

Frequently Asked Questions

Transportation Use Fee



1. What is the Transportation Use Fee?

The Transportation Use Fee (TUF) is a 12 month, temporary \$1-per-month charge on each City utility account. The money will be used only for street maintenance and street studies.

2. Why is the City proposing this fee?

Our streets are aging and repairs cost more each year. The City has 182 streets totaling over 74 miles, and many need work. With virtually all (92%) of the City's property tax going to the Fire and Police Departments, current funding is not enough to keep up with street maintenance.

This fee will help us:

- Study street conditions; and
- Plan future repairs.

Any money remaining after the two studies will be dedicated to street maintenance.

3. Why do we need a TUF if the City already has money in the budget for streets?

The City's regular street budget only pays for basic repairs and upkeep. This money mostly comes from sales tax, which can go up or down. It also has to compete each year with other City needs, like police, fire, and parks. TUF money is larger, steadier, and can only be used for streets. This gives the City a reliable way to fix more streets and complete more projects each year.

4. Is this a tax?

No. It is not a tax. It is a user fee that can only be spent on streets. By law, the money must go into a separate Street Maintenance Fund and cannot be used for anything else.

5. How much will I pay?

The fee is \$1.00 per month. This equals \$12 per year or about 3 cents a day. If the first billing period is less than a full month, the fee will be prorated. This means you will only pay for the days you are a customer, or the days the TUF is in effect during your billing period. This will apply to the first month of the fee (March 2026) and to any new customer who starts service after their billing period has already begun.

6. How will the money be used?

Funds will only be able to be used for:

- A study of the feasibility of a longer-term TUF program
- Street condition studies
- Street maintenance, including:
 - a. Pothole repairs

- b. Crack sealing
- c. Seal coating
- Overlays
- Street reconstruction
- Signs and striping
- Drainage tied to street repairs

7. How will I see the charge?

The fee will appear as a separate line item on your utility bill beginning with the March 2026 billing cycle.

8. Why was the fee on the March bill less than a dollar or different from someone else's in another part of town?

The City of Groves has three billing cycles in each month and none of them fall entirely within a single month. To make the first payment fair, the fee is prorated so that the customer is only charged for that portion of their billing cycle that is in the month of March. The remaining 11 TUF charges will all be \$1.00.

9. How long will the fee last?

The fee is temporary. It will end automatically after 12 months, unless the City Council extends it or replaces it.

10. Why not just raise property taxes?

Property taxes go into the General Fund and almost all of it (92%) is used by the Fire and Police Departments. The TUF:

- Is dedicated only to streets
- Is more stable year to year
- Spreads the cost across all street users

The City is using this fee first to study needs and plan a long-term solution.

11. Will this fix all streets?

No. This is a first step that will:

- Pay for updated studies
- Help the City plan future funding
- Help determine if a TUF is a workable long-term funding source for a street maintenance program
- Start small repairs with any leftover money

12. Will anybody be exempt?

Properties owned by the City, State of Texas, and U.S. Government are exempt.

13. Why do we need studies? Can't we just pick a road and start doing work?

Each street section is complex and unique. From block to block, soil conditions vary, the underground utilities (public and private) change, drainage requirements differ, there are driveways and other issues, and it all has to be engineered. The studies, together with traffic

volumes and loads, will allow the City to make data-based decisions when prioritizing which streets are worked on and when.

14. Why can't City crews do the street construction work?

Street reconstruction requires special equipment the City does not currently own or in working condition and it would cost over \$1 million to buy that equipment. Plus, at least 6-9 new employees (at an approximate annual salary and benefits cost of \$542,00 - \$814,000) would need to be added to the Street Department in order to staff a fulltime construction crew.

15. Where can I learn more?

Email your questions to TUFQuestions@cigrovestx.com.



City of Groves

TEXAS



December 1, 2025

TRANSPORTATION NEEDS AND FUNDING OPTIONS

TRANSPORTATION USE FEE FEASIBILITY

NewGen
Strategies & Solutions

BACKGROUND

- Like most cities, transportation capital maintenance needs exceed available funding in the City of Groves.
- \$0.01 of ad valorem tax raises approx. \$126,000
- \$0.005 of ad valorem tax raises approx. \$53,000

City of Groves Street Construction Costs

Application	Cost*			
	\$/LF	500 ft.	1 mi.	7 mi.
Sealcoat	\$ 21.10	\$ 10,550.00	\$ 111,408.00	\$ 779,856.00
2" HMA Overlay Only	\$ 76.00	\$ 38,000.00	\$ 401,280.00	\$ 2,808,960.00
2" Mill & 2" HMA Overlay	\$ 155.00	\$ 77,500.00	\$ 818,400.00	\$ 5,728,800.00
6"-7", Lime Stabilized Concrete	\$ 345.00	\$ 172,500.00	\$ 1,821,600.00	\$ 12,751,200.00

*Assumes 20' wide street

Revised 3/26/25

BACKGROUND

- The most recent Pavement Condition Assessment (PCA) for Groves was in 2017.
 - A new PCA is about to begin and will help with understanding the condition and priority of streets for future repairs.
- It would be good for the City Council to reach consensus on the City's goals for road maintenance per year, possibly expressed in linear feet/miles with priorities on arterials and possibly a "worst first" strategy.

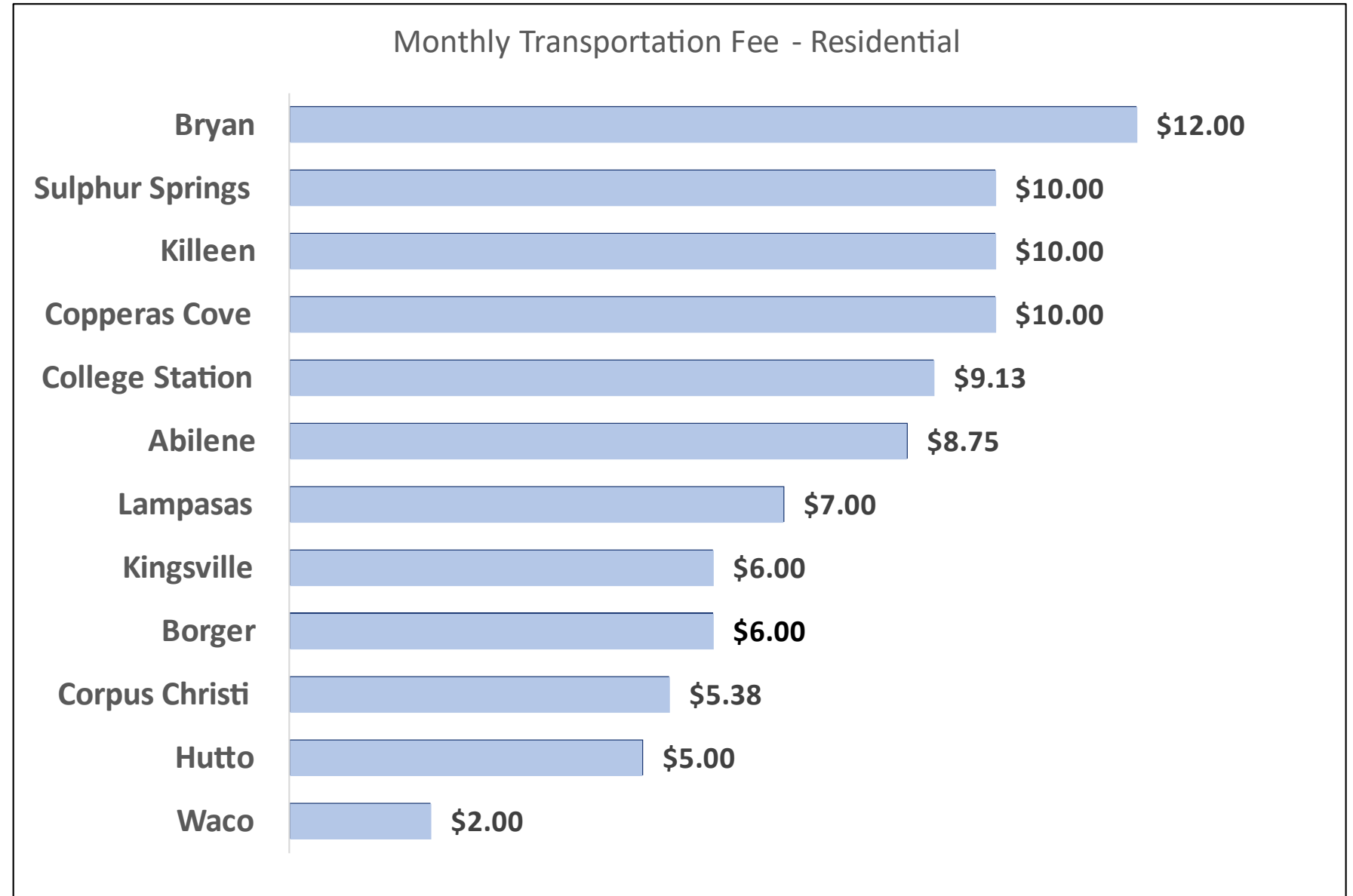
INTRODUCTION TO TRANSPORTATION USE FEES

- Groves could evaluate the potential for Transportation Use Fees (TUF), which are a proven source of additional revenue.
- Unlike general property taxes, these funds are dedicated to support transportation needs.
- Costs would be allocated to residents and businesses based on the relative amount of vehicle traffic generated. This serves as an equitable basis for charging properties for demands placed on, and benefits received from, the transportation system.

OTHER SIMILAR FEE COMPARISONS

Fees compared may go by several names, including:

- Transportation Utility Fee
- Street Maintenance Fee
- Roadway Maintenance Fee



METHODOLOGY

Overview of NewGen's 5-Step Process

Access trip generation data

Create simplified land use categories

Identify non-residential parcels

Assign parcels to land use categories

Calculate totals trips for each parcel

METHODOLOGY

Trip Generation Data

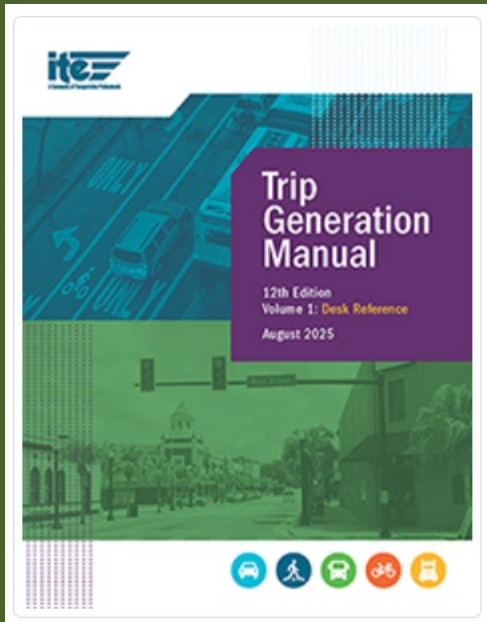
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METHODOLOGY

Trip Generation Data

Trip Generation Data

- The key source of data is the *Trip Generation Manual, 12th Ed.*, recently updated August 2025 by the Institute for Transportation Engineers (ITE)
 - An industry-recognized source of data for establishing a TUF, e.g., used by Abilene, Austin, Copperas Cove, Corpus Christi, Killeen, and Waco
- Data on the number of vehicle trips generated by different types of developments, based on surveys across the US
- NewGen uses the ITE's trip generation rates to calculate the average number of trips during peak evening hours (4 to 6 p.m. and may be adjusted for pass-by rates)

METHODOLOGY

Simplified Land Use Categories

Access trip generation data

Create simplified land use categories

Identify non-residential parcels

Assign parcels to land use categories

Calculate totals trips for each parcel

Simplified Land Use Categories

- The land use categories in the ITE Trip Generation Manual were consolidated into a smaller number of categories.
 - From ITE's 167 land uses, NewGen typically proposes 50 or fewer grouped and simplified categories.
 - "General Retail & Services" is one example. This was applied to parcels with multiple business types present; e.g., a shopping center with a restaurant, hair salon, and hardware store.
- Reasons for using simplified categories:
 - Consolidating more general land uses increases the sample sizes
 - Reduces likelihood of misclassifying similar land uses
 - Reduces complexity for staff in administering the fee.

METHODOLOGY

Simplified Land Use Categories

- The Project Team calculated a trip generation rate for each simplified land use category. This was the average of the land use types in the ITE Trip Generation Manual.

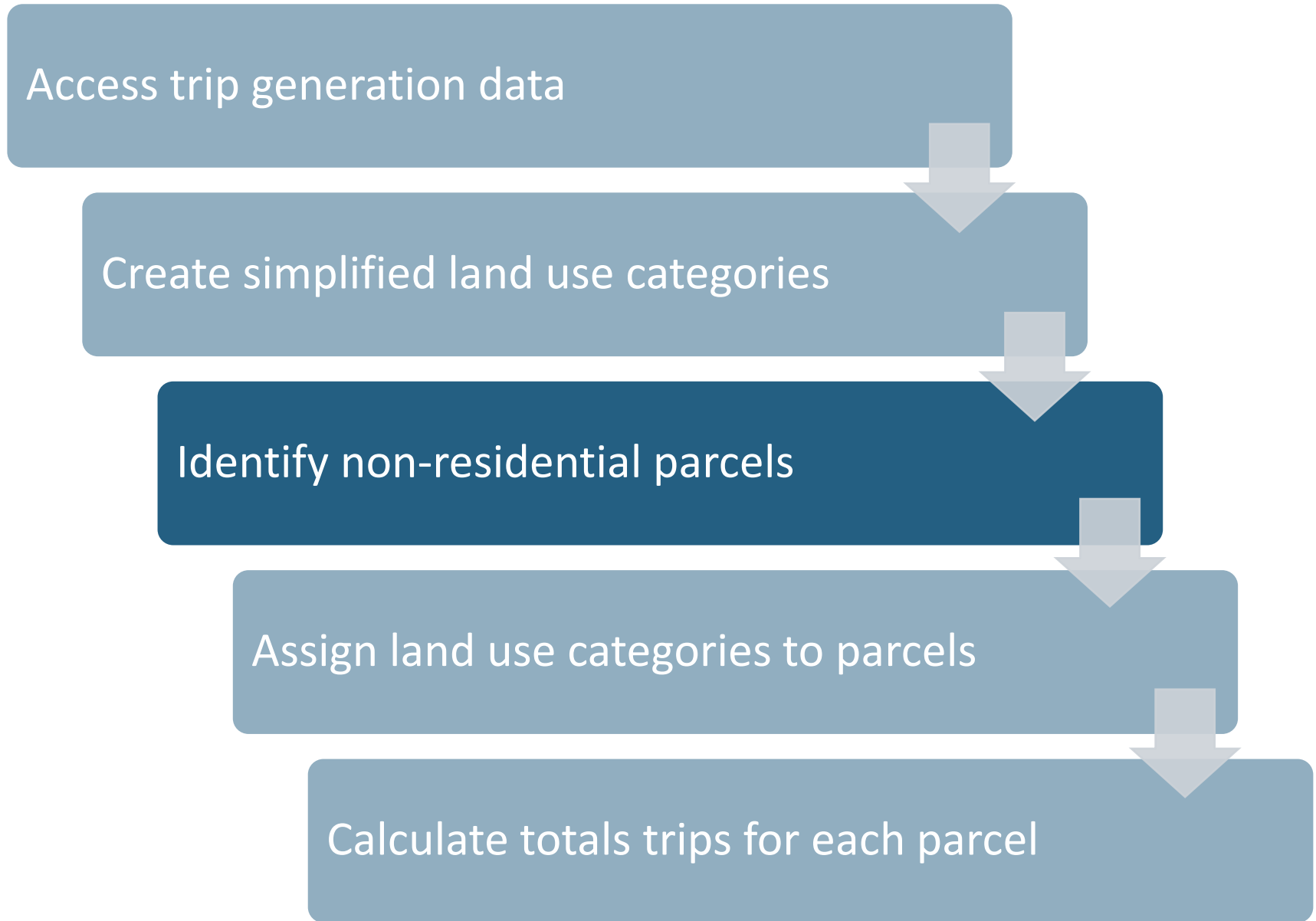
Example Trip Generation Rate for a Simplified Category

Land Use Category	Trips per Room (weekday, 4–6 p.m.)
Simplified Land Use Category:	
Hotel/Motel	0.41
ITE Land Use Categories:	
Hotel	0.59
All Suites Hotel	0.36
Business Hotel	0.31
Motel	0.36
Resort Hotel	0.41

- Trips generation rates were expressed relative to those of single-family homes; that is, as Single-Family Equivalents (SFEs).

METHODOLOGY

Identify Non-Residential Parcels



METHODOLOGY

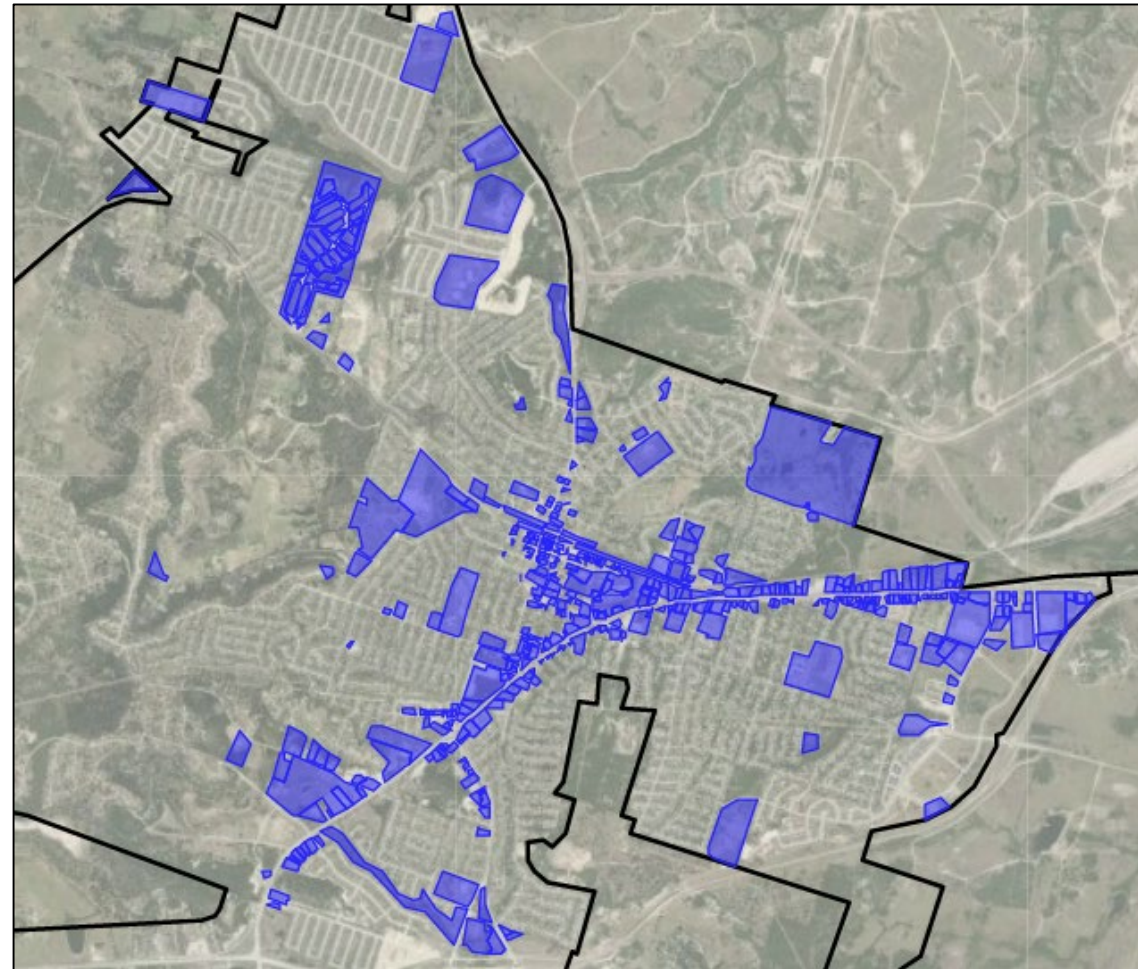
Identify Non-Residential Parcels

Identifying Non-Residential Parcels

- When estimating total trips as part of a TUF:
 - **Residential** properties are assumed to have the same number of trips per dwelling
 - **Non-residential** trips are estimated using data specific to each property, such as square feet of floor space.
- It is then necessary to identify non-residential parcels. These are identified through a combination of:
 - **Utility billing data** matching commercial billing accounts to a parcel; and
 - **Central Appraisal District (CAD) data** – additional commercial parcels may be identified from CAD data based on their state codes

- The map below illustrates non-residential parcels identified

Non-Residential Properties



METHODOLOGY

Identify Non-Residential Parcels

METHODOLOGY

Assign Land Use Categories

Access trip generation data

Create simplified land use categories

Identify non-residential parcels

Assign parcels to land use categories

Calculate totals trips for each parcel

METHODOLOGY

Assign Land Use Categories

Assigning Each Parcel to a Land Use Category

- Each parcel is generally assigned to a simplified land use category
- **Non-residential parcels** – the Project Team uses Google Street View and other information found online to identify the most appropriate land use category
- **Residential parcels** – these are assigned to one of the following categories, primarily based on CAD data
 - Single Family (assumed 1 dwelling)
 - Duplex/Townhouse (assumed 2 dwellings)
 - Multifamily (assumed 1 dwelling per 1,000 sq feet)
 - Mobile Home Park (dwellings manually identified)

METHODOLOGY

Calculate Total Trips

Access trip generation data

Create simplified land use categories

Identify non-residential parcels

Assign parcels to land use categories

Calculate totals trips for each parcel

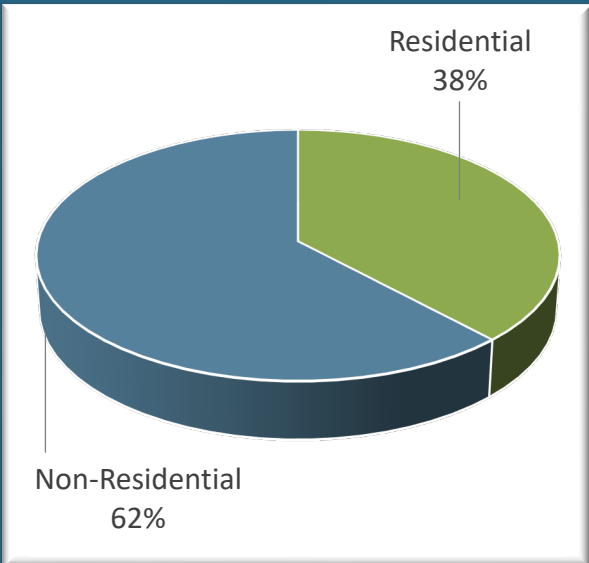
Calculate Total Trips

- The final step is to identify the number of trips associated with each parcel
- This is based on the trip generation rate multiplied by the variable of interest, such as number of dwellings or square feet of living area

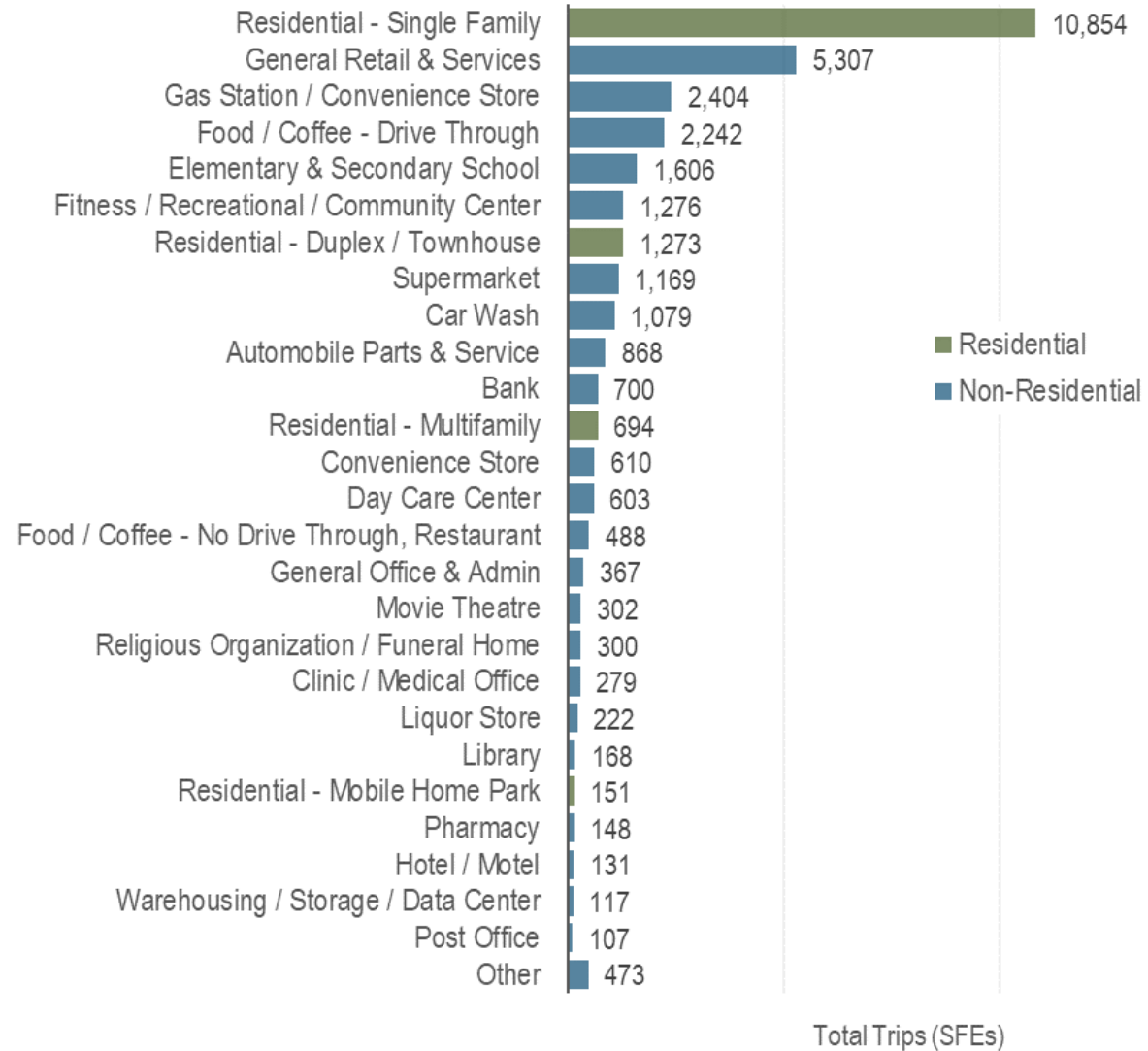
Examples of Total Trip Calculations

Example	Simplified Land Use Category	Trip Rate (SFEs) (A)	Variable	Example Variable Value (B)	Total Trips (A x B)
A Single-family home	Residential – Single Family	1.00	Per dwelling	1 dwelling	1.0
A duplex	Residential – Duplex/Townhouse	0.61	Per dwelling	2 dwellings	1.2
A real estate office	General Office & Admin	1.66	Per 1,000 sq. ft.	2.2 thousand sq. ft.	3.7
A barber shop	General Retail & Services	3.83	Per 1,000 sq. ft.	1.4 thousand sq. ft.	5.4
A hotel	Hotel/Motel	0.43	Per room	49 rooms	21.1
A gas station	Gas Station/ Convenience Store	16.93	Per vehicle fueling point	8 fueling points	135.4

RESULTS - TOTAL SFE TRIPS



Example Community Single Family Equivalent Trips



RESULTS

Potential Revenue

Estimating Revenue

- Each property could be charged a monthly fee based on its estimated number of total trips
 - For example, once a \$1 fee revenue potential is established, the City Council could scale the fee to fit the needs of the utility
- The revenue generated at different fee levels would be calculated and recommended to meet City funding objectives.
- Like other utilities, NewGen recommends the utility be reviewed and rates adjusted if needed each budget cycle.

TRANSPORTATION FEE STUDY KEY FACTORS



Balance of fee structure being simple, equitable, and implementable



Determination of Land Use Categories



Messaging and Communication



Assigning Land Use Categories to Utility Bill Accounts



Public Acceptance of Fee Value

IMPLEMENTATION NEXT STEPS

The following lists additional steps that would be required prior to the implementation of a TUF:

- **Linking billing accounts to parcels** - Property tax parcels must be linked to utility billing accounts to facilitate billing
- **Residential dwellings** –Identification is needed of single-family homes versus duplexes, and the number of units in multi-family buildings
- **Review of land use allocations** –Local insights can be used to refine land use categories assigned to commercial properties
- **Decisions on exemptions** – Policy decisions are required to determine discretionary exemptions
- **Decisions on rate design** – Council guidance will be required on final desired rate design
- **Education plan** – Citizens will need to be educated on the need for and structure of fee
- **Establish the Transportation Utility** –Ordinance will need to be drafted and adopted after legal review; amend City Fee Schedule