

Chapter 5 – Financial Plan

Current Funding Sources, Gas Taxes, Fees

Currently in the Washington County area, federal, state, and local governments as well as private developers provide funds to pay for transportation improvements.

Federal Funds:

The current federal highway and transit bill (Fixing America’s Surface Transportation Act or the FAST Act) continues to fund federal transportation programs. As the FAST Act matures in 2020, future infrastructure and transportation bills are expected to continue federal funding for these programs.

State Funds:

The Utah Department of Transportation receives state highway user revenues as well as state general funds for highway construction and maintenance projects. The highway user revenues sources include motor fuel taxes, special fuel taxes, vehicle registration fees, driver license fees, and other fees. General fund revenues are also used for transportation and the state has the authority to issue bonds for specific highway projects.



A portion of the state highway user funds are made available to local governments for highway construction. Seventy (70) percent of these funds are kept by the UDOT for their construction and maintenance programs. The remaining 30 percent of funds are made available to the cities and counties in the state through the Class B and C Program for road maintenance or construction.

Local Funds:

In addition to B&C funds, local governments may use a variety of other funding sources to build transportation projects. These sources include (but are not limited to) local sales tax options, local impact fees paid by developers, general fund contributions (sales and property taxes), bonding arrangements, the Local Corridor Preservation Fund (vehicle registration fees), and special service district fees.

Private Sources

Private interests may also provide transportation improvements. As developers construct the local streets within their own subdivisions, they may also be required to dedicate rights-of-way for the construction of collector and arterial streets adjacent to their developments. Developers are also considered as possible sources of funding for projects needed because of the impacts of the development, such as the need for traffic signals or arterial street widening.

Private sources may also be considered for public transit improvements which could provide benefits to their particular interests. For example, businesses or developers may be willing to or required to support capital expenses or operating costs for transit services that provide special benefits to their development such as a reduced need for parking or increased accessibility.

Following is a brief list of programs used to fund transportation projects within the Dixie MPO:

FEDERAL HIGHWAY ADMINISTRATION

- Surface Transportation Program (STP)
 - Dixie MPO cities

- Congestion Mitigation / Air Quality (CMAQ) (Available only after Dixie MPO reaches non-attainment status)
- Interstate Maintenance (IM)
- National Highway System (NHS)
- Surface Transportation Program
- Urbanized Area
- Small Urban
- Flexible (Any-Area)
- Transportation Enhancements
- Highway Safety Improvement Program (HSIP)
- Hazard Elimination
- Safe Routes to School (SR2S)
- Bridge Replacement
- Off System - Local
- Off System - Optional
- Federal Lands Programs
- High Priority Projects (HPP)
- Transportation Improvement Projects (TI)
- Recreational Trails
- Transportation Alternatives Program (TAP)

FEDERAL TRANSIT ADMINISTRATION

- (5307) Block Grant Funds
- (5309) Discretionary Funds
- (5310) Services for elderly and disabled
- (5311) Grants for Outside Urban Area
- (5340) High Density States Program

- (5316) Job Access and Reverse Commute
- (5317) New Freedom Program
- (5339) Bus and Bus Facilities Grant Program

STATE OF UTAH

- State Construction
- State General Funds
- State Traffic
- Corridor Preservation Funds

LOCAL

- County (B Funds)
- City (C Funds)
- General Funds
- Transit Sales Tax
- Corridor Preservation Fund
- Local Option Sales Taxes for Transportation

PRIVATE

- Donations / User Fee

- Developer Funded Projects
- Public/Private Partnerships

Unified Plan Process

To create a fiscally constrained long-range transportation plan, the Dixie MPO joined with the Utah Department of Transportation and other MPOs to create the Utah Unified Plan Financial Working group to make common assumptions regarding current and future funding sources available for transportation. This effort projected revenues, inflation rates, estimated construction costs, and the cost of future rights-of-way. The Dixie MPO Executive Committee also examined local funding options and adopted a series of additional future funding assumptions associated with transportation. Below is a discussion of these assumptions, an outline of current funding sources, and a policy document supporting acquisition of future federal, state, and local funding for transportation projects.

State (Future) Funding Assumptions

The Unified Plan Financial Working Group agreed that in addition to current funding sources, the following *state-wide* revenues would become available for transportation facilities in the future:

- The equivalent of a state-wide increase on the per-gallon fuel tax. Currently the fuel tax ceiling is \$0.27 per gallon. The assumption is that rate (tied to inflation) will rise by up to \$0.50 by 2030, and up to \$0.60 by 2040.
- The equivalent of state-wide vehicle registration fee increases of \$10 each in years 2021, 2031, 2041

Local (Future) Funding Assumptions

The Dixie MPO Executive Committee agreed that in addition to current funding sources, it was reasonable to expect the following *local* revenues to become available for transportation in the future:

- The equivalent of a county-wide sales tax increase of “one quarter of one percent” implemented by the end of 2029

Constraints through 30-year planning phases

These future funding assumptions, taken together with existing funding sources were calculated and documented in a “Regional Transportation Plan Financial Report” as agreed upon through the Unified Plan Financial Working Group and endorsed by the Dixie MPO Transportation Executive Council.

The Financial Report projected an annual inflation rate of 3.49 percent to 5 percent on all cost projections (a conservatively high estimate based on past experience). Future revenues were also forecast using a conservatively low estimate. Utah’s shifting population was also figured into these assumptions based on projections by the Governors’ Office of Management and Budget (GOMB). Currently the Dixie MPO is home to 6 percent of the state’s population. The Governor’s Office projects the Dixie MPO population will reach 7.8 percent of state the population by 2050. This plan presumes that state revenue will flow to Washington County proportionate to population growth.

Total Funding Assumptions	2,084,211,490
Total Needs	2,100,948,000
Total Difference	(16,736,510)

State

Total Funding Assumption	1,359,192,937
Total Needs	1,292,338,000
Total Difference	66,854,937

Regional

Total Funding Assumption	725,018,552
Total Needs	808,610,000
Total Difference	(83,591,448)

Federal formula funds also provide subsidies to the Dixie MPO for planning, environmental assessments and project seed money. These federal dollars come from FHWA's Surface Transportation Program and FTA's Transit Programs with an approved 2% inflation rate.

Projected Transportation Revenues

The table at the right shows the total revenues assumed for projects in all three phases of the long-range plan. Total expenditures are detailed in the "Project & Phasing List" in Chapter 6.

When compared with the needs list and anticipated costs in Chapter 6, these funding assumptions seem adequate in Phase 1 of the RTP. However, a re-evaluation of revenue needs may be appropriate in 2023 when this plan is updated.