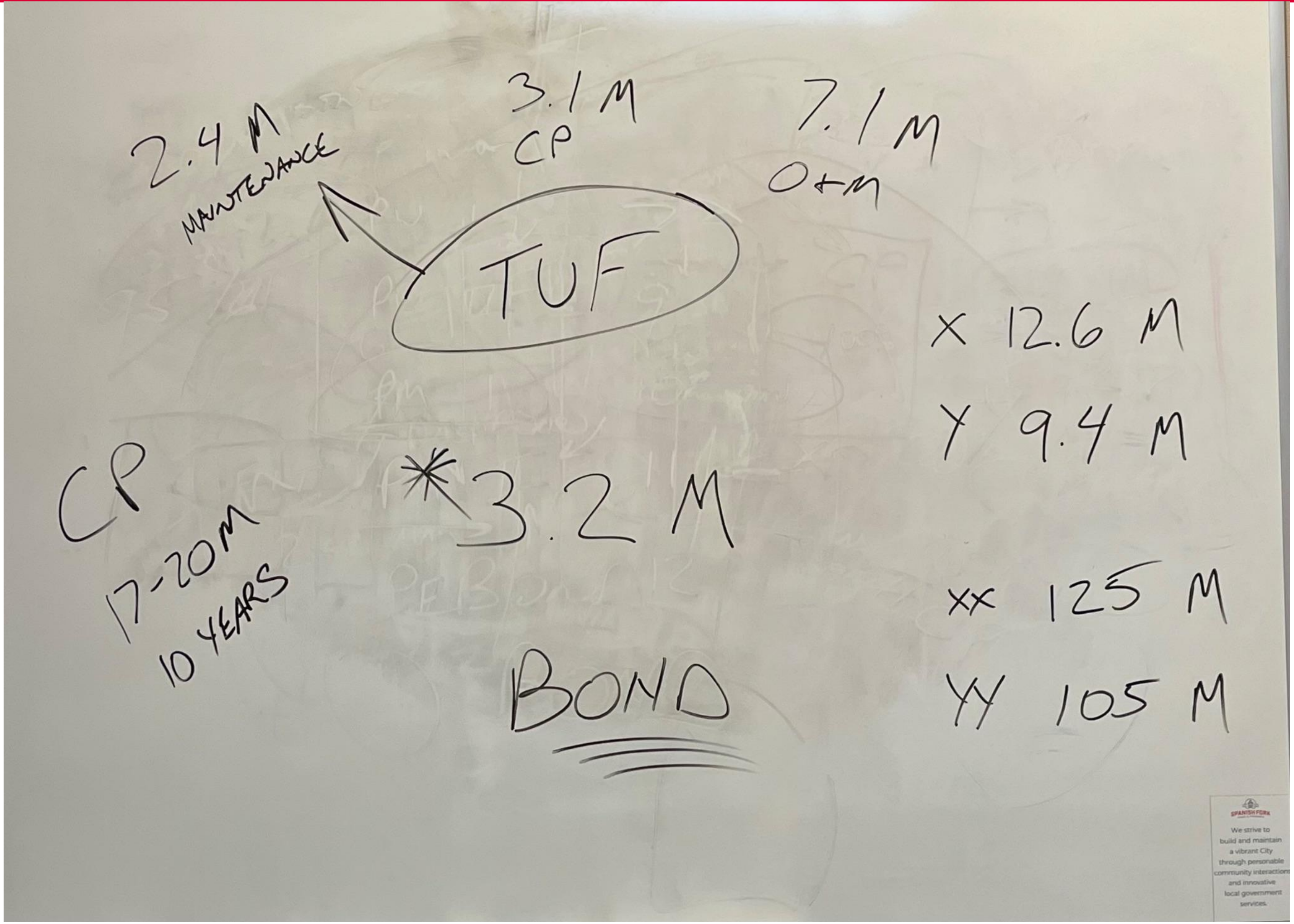
Storm Drain Revenue vs Expenditure

Total Storm Drain Expense in FY2025	Total Storm Drain Fee Revenue in FY2025
$171,260.00	$3,045,236.00


2.4 M
MAINTENANCE
3.1 M
CP
7.1 M
O+M
TUF
X 12.6 M
Y 9.4 M
CP
17-20M
10 YEARS
*3.2 M
XX 125 M
YY 105 M
BOND
We strive to build and maintain a vibrant City through personable community interactions and innovative local government services.