

Chapter 5 – Financial Plan

Current Funding Sources, Gas Taxes, Fees

Funding sources for transportation facilities and services in the Washington County area include federal, state, and local government funds as well as private developer contributions for transportation improvements. The projects noted in Chapter 6 of this plan are required to be fiscally restrained (meaning planned projects cannot exceed planned revenue).

Federal Funds:

The current federal highway and transit bill (Bipartisan Infrastructure Law or BIL) continues to fund federal transportation programs. As the BIL matures in 2026, future infrastructure and transportation bills are expected to continue federal funding for these programs.

Congressionally Directed Spending packages are also available through direct application by sponsoring agencies to individual state and federal Congressional Representative.

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.

State Legislature Directed Spending packages are also available through direct application by sponsoring agencies to individual State Legislative Representatives.

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)
- Carbon Reduction Program Funds (CRP)
- 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
- Bridge Replacement
- Off System - Local
- Off System - Optional
- Federal Lands Access Program funds (FLAP)
- 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
- Transportation Investment Funds (TIF)

- TIF Active Program
- Transit TIF Program
- Legislature Directed Spending packages

LOCAL

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

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, the Utah Transit Authority 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

Expenditure assumptions are based upon uniform costing of projects by each MPO, UDOT, and UTA. Revenue projections are based upon assumptions agreed upon by the parties for each major revenue stream from federal, state and local revenues. The parties involved met on several occasions to review and finalize the following assumptions. The major discussion points focused on the growth assumptions from the previous update, information from state agencies including the consensus committee at state level, and other long-range forecasting methods developed by the group. The following table provides a summary of the major assumptions used to generate revenue projections and the source and/or methodology used to generate the projections.

Table 1. Revenue Sources and Growth Rates

Revenue Source	2019-2050 Growth Rates	Growth Rate Source ¹
UDOT revenue assumptions		
Federal revenues	2019-2023: 3.49% 2024-2050: 1.50%	Federal Apportionment AAGR (2002-2017) Consensus
Motor fuel	2019-2023: 2.40% 2024-2050: 1.48%	Cash flow 2018-2022 Historic consumption AAGR (1996-2016)
Special fuel	3.02%	Historic consumption AAGR (1996-2016)
Registration fees & permits	3.03%	Historic weighted AAGR (1997-2017)
B & C road funds	Growth assumed in the calculation of registration fees (see above), which are used to calculate the B&C Funds.	
Registration increases	3.03%	Historic AAGR (1997-2017)
Sales tax (TIF) ²	4.20%	Historic AAGR (1997-2017)
MPO revenue assumptions		
Local option sales tax	Cache MPO: 4.76% Dixie MPO: 6.66% MAG: 5.52% Rural (UDOT): 4.20% WFRC: 3.81%	Historic AAGR (1997-2017) Historic AAGR (1997-2017) Historic AAGR (1997-2017) Historic AAGR (1997-2017) Historic AAGR (1997-2017)
UTA sales tax revenue		
UTA sales tax	Cache MPO: 4.76% Dixie MPO: 6.66% MAG: 5.52% Rural (UDOT): 4.20% WFRC: 3.81%	Historic AAGR (1997-2017) Historic AAGR (1997-2017) Historic AAGR (1997-2017) Historic AAGR (1997-2017) Historic AAGR (1997-2017)
Other expense assumptions		
Roadway preservation needs	4.50%	Provided by UDOT and represents construction cost inflation and the addition of lane miles to the system.
Transit capital cost inflation	4.00%	Provided by UTA and represents construction cost inflation.
Transit operating and maintenance cost inflation	2.75%	Provided by UTA and represents operation and maintenance cost inflation.
Notes: 1. AAGR: Average Annual Growth Rate 2. TIF: Transportation Investment Fund		

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.
- The equivalent of county-wide vehicle registration fee increases of \$10 by the year 2027.

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.

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 below 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.

ROADWAY CAPACITY COSTS (CONSTRAINED NEEDS)				
	Phase 1 2023-2032	Phase 2 2033-2042	Phase 3 2034-2050	Total 2023-2050
State Road New/Capacity Needs	351,274,232	477,312,689	361,714,025	1,190,300,946
Local Roads of Regional Significance Needs	556,118,987	611,243,895	611,766,749	1,779,129,631
Local Road Needs	-	-	-	-
Total	907,393,219	1,088,556,585	973,480,774	2,969,430,577
<i>2023 Cost Estimates</i>	<i>77,239,181</i>	<i>104,183,415</i>	<i>(38,818,774)</i>	<i>142,603,823</i>

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 2027 when this plan is updated.