



## Transportation Utility Fee, City of Highland, Utah

Highland, Utah is located in a small section of a feature created in Lake Bonneville over 10,000 years ago at the mouth of the American Fork Canyon. The name “highland” was a natural outgrowth of the general area as perceived by the original homesteader settlers.

Mining is a big part of Highland’s history. Prospectors made their way to American Fork Canyon in the early 1870s in search of silver, as it was discovered in Little Cottonwood Canyon a few years before. Production grew by such a large margin that a railroad was built through the region to keep up with demand. By the end of the area’s mining activity in 1940, over \$30M worth of gold, silver, copper, lead, and zinc were taken out of more than 50 mines.

### The Funding Challenges & The Indicative Solution

Highland City owns and maintains over 80 miles of roadways that consistently received an abundance of complaints from residents about the condition of the roads. In a residential survey in 2017, 70 percent of the respondents requested for the roads to be the top priority. Highland has 19 service categories and roads obtained the lowest quality rating with less than 20 percent saying they were in good to excellent condition.

In 2016, the City Council hired PEPG Consulting to perform an in-depth examination and inventory of road conditions in the City. This study focused on visual assessment, core samples, and subsurface testing of all roads, which differed from prior studies largely based on computer models. This procedure allowed the City to evaluate each road’s condition, identify a cost-effective maintenance or repair strategy, timeline, and formulate cost estimates. The evaluation found that 45 percent of roads are in poor or failing condition with many of the roads deteriorating quickly from fair to poor, making repairs more costly.

Highland City previously spent \$450,000 on road maintenance. The study declared that \$500,000 was needed to spend on road maintenance for roads not considered in failing condition. Additional money was needed for the rehabilitation of poor and failing roads and future maintenance of these improved roads. Over \$7.1 million was deemed necessary to improve these roads, or about \$1 million per year for seven years. The cost toward pavement repair alone on the most critical roads was over \$5.5 million with an estimated annual maintenance cost of nearly \$700k once the roads were repaired. The cost to repair the critical roads would nearly double if the City didn’t act quickly, hence the development of the Transportation Utility Fund (TUF).

In 2016, the State Legislature passed an increase in Class B and Class C gas taxes for road maintenance. However, gas prices remained lower than expected and the intended increase did not occur. Legislature made efforts to correct this, however projections showed the forthcoming increase would not sufficiently fund the rehabilitation plans. If further postponed, the total cost of repairs could increase by as much as 83 percent.



## Overview of Transportation Utility Fund and How It's Used

The Highland City Council voted to create a TUF on May 16, 2017. The TUF cannot be used for purposes other than the operation, improvement, maintenance, and rehabilitation of roads, and is funded through an \$18.50 per month fee on each utility account. All properties, including tax-exempt properties such as schools and churches, will contribute to the Fund. The fee was implemented on August 1, 2017 and will continue through June 30, 2028 when the City's bonds are paid off.

The TUF can only be used for road maintenance and rehabilitation and is re-evaluated if the City gains more or less road funds through the state's gas tax or other sources. Specifically, the monies collected will fund pavement repair, curb and gutter issues, drainage issues, and other updates. Even though there are already funds for the maintenance projects in the current City budget, the funding previously not in the budget will now come from the TUF.

Sources:

[Highland City](#)

[Highland City Road Reconstruction Master Plan](#)