

**MEMORANDUM**

To: Steve Mumford, Interim City Manager/Community Development Director, Eagle Mountain City  
 Mark Christensen, City Manager, Saratoga Springs

From: LRB Public Finance Advisors

Date: May 21, 2024

RE: New School District Feasibility Study Findings

Pursuant to Section §53G-3-102(4)(a)(ii), LRB was commissioned to assess the financial viability, the financial impact, and tax impact of the creation of a new school district made up of the municipal boundaries of Saratoga Springs, Eagle Mountain, Cedar Fort, and Fairfield (the New District). This analysis focuses primarily on the impacts of creating a new school district and reviewing the impacts to major funds including the General Fund, Capital Projects Fund and Debt Service Fund. It outlines projections based on reasonable assumptions and available data from Alpine School District (ASD), the New District, the Utah State Board of Education (USBE) and other sources. This report also includes projections regarding start-up costs and the potential for new capital facilities. The financial analysis concludes by outlining the tax burden on property owners within the proposed new school district.

**BASE FINANCIAL ASSUMPTIONS**

The enrollment projections developed use FY 2023 projected enrollment growth from ASD as the base. For purposes of determining the projected enrollment, LRB evaluated historic enrollment data from ASD for each City within ASD and applied an annual average growth rate (AAGR) to subsequent years that aligns with those findings.

The ratio of enrollment for each district was used to forecast weighted pupil units (WPU). The number of WPUs provided to each school district within the State is based on number of students enrolled, number of special education students, and other weighted factors. The forecasted WPUs are calculated based on an historic average of 0.970 WPUs per student (calculated using WPU data from FY 2018 – FY 2024 estimates). WPUs are calculated for each district based on percent enrollment and average WPUs per student.

**TABLE 1.1: ENROLLMENT AND WPU PROJECTIONS**

FISCAL YEAR	ASD		NEW DISTRICT		REORGANIZED ASD		NEW DISTRICT % OF TOTAL	REORGANIZED DISTRICT % OF TOTAL
	ENROLLMENT	WPUS	ENROLLMENT	WPUS	ENROLLMENT	WPUS		
2023 <sup>[1]</sup>	84,668	81,170	24,184	23,185	60,484	57,985	28.56%	71.44%
2024	84,250	83,939	24,680	24,589	59,570	59,350	29.29%	70.71%
2025	85,252	84,937	25,541	25,447	59,710	59,490	29.96%	70.04%
2026	86,323	86,005	26,433	26,335	59,890	59,669	30.62%	69.38%
2027	87,466	87,144	27,356	27,255	60,111	59,889	31.28%	68.72%
2028	88,682	88,355	28,310	28,206	60,372	60,149	31.92%	68.08%
2029	89,973	89,641	29,299	29,191	60,674	60,450	32.56%	67.44%

<sup>[1]</sup> Projections reflect ASD projections (see *Alpine School District Reconfiguration Data, May 8, 2024*).

Taxable value is fundamental to projections of future fiscal impact on the New District and the division of assets and liabilities, including debt. Taxable value forms the basis for local revenues, as well as the ability of a district to bond for capital infrastructure.<sup>1</sup> To determine taxable value growth, an estimate of 2.25 percent new growth is applied to the District as a whole based on ASD’s FY 2024 Budget projections. Based on tax data for Saratoga

<sup>1</sup> Section §53G-3-307(3)

Springs and Eagle Mountain, this analysis assumes the New District would experience an estimated eight percent new growth multiplier, with the Reorganized District at 1.5 percent. There are a number of reasons why it is believed sustained taxable value growth for Saratoga Springs and Eagle Mountain will be achievable for the near future. These include the availability of affordable land for both residential and commercial development. Commercial growth for goods and services will continue to expand as residential growth continues to expand and both Saratoga Springs and Eagle Mountain have stated that they know they have the potential to develop additional commercial valuation to capture sales leakage occurring in the community. Based on these assumptions, it is estimated that the New District's taxable value will increase from 21 percent of the taxable value in 2025 to 26 percent by 2029.

**TABLE 1.2: FORECASTED TAXABLE VALUE**

FISCAL YEAR	ASD	NEW DISTRICT	REORGANIZED ASD	NEW DISTRICT % OF TOTAL	REORGANIZED DISTRICT % OF TOTAL
2025	\$54,604,602,181	\$11,461,741,149	\$43,142,861,032	20.99%	79.01%
2026	\$55,833,205,730	\$12,378,680,441	\$43,454,525,290	22.17%	77.83%
2027	\$57,089,452,859	\$13,368,974,876	\$43,720,477,983	23.42%	76.58%
2028	\$58,373,965,548	\$14,438,492,866	\$43,935,472,683	24.73%	75.27%
2029	\$59,687,379,773	\$15,593,572,295	\$44,093,807,478	26.13%	73.87%
<b>AAGR</b>	<b>2.25%</b>	<b>8.00%</b>	<b>0.55%</b>		

A comparison of the taxable value per student illustrates that the New District is slightly lower than projected for the other district scenarios. The lower taxable value will provide the New District with less local revenues per pupil, but will correspond with an increase in State revenues, as discussed in the General Fund analysis of this report.

**TABLE 1.3: COMPARISON OF TAXABLE VALUE RATIOS (FY 2023)**

	TOTAL VALUE	TV % OF TOTAL	ENROLLMENT	% ENROLLMENT	TV PER STUDENT
ASD	\$50,111,489,706	100%	84,668	100%	\$591,859
New District	\$9,826,595,635	20%	24,184	29%	\$406,326
Reorganized ASD	\$40,284,894,071	80%	60,484	71%	\$666,042

**GENERAL FUND ANALYSIS**

The General Fund includes all financial resources necessary for the general operation of the District. The General Fund is comprised of three major revenue sources: local, state and federal. Local funding is generated through the property taxes collected by the County. State Funds are distributed based on WPU assumptions and federal funds are earmarked for special purposes such as special education, special programs, vocational education, and nutrition services.

As a ratio of local revenues per pupil, the New District is projected to receive fewer local revenues per pupil than the other scenarios due to a lower taxable value per student. It is anticipated that State funds<sup>2</sup> will be increased to account for decreased local revenues as illustrated in **Table 1.4**.

<sup>2</sup> Section §53F-3



**TABLE 1.4: FORECASTED GENERAL FUND REVENUES**

FY	LOCAL REVENUE	STATE REVENUE	STATE ADD-ON	FEDERAL	TOTAL	PER STUDENT					DIFFERENCE FROM ASD
						LOCAL	STATE	STATE ADD-ON	FEDERAL	TOTAL	
<b>ASD</b>											
2025	\$202,032,193	\$543,123,050	\$54,167,732	\$34,492,270	<b>\$833,815,246</b>	\$2,370	\$6,371	\$635	\$405	\$9,781	
2026	\$206,550,059	\$567,094,060	\$57,025,900	\$35,624,369	<b>\$866,294,387</b>	\$2,393	\$6,569	\$661	\$413	\$10,035	
2027	\$211,171,815	\$593,397,512	\$60,176,853	\$36,818,045	<b>\$901,564,225</b>	\$2,414	\$6,784	\$688	\$421	\$10,308	
2028	\$215,899,872	\$621,338,693	\$63,543,992	\$38,076,521	<b>\$938,859,078</b>	\$2,435	\$7,006	\$717	\$429	\$10,587	
2029	\$220,736,698	\$651,021,577	\$67,202,125	\$39,403,198	<b>\$978,363,598</b>	\$2,453	\$7,236	\$747	\$438	\$10,874	
<b>NEW DISTRICT</b>											
2025	\$40,529,159	\$169,140,763	\$22,076,825	\$10,333,894	<b>\$242,080,641</b>	\$1,587	\$6,622	\$864	\$405	\$9,478	(\$303)
2026	\$43,636,990	\$179,830,052	\$22,685,868	\$10,908,482	<b>\$257,061,390</b>	\$1,651	\$6,803	\$858	\$413	\$9,725	(\$310)
2027	\$46,991,297	\$191,460,802	\$23,383,055	\$11,515,043	<b>\$273,350,197</b>	\$1,718	\$6,999	\$855	\$421	\$9,992	(\$315)
2028	\$50,611,730	\$203,840,753	\$24,069,203	\$12,155,358	<b>\$290,677,043</b>	\$1,788	\$7,200	\$850	\$429	\$10,267	(\$319)
2029	\$54,519,505	\$217,017,897	\$24,760,126	\$12,831,306	<b>\$309,128,835</b>	\$1,861	\$7,407	\$845	\$438	\$10,551	(\$323)
<b>REORGANIZED DISTRICT</b>											
2025	\$161,409,036	\$373,991,045	\$20,958,590	\$24,158,376	<b>\$580,517,047</b>	\$2,703	\$6,263	\$351	\$405	\$9,722	(\$58)
2026	\$162,689,100	\$387,270,327	\$22,485,688	\$24,715,888	<b>\$597,161,002</b>	\$2,716	\$6,466	\$375	\$413	\$9,971	(\$65)
2027	\$163,813,425	\$401,940,323	\$24,463,330	\$25,303,002	<b>\$615,520,081</b>	\$2,725	\$6,687	\$407	\$421	\$10,240	(\$68)
2028	\$164,763,660	\$417,498,560	\$26,657,486	\$25,921,163	<b>\$634,840,869</b>	\$2,729	\$6,915	\$442	\$429	\$10,516	(\$71)
2029	\$165,519,848	\$434,000,993	\$29,136,872	\$26,571,892	<b>\$655,229,605</b>	\$2,728	\$7,153	\$480	\$438	\$10,799	(\$75)

General fund expenditures for each scenario have been estimated based on existing ASD expenditures. LRB used historic growth rates, analyzed each expenditure function to determine any duplication of expenditures, researched staffing projections, and apportioned expenditures on a per building basis. These expenditure functions include instruction, student support services, and instructional support services. Other expenditure functions are used based on the percent of education facilities within each district, the percent of full-time equivalent (FTE) employees, or the proportion of total district facilities, including duplicate administrative facilities.

Using the most recent ASD budget estimates as the base (FY 2024), LRB inflated expenditures for subsequent years.<sup>3</sup> LRB also inflated expenditures based on WPU growth. It is anticipated that the creation of a new district could result in duplicated costs of approximately \$2.2M in 2025. The New District is projected to have the lowest per pupil expenditures among the scenarios in the early years. This is a result of the lower ratio of duplicate administrative costs as well as apportioning some costs on a per building and taxable value basis, in which the New District has a lower proportion relative to the District.

**TABLE 1.5. GENERAL FUND SUMMARY**

YEAR	TOTAL GF REVS	GF REVS PER STUDENT	TOTAL GF EXPENDITURES	GF EXPENDITURES PER STUDENT	NET GF	NET GF PER STUDENT
<b>ASD</b>						
2025	\$833,815,246	\$9,781	\$849,702,675	\$9,967	(\$15,887,429)	(\$186)
2026	\$866,294,387	\$10,035	\$881,120,853	\$10,207	(\$14,826,466)	(\$172)
2027	\$901,564,225	\$10,308	\$913,731,490	\$10,447	(\$12,167,265)	(\$139)
2028	\$938,859,078	\$10,587	\$947,580,697	\$10,685	(\$8,721,619)	(\$98)
2029	\$978,363,598	\$10,874	\$982,716,394	\$10,922	(\$4,352,796)	(\$48)
<b>NEW DISTRICT</b>						
2025	\$242,080,641	\$9,478	\$248,282,830	\$9,721	(\$6,202,189)	(\$243)
2026	\$257,061,390	\$9,725	\$262,603,082	\$9,935	(\$5,541,691)	(\$210)
2027	\$273,350,197	\$9,992	\$277,758,016	\$10,154	(\$4,407,819)	(\$161)
2028	\$290,677,043	\$10,267	\$293,796,703	\$10,378	(\$3,119,661)	(\$110)

<sup>3</sup> See ASD FY2024 Budget, p. 147 for inflationary increases utilized.



YEAR	TOTAL GF REVS	GF REVS PER STUDENT	TOTAL GF EXPENDITURES	GF EXPENDITURES PER STUDENT	NET GF	NET GF PER STUDENT
2029	\$309,128,835	\$10,551	\$310,771,121	\$10,607	(\$1,642,286)	(\$56)
<b>REORGANIZED DISTRICT</b>						
2025	\$580,517,047	\$9,722	\$603,698,296	\$10,110	(\$23,181,249)	(\$388)
2026	\$597,161,002	\$9,971	\$620,372,927	\$10,358	(\$23,211,926)	(\$388)
2027	\$615,520,081	\$10,240	\$637,530,414	\$10,606	(\$22,010,333)	(\$366)
2028	\$634,840,869	\$10,516	\$655,185,148	\$10,853	(\$20,344,279)	(\$337)
2029	\$655,229,605	\$10,799	\$673,351,958	\$11,098	(\$18,122,353)	(\$299)

While the New District is projected to have a fund deficit, the New District’s high growth in taxable value and enrollment suggests the New District may overcome the General Fund deficit beyond the study period.

### CAPTIAL PROJECTS ANALYSIS

Based on the current tax levies provided from ASD, LRB projected future capital outlay revenues for each scenario. The Capital Projects Fund can be augmented by state support programs titled Enrollment Growth and Foundation Guarantee. Through these funds, districts with a smaller tax base (per pupil) and higher growth can receive additional support revenues. LRB projected these funds using state allocation formulas.

Expenditures are allocated to each district based primarily on the percentage of education buildings within each district, including technical and specialty schools, which are inflated at one percent. Land acquisition, land improvement, building acquisition and construction, and building improvement costs were zeroed out for future projections to prevent a duplication of costs as this fund does not address the bond needs identified in the five-year bond plan. Rather, these capital needs are fully funded within the Debt Service Fund (see **Table 1.6**). This results in a positive fund balance within the Capital Projects Fund for each district and thus there is no tax increase within the Capital Projects Fund. Surplus revenues within the Capital Projects Fund are utilized to offset future debt service expense at approximately \$65M.

### DEBT SERVICE ANALYSIS

The majority of the Debt Service Fund revenues come from local property taxes, with a small portion of revenue coming from interest and other categories. The current ASD Debt Service tax rate is 0.001020. As a result of the Debt Service Fund revenue relying on local property tax, the feasibility of a new district will be influenced by the level of debt needed versus the taxable value available to assess the necessary revenues. Thus, the capital facility needs above the capital fund rates combined with each district’s taxable value per pupil will likely result in a need to increase the rate necessary for the repayment of debt in the short term within the new school district.

There are three major components included in the analysis of this fund: the allocation of outstanding bonds, new bonding needs as identified by ASD, and start-up costs. Utah Code stipulates the transfer of outstanding debt is determined by calculating the ratio of total taxable value in the year immediately preceding the creation of the New District which is 2024 for the purposes of this analysis. As a result, the New District would be responsible for 20 percent of the outstanding debt. New bonding in this analysis is based on existing ASD recommendations. Last, start-up costs relative to a New District Office, legal fees, moving costs, and computer system costs were also identified. It is important to note that \$12,500,000 in unassigned fund balance from ASD was allocated to each district based on the ratio of enrollment for purposes of funding start-up costs.<sup>4</sup>

<sup>4</sup> Section §53G-3-302(4)(b)



**TABLE 1.6: DEBT SERVICE SUMMARY**

YEAR	AUTHORIZED DEBT	PROPOSED NEW DEBT	TOTAL	OBLIGATION PER STUDENT
<b>ASD</b>				
2025	\$68,255,190	\$37,956,410	\$106,211,600	\$1,246
2026	\$46,585,605	\$37,956,410	\$84,542,015	\$979
2027	\$44,711,305	\$37,956,410	\$82,667,715	\$945
2028	\$39,645,005	\$37,956,410	\$77,601,415	\$875
2029	\$39,652,255	\$37,956,410	\$77,608,665	\$863
<b>NEW DISTRICT</b>				
2025	\$13,384,478	\$16,424,394	\$29,808,872	\$1,167
2026	\$9,135,188	\$16,424,394	\$25,559,582	\$967
2027	\$8,767,648	\$16,424,394	\$25,192,042	\$921
2028	\$7,774,174	\$16,424,394	\$24,198,568	\$855
2029	\$7,775,596	\$16,424,394	\$24,199,989	\$826
<b>REORGANIZED DISTRICT</b>				
2025	\$54,870,712	\$17,421,399	\$72,292,111	\$1,211
2026	\$37,450,417	\$17,421,399	\$54,871,816	\$916
2027	\$35,943,657	\$17,421,399	\$53,365,056	\$888
2028	\$31,870,831	\$17,421,399	\$49,292,230	\$816
2029	\$31,876,659	\$17,421,399	\$49,298,059	\$813

**TAX IMPACT**

In summary, this analysis combined each fund discussed in this analysis into a comprehensive table based on the tax impact per \$450,000 primary residential home. The tables below show the projected tax rate needed within the three funds analyzed should a district division occur. It is important to note that for the purposes of evaluating impacts, the study assumes a starting period of FY 2025.

**TABLE 1.7: NEW DISTRICT GENERAL FUND TAX IMPACT**

YEAR	TOTAL GF EXPENDITURES	TOTAL REVENUES	NET GENERAL FUND	TAXABLE VALUE	BASELINE TAX RATE	TAX RATE NEEDED	TAX RATE INCREASE
2025	\$248,282,830	\$242,080,641	(\$6,202,189)	\$11,461,741,149	0.003340	0.003881	0.000541
2026	\$262,603,082	\$257,061,390	(\$5,541,691)	\$12,378,680,441	0.003340	0.003788	0.000448
2027	\$277,758,016	\$273,350,197	(\$4,407,819)	\$13,368,974,876	0.003340	0.003670	0.000330
2028	\$293,796,703	\$290,677,043	(\$3,119,661)	\$14,438,492,866	0.003340	0.003556	0.000216
2029	\$310,771,121	\$309,128,835	(\$1,642,286)	\$15,593,572,295	0.003340	0.003445	0.000105

**TABLE 1.8: NEW DISTRICT CAPITAL OUTLAY TAX IMPACT**

YEAR	CAPITAL OUTLAY EXPENDS	TOTAL REVENUES	NET CAPITAL OUTLAY	TAXABLE VALUE	BASELINE TAX RATE	TAX RATE NEEDED	TAX RATE INCREASE
2025	\$6,172,567	\$23,448,838	\$17,276,271	\$11,461,741,149	0.001065	0.001065	-
2026	\$6,209,760	\$22,648,117	\$16,438,357	\$12,378,680,441	0.001065	0.001065	-
2027	\$6,247,325	\$23,461,306	\$17,213,981	\$13,368,974,876	0.001065	0.001065	-
2028	\$6,285,265	\$24,052,590	\$17,767,325	\$14,438,492,866	0.001065	0.001065	-
2029	\$6,323,585	\$24,600,489	\$18,276,904	\$15,593,572,295	0.001065	0.001065	-

**TABLE 1.9: NEW DISTRICT DEBT SERVICE TAX IMPACT**

YEAR	TOTAL DEBT	TAXABLE VALUE	TAX RATE UNDER ASD	TAX RATE NEEDED	TOTAL TAX RATE INCREASE
2025	\$29,808,872	\$11,461,741,149	0.0019450	0.0026007	0.0006557
2026	\$25,559,582	\$12,378,680,441	0.0015140	0.0020648	0.0005508
2027	\$25,192,042	\$13,368,974,876	0.0014480	0.0018844	0.0004364
2028	\$24,198,568	\$14,438,492,866	0.0013290	0.0016760	0.0003470
2029	\$24,199,989	\$15,593,572,295	0.0013000	0.0015519	0.0002519



**TABLE 1.10: NEW DISTRICT DEBT SERVICE TAX IMPACT**

YEAR	TAX RATE NEEDED	TAX PER HOUSEHOLD (\$450,000 RESIDENTIAL) (ANNUALLY)	TAX PER HOUSEHOLD (MONTHLY)
2025	0.001197	\$296.19	<b>\$24.68</b>
2026	0.000999	\$247.20	<b>\$20.60</b>
2027	0.000766	\$189.68	<b>\$15.81</b>
2028	0.000563	\$139.34	<b>\$11.61</b>
2029	0.000357	\$88.34	<b>\$7.36</b>

When all major funds are considered (General Fund, Capital Projects and Debt Service), property owners within the New District will likely experience a tax increase, as shown in **Table 1.10**. This is driven by several factors including duplicate O&M costs, start-up costs, and new capital needs. However, as shown in **Table 1.10**, the tax per household decreases annually and is reasonable to assume it may continue to decrease over time.

**ALTERNATIVE CONSIDERATION**

The allocation of General Fund expenditures is driven primarily by proportionate enrollment in each district, with consideration of duplicate expenses. If the majority of the General Fund is allocated based on percentage of schools within each district, similar to the MGT study, then the shortfall in the General Fund may be reduced or eliminated. This would result in a lower tax impact in the short-term as the primary driver of the impact to the New District will be debt service related. However, the objective of building additional schools within the New District will likely result in an increase in General Fund expenses over time.

**VIABLE CONCLUSION**

In conclusion, noting that our analysis estimates that the cost per average household to form a new district will be in the range of \$24.67 per month declining to \$7.33 per month we are of the opinion that the new school district is a viable alternative to the existing school district.

The benefit obtained in forming a new school district is more localized control and a district that may be more unified in meeting the needs of students in this high growth area where voters interests in supporting new facilities may be more aligned with one-another.

