



Utility Transportation Fee, City of Provo, Utah

The City of Provo is nationally recognized for its quality of life and beauty. *Outdoor* magazine ranks it the #2 greatest place to live in America, citing the City's access to trails, rivers, mountains, lakes, bike lanes, and green spaces. *Forbes* ranks it #3 in the nation for business and careers, and *NerdWallet* ranks it #2 for work-life balance. Utah's fastest-growing city, Provo also has a vibrant music and dining scene.

Financing Challenges and Indicative Solution

The City is responsible for approximately 301 paved miles of roads. Historically, funding to maintain them came primarily from property taxes and bonds. But this revenue was increasingly falling short.

Despite an increase in new development and home values, property taxes remained relatively flat. Bonds also presented problems. With bonding, the city rolled over remaining interest into the next road bond, refinancing accrued interest. At some point, the City would run out of the capacity to bond. Neither of these funding methods were sustainable, and the funding shortfall eventually became so severe, a survey of 1,000 residents showed that road care was the primary issue the City needed to address.

City road care includes asphalt repairs, crack sealing, road rehabilitation preparation, road shoulder maintenance (grading), sidewalk replacement, right-of-way weed abatement, street sweeping, and snow removal. It also encompasses traffic safety such as street painting (crosswalks, road symbols, stop bars, and parking stalls), along with sign fabrication and installation.

A new source of revenue was urgently needed for road repair, construction, and maintenance, and the City wanted it to be equitable, transparent, and sustainable.

Utility Transportation Fund

In 2013, the municipal council instituted the Utility Transportation Fund, ensuring equality because every group who uses the road participates in funding it. It also offered transparency because funds are held in a separate account designated solely for road repair, construction, and maintenance—allowing residents to see exactly what is being charged, how, and why. This also ensures greater accountability of elected officials. Finally, it provides sustainability as a dedicated source of revenue designed to meet long-term road needs.

Residents contribute to the Utility Transportation Fund through a Utility Transportation Fee (UTF) that varies according to road usage. Usage is defined as the number of trips made, based on one-way trips. For instance, for single-family homes, the current (effective July 1, 2019) UTF is a monthly charge of \$3.50, regardless of home value, based on an average of 17 trips a day



per home. Commercial businesses, which generate more traffic, pay more according to their usage. UTFs are billed on monthly utility bills.

Thanks to the Utility Transportation Fund, the City road budget can now be met. For instance, the total City road budget for FY 2019 was \$6.2 million. Approximately \$3.9 million came from the state of Utah to maintain both B (country) & C (city) roads, and UTFs provided an additional \$2.3 million for street maintenance and repair. About \$3.6 million was allocated to bridges, personnel, and sidewalks—which the City was not able to repair or replace before UTFs, even though some sidewalks were over 40 years old without any maintenance performed. This left \$2.6 million for street treatments so every road care need could be answered.

The Utility Transportation Fund also reduces property taxes, ensures that future administrations can never choose to skip a year or two of road maintenance, and saves money by heading off serious, more expensive repairs. In fact, studies show that every dollar spent on road prevention saves seven to ten dollars in future repairs.

As the City continues to grow, so will road revenue because the more residents and businesses there are, the more UTFs will be paid into the Utility Transportation Fund. This makes it possible for the City to meet its projected road budget of \$12.21 million for 2020–2023 and continue meeting it for years to come.

Sources:

[Provo.org](https://www.provo.org)

[Provo.org – Provo Rankings](https://www.provo.org/rankings)

[Provo.org – City Newsletter](https://www.provo.org/newsletter)

[Provo.org – Utility Transportation Fund Fee](https://www.provo.org/utility-transportation-fund-fee)

[Provo.org – Utility Transportation Fund](https://www.provo.org/utility-transportation-fund)