San Juan County
Bluff Incorporation Feasibility Study

June 19, 2017

1 EXECUTIVE SUMMARY

The results of this study indicate that incorporation is feasible for Bluff, based on the requirements of Utah Code 10-2a-303.

- Under the direction of John Taylor, Silas S. Smith and a Danish settler Jens Nielson, a road building and settlement mission of 230 Mormons originally settled and organized the Town of Bluff in April of 1880, the first non-tribal settlement in what is now San Juan County, Utah.

- The proposed incorporated Town of Bluff would have an initial population of 265 persons and 25 current businesses employing 167 persons.

- Bluff is located in the southern portion of San Juan County on U.S. Highway 164 and proposes to incorporate 38 square miles into the Town.

- Anticipated Bluff future population growth is based on historic trends and an estimate of approximate 2-3 new residential/commercial building permits per year.

The proposed new Town of Bluff will be at breakeven for anticipated expenses and revenues in the first year (2018) at current service levels and five years into the future. Revenues will not exceed expenses by the 10% limit.

Not including start-up costs and revenue lags, the ratio of revenues to expenditures in Bluff's budget in 2018 is 100% percent if the community contracts for essential services including police, solid waste, and roads.

If Bluff incorporation occurs, the San Juan County Service Area #1 which has a mill rate of 0.001128 and which generated $19,500 in 2017 is expected to be "transferred" to the new Town of Bluff.

Those property tax revenues along with the estimated sales and use taxes and the Class C Road Funds from the State of Utah appear to be sufficient to maintain the current levels of services to the Town of Bluff.

Typical start-up costs and revenue lags are in addition to those shown in the budgets.

2 Current and Projected Demographics and Economic Base

Utah Code 10-2a-302(7) (b): The financial feasibility study shall consider the:

(i) Population and population density within the area proposed for incorporation and the surrounding area;

(ii) current and five-year projections of demographics and economic base in the proposed Town and surrounding area, including household size and income, commercial and industrial development, and public facilities.

(iii) projected growth in the proposed town and in adjacent areas during the next five years;

Bluff Town History[1]

Bluff is a Beautiful Town with a Prehistoric Past.

Native Americans The Ancestral Puebloans (also known as the Anasazi Basketmakers) were the first humans to establish permanent settlements in Bluff, building small pit houses at first, then larger, multi-room cliff dwellings (Pueblo), and in some locations multi-story great houses. Archeologists date these settlements to around 650 A.D. By 1300 A.D.; the Ancestral Puebloans had vanished from the area. Abandoned dwellings, burial sites, petroglyphs, and pottery shards remain, telling the stories of ancient inhabitants who were well adapted to this country many centuries ago.

Following the prehistoric cultures, nomadic tribes of Paiutes, Utes, and Navajos were well established in the San Juan country area by the late 1500′s. San Juan Band Paiutes hunted rabbits, deer and mountain sheep; foraged for seeds and roots, and irrigated corn, squash, and melons along the river bottoms. Utes took full advantage of the introduction of the horse and lived a life similar to the Plains Indian cultures.

In the mid-19th century, Utes were hired by explorers and pioneer groups to guide expeditions and fight neighboring Navajos, who had migrated from northern Canada and spread into southern Utah. Navajos farmed the San Juan River flood plains and pastured sheep in the nearby mountains. After some conflicts, government military campaigns, and the tragic Long Walk to New Mexico, the Southwestern domain was once again opened to Native American and Anglo use which precipitated rapid and dramatic changes to the Navajo and Ute ways of life. While Paiutes no longer have a presence in the region, these three Native American tribes played significant roles in the development of the area.

Anglo Settlement Spanish explorers in the 1700′s may have traversed this area, but no white settlers called the Bluff Valley home until 1878. Historic

[1] Bluff Town History, Business Owners of Bluff, http://bluffutah.org/town-history/

Bluff City was founded in 1880 by the famous “Hole in the Rock” expedition of Mormon (Latter-Day Saints) pioneers, whose mission was to establish an agrarian community on the San Juan River. The original Bluff Fort and historic village of log homes were laid out with a church, school, and co-op store in the center and was surrounded by agricultural fields and orchards. Farming along the San Juan River proved uncertain, for the river either flooded or went dry too often for dependable irrigation. During the livestock boom period, 1886-1905, Bluff’s original rough log cabins were replaced by substantial hand-hewn red sandstone houses in the Victorian Eclectic style, some quite large and elegant, others built of wood frame lumber. Several of these homes are listed on the National Historic Register.

Because they could not tame the San Juan River, many of the original pioneer families left Bluff for Grayson, Utah, now known as Blanding, Utah, twenty-five miles to the north.

Bluff’s 20th-century economic history is replete with the rise and fall of mining ventures in coal, gold, oil, and uranium, together with the challenges of cattle ranching and farming along the erratic San Juan River.

Bluff Today, Bluff is now an active center for artists, writers, crafts people, archaeologists, and retirees, as well as those involved in traditional farming and ranching. Tourism has also become a strong component of the local economy. Bluff is in the center of the Grand Circle, an itinerary which links many iconic western National Parks, Tribal Parks, National Monuments and State Parks. Bluff is near a public launch site for the San Juan River, and also a great base to explore the canyons of Cedar Mesa and Grand Gulch.

Current and Projected Population and Population Density Projection

The estimated 2016 Bluff population is 265, based on 2010 Census block data. The 2016 population was estimated from Census block data that best matched the proposed area.

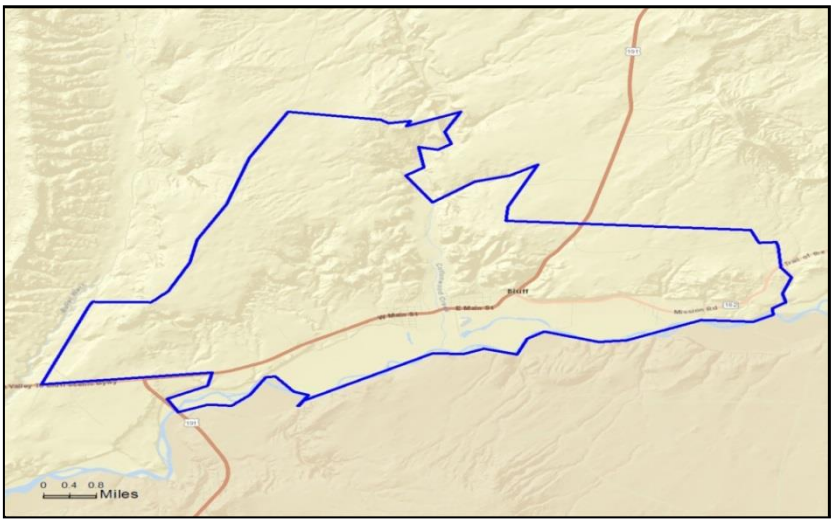
Town: Bluff CDP

County: San Juan County

State: Utah***Code:*** 84512

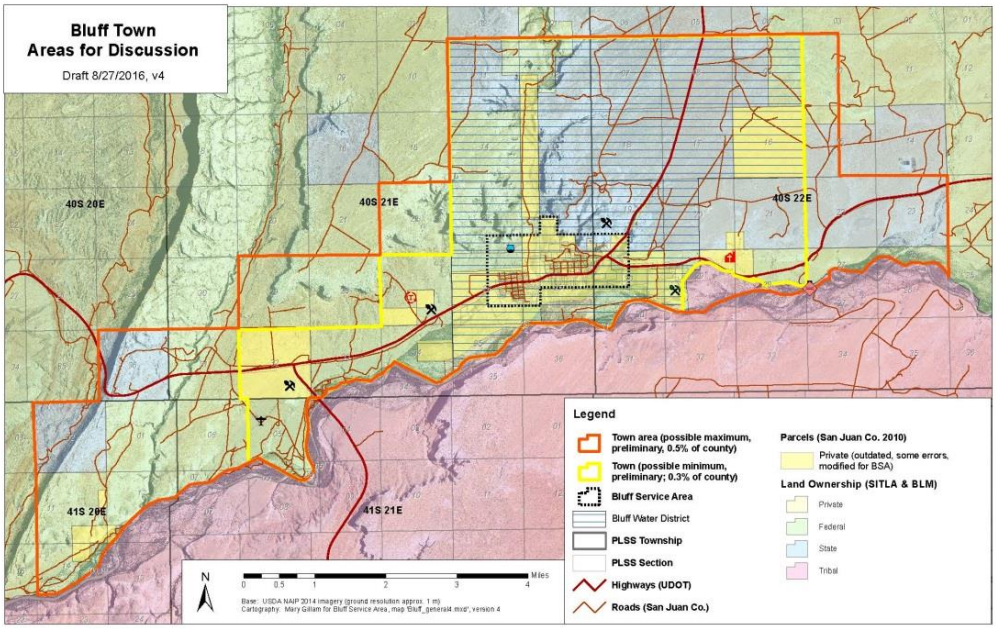
Census Tract: 49037978200

Census Block Group: 490379782001



Although the boundaries of the Bluff CDP differ from the proposed incorporation boundaries, the additional area doesn't appear to include areas with any significant population or business activity.

The map below shows the incorporation boundaries of the proposed Town of Bluff.



The proposed town of Bluff would comprise 24,350 acres or 38 square miles, and yet still represent only ½ of 1% of San Juan County. Of the proposed incorporation area, SITLA and BLM lands will comprise 16.5 sq miles.

The Census Block Group data provides a reliable estimate of the population in the study area. Comparisons of the population and other demographic information the proposed Bluff Town area with the adjacent communities of Blanding and Monticello are shown below using the most recent demographic estimates for all of San Juan County from the Census, and ESRI forecasts for 2016 and 2021.

The current population of the proposed incorporated area is estimated to be 265 and represents 2% of San Juan County. Bluff will have the smallest incorporated population but is growing faster than Monticello, the County Seat.

Table 2-1: Population of Bluff and the Surrounding Areas

Population Summary	Bluff	Blanding	Monticello	San Juan County
2000 Population	351	3,030	1,965	14,413
2010 Census Population	258	3,265	1,959	14,746
2016 Population Projection	265	3,557	2,037	15,473
2021 Population Projection	272	3,749	2,087	16,018
2016-2021 Population Annual Rate	0.52%	1.06%	0.49%	0.69%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021

Households are often used as a measure of community growth, and Bluff currently has 132 households living in 179 housing units. This discrepancy is likely due to housing that is occupied only on a seasonal basis.

Table 2-2: Households in Bluff and the Surrounding Areas

Households Summary	Bluff	Blanding	Monticello	San Juan County
2010 Housing Units	179			
2016 Households Projection	132	1,043	623	4,652
2021 Households Projection	134	1,092	636	4,790
2016-2021 Annual Rate	0.45%	0.92%	0.37%	0.59%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021

Population and population density within the area proposed for incorporation and the surrounding area.

Table 2.3: Population and Population Density in Bluff and Surrounding Areas

Population Density Summary	Bluff	Blanding	Monticello	San Juan County
2016 Population Projection	265	3,557	2,037	15,473
Land Area (Square Miles)	22.6	10.97	4.47	7,819.98
2016 Population Density	11.73	324.25	455.7	1.98

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021

The proposed Bluff Town area Population Projections

Bluff and the surrounding areas are expected to grow slowly over the next five years.

Table 2.4: Current Population and Population Projections in Bluff

Population Summary	Bluff	Blanding	Monticello	San Juan County
2000	351	3,030	1,965	14,413
2010 Census	258	3,265	1,959	14,746
2016 Population Projection	265	3,557	2,037	15,473
2021 Population Projection	272	3,749	2,087	16,018
2016-2021 Annual Rate	0.52%	1.06%	0.49%	0.69%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021

Population Growth

The proposed Bluff Town area's population is expected to grow at a slower rate than San Juan County as a whole, the State of Utah and the U.S.

Table 2.5: Population Growth Rates in Bluff and Surrounding Areas

Trends: 2016 - 2021 Annual Rate	Bluff	San Juan County	Utah State	US National
Population	0.52%	0.69%	1.52%	0.84%
Households	0.45%	1.46%	1.46%	0.79%
Families	0.00%	1.42%	1.42%	0.72%
Owner HH's	0.51%	1.51%	1.51%	0.73%
Median Household Income	2.80%	2.59%	2.59%	1.89%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021

Income

The proposed Bluff Town area's median household income is expected to increase by 15 percent from 2016 to 2021. This increase is higher than other surrounding communities. Median household incomes in Blanding and Monticello are projected to increase by 7% and 9% respectively. Only Bluff is anticipated to have a median income above the projected San Juan County estimates.

Table 2.7: Household Income in Study Area and Surrounding Communities

Income Summary	Bluff	Blanding	Monticello	San Juan County
Median Household Income 2016	$37,247	$51,668	$54,816	$45,531
Median Household Income 2021	$42,763	$55,297	$59,836	$51,221
Projected 2016-2021 Change	15%	7%	9%	12%
Per Capita Income 2016	$20,706	$18,062	$20,619	$17,364
Per Capita Income 2021	$22,142	$19,448	$22,409	$18,845
Projected 2016-2021 Change	7%	8%	9%	9%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021

Age

Comparing changes in median ages, the proposed Bluff Town area's median age much older than Blanding, Monticello and San Juan County as a whole, but is expected to decline from 2010 levels.

Table 2.8: Age in Study Area and Surrounding Communities

Age Summary (years)	Bluff	Blanding	Monticello	San Juan County
Median Age 2010	51	26.3	32.5	29.9
Median Age 2016	40.4	28.2	34.1	30.7
Median Age 2021	40.8	29	35	31.5

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021

Home Values

The proposed Bluff Town area's median home value is currently slightly less than those in Blanding and Monticello but is expected to eclipse them by 2021. All of the communities, including Bluff, have median incomes above the County median and projected estimate.

Table 2.9: Median Home Value in Study Area and Surrounding Communities

Median Home Value Summary	Bluff	Blanding	Monticello	San Juan County
Median Home Value 2016	$160,714	$161,986	$161,774	$132,588
Median Home Value 2021	$197,727	$195,690	$175,191	$160,557

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021

Housing Unit Summary

Comparing housing units, Bluff has more rental occupied and vacant housing units than Blanding, Monticello and San Juan County as a whole.

Table 2.10: Housing Units in Study Area and Surrounding Communities

Housing Unit Summary	Bluff	Blanding	Monticello	San Juan County
2000 Housing Units	179	941	716	5,449
Owner Occupied Housing Units	52.00%	66.60%	67.30%	59.50%
Renter Occupied Housing Units	38.00%	24.80%	17.70%	15.50%
Vacant Housing Units	10.10%	8.60%	14.90%	25.00%
2010 Housing Units	179	1,072	717	5,734
Owner Occupied Housing Units	49.70%	61.00%	65.10%	63.00%
Renter Occupied Housing Units	22.30%	30.40%	20.20%	15.60%
Vacant Housing Units	27.90%	8.60%	14.60%	21.40%
2016 Housing Units	184	1,171	742	6,021
Owner Occupied Housing Units	41.80%	60.30%	62.50%	60.30%
Renter Occupied Housing Units	29.30%	28.80%	21.40%	17.00%
Vacant Housing Units	28.80%	10.90%	16.00%	22.70%
2021 Housing Units	188	1,233	759	6,207
Owner Occupied Housing Units	42.00%	60.70%	62.50%	60.30%
Renter Occupied Housing Units	29.30%	28.00%	21.30%	16.80%
Vacant Housing Units	28.70%	11.40%	16.20%	22.80%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021

Commercial and Industrial Development

There are currently 19 active business licenses in the study area. Three are for gravel pits, two are commercial, and 14 are home occupations.

Table 2.11: Business and Employees in Study Area

Bluff Business Summary	Bluff Study Area
Total Businesses:	25
Total Employees:	167
Total Residential Population:	265
Employee/Residential Population Ratio:	0.63:1

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021

Table 2.12: Types of Business in Study Area

Bluff Business Summary	Business #	Business %	Employees #	Employees %
Agriculture & Mining	0	0.00%	0	0.00%
Construction	1	4.00%	1	0.60%
Manufacturing	0	0.00%	0	0.00%
Transportation	2	8.00%	5	3.00%
Communication	0	0.00%	0	0.00%
Utility	1	4.00%	2	1.20%
Wholesale Trade	0	0.00%	0	0.00%
Retail Trade Summary	4	16.00%	36	21.60%
Home Improvement	0	0.00%	0	0.00%
General Merchandise Stores	0	0.00%	0	0.00%
Food Stores	0	0.00%	0	0.00%
Auto Dealers, Gas Stations, Auto Aftermarket	1	4.00%	6	3.60%
Apparel & Accessory Stores	0	0.00%	0	0.00%
Furniture & Home Furnishings	0	0.00%	0	0.00%
Eating & Drinking Places	2	8.00%	24	14.40%
Miscellaneous Retail	1	4.00%	6	3.60%
Finance, Insurance, Real Estate Summary	1	4.00%	0	0.00%
Banks, Savings & Lending Institutions	1	4.00%	0	0.00%
Securities Brokers	0	0.00%	0	0.00%
Insurance Carriers & Agents	0	0.00%	0	0.00%
Real Estate, Holding, Other Investment Offices	0	0.00%	0	0.00%
Services Summary	11	44.00%	115	68.90%
Hotels & Lodging	3	12.00%	29	17.40%
Automotive Services	0	0.00%	0	0.00%

Motion Pictures & Amusements	1	4.00%	2	1.20%
Health Services	0	0.00%	0	0.00%
Legal Services	1	4.00%	22	13.20%
Education Institutions & Libraries	1	4.00%	15	9.00%
Other Services	5	20.00%	47	28.10%
Government	2	8.00%	8	4.80%
Unclassified Establishments	3	12.00%	0	0.00%
Totals	**25**	**100.00%**	**167**	**100.00%**

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021

Current and Projected Economic Base

Taxable Value

The average taxable value per household in the proposed Bluff Town area is $117,402, which will provide a strong property tax base for the proposed Town.

Table 2.13: Taxable Value in Bluff Study Area

BLUFF TAXABLE VALUE	2016	2017
Bluff Service Area #1		
Real Property	$18,650,558	$18,969,064
Personal Property	423,735	426,338
Centrally Assessed Property	443,693	715,604
Total Bluff Service Area Value	$19,517,986	$20,111,006
Additional Taxable Value – Additional Proposed Incorporation Area		**$1,081,459**
Estimated 2018 Taxable Value Proposed Bluff Incorporation Area		**$21,836,716**
2018 Bluff Households Estimate[2]		186
Estimated 2018 Taxable Value Proposed Bluff Incorporation Area per Household		**$117,402**

Source: San Juan County Service Area #1, Utah State Tax Commission, Calculations Bonneville Research 2017

[2] Estimate by Bonneville Research, 2016 projection is 184; estimate added 2 additional households by 2018.

The taxable value in the proposed Bluff Town area compares well with other taxing areas in San Juan County.

Table 2.14: Taxable Value in Study Area and Surrounding Communities

Bluff Study Area Tax Rates 2016	Approved Sum of Tax Rates	Approved Budgets
San Juan County	0.003782	$2,790,772
San Juan County School District	0.008056	$5,567,517
San Juan County Water Conservancy District	0.000452	$333,440
San Juan County Health Service District	0.001122	$827,934
San Juan County Service Area #1	0.001128	$19,500
Bluff Sum of Rates	0.01454	
Blanding Sum of Rates	0.016335	$260,000
Monticello Sum of Rates	0.016556	$265,012

Source: San Juan County Service Area #1, Utah State Tax Commission, Calculations Bonneville Research 2017

The taxable value in the Bluff Municipal Special Services District General Fund had $33,000 in income and expenses of $26,466 in 2017. The Enterprise Fund had income of $13,700 and expenditures of $27,908 including the $14,208 in non-cash expenses of $14,208.

Table 2.15: Revenue and Expenses of the Bluff Municipal Special Services District #1

Bluff Municipal Special Services District	General Fund 2016	General Fund Budget 2017	Enterprise Fund 2016	Enterprise Fund Budget 2017
TOTAL REVENUES	$27,126	$33,300	$67,365	$13,700
Property Tax	$20,000	$24,200		
Other	$1,085	$1,000		
Fee In Lieu	$6,000	$6,000		
Charges for Services	$0	$0		
Interest	$41	$100	$10,658	$9,850
Grant Income	$0	$0	$27,659	$0
Other			$28,925	$3,850
TOTAL EXPENSES	$25,860	$26,466	$77,513	$27,908
Salaries and Benefits	$9,692	$11,748		
Other Operating	$12,168	$14,718	$14,583	$12,500
Depreciation			$14,208	$14,208
Capital Outlay			$48,722	$0
Other	$4,000			

Source: San Juan County Service Area #1, Utah State Tax Commission, Calculations Bonneville Research 2017

The Bluff Water Works Special Services District which sells water to the Bluff water budgeted $60,065 in income and expenses of $59,757 in 2016, including $60,000 in salaries and benefits.

Table 2.16: Revenue and Expenses of the Bluff Water Works Special Services District

Bluff Water Works Special Services District	2015 Budget	2015 Actual	2016 Approved Budget
TOTAL REVENUES	**$60,150**	**$61,544**	**$60,065**
Water, Meter & Hydrant Sales	$60,000	$58,878	$60,000
Interest	$41	$100	$66
Other	$0	$0	$0
TOTAL EXPENSES	**$57,207**	**$60,080**	**$59,757**
Salaries and Benefits	$21,750	$20,248	$60,000
General Operating	$28,400	$32,775	$32,400
Debt Service	$7,057	$7,057	$7,057

Source: Bluff Water Works Special Services District, Utah State Tax Commission, Calculations Bonneville Research 2017

Roads

The San Juan County Public Works Department currently provides maintenance on the 12.56[3] miles of Class B, roads within the proposed incorporation area of the Town of Bluff.

San Juan County Public Works estimates the County expends approximately $20,000 annually to maintain the Class B roads that will convert to Class C, Bluff Town roads if incorporation occurs.

San Juan County has indicated an interest in providing the same level of road maintenance service under contract with Bluff Town but also has pointed out that "some major capital improvement is needed."

Table 2.17: Class C and B Road Funds Analysis

Class C Road Analysis	FY 2017 Distribution	Paved Surface	Gravel Surface	Dirt Surface	Total Actual Miles	Total Weighted Miles
Bluff		2.0	12.56			
Blanding	$138,667	23.46	0.44	0.21	24.11	118.6
Monticello	$85,819	14.94	3.62	1028	19.84	84.7
(Unincorporated Area)		370.55	743.18	1,610.20	2,723.93	6,559.51
San Juan County	$4,038,617	408.95	747.24	11,611.69	2,767.88	6,762.61

Source: San Juan County Public Works, Utah State Department of Transportation, Calculations Bonneville Research 2017

[3] San Juan County Public Works, 6.15.17, Calculations Bonneville Research, 2017

The Utah Department of Transportation uses a "Population and Weighted Miles" formula to determine each County, City and Town's share of the road and highway maintenance funds. The following is the funding provided to Blanding, Monticello, San Juan County and other "Peer" towns used to estimate the Class C road funding that may be available to the town of Bluff if they choose to incorporate.

Table 2.17: Class C and B Road Funds Analysis

Class C Road Analysis	FY 2017 Distribution	Total Weighted Miles	Population
Bluff			265
Blanding	$138,667	118.6	3,557
Monticello	$85,819	84.7	2,037
Howell	$40,389	68.80	247
Torrey	$23,882	39.20	181
Dutch John	$27,580	48.01	145
Emery	$30,017	47.48	276
Total Cities Distribution FY 2017	$79,809,546		
Total State-Wide Distribution FY 2017	$120,070,521		

Public Facilities

The Bluff Community Center and the Fire/EMT Facilities are the principal non-educational public facilities in Bluff.

San Juan School District has indicated they have plans to build a new school in the proposed Bluff Town area, but no definite schedule was established by the date of the report.

San Juan County officials have described plans within the next five years to relocate some public facilities within the area possibly. However, these plans could change if service provision changes with the proposed incorporation.

Available Land

The proposed Bluff Town area has an ample amount of vacant land within the proposed boundaries. Additionally, there are 10,562 acres of largely undeveloped BLM or State Institutional Trust Lands in the study area.

3

Cost of Current Services

Utah Code 10-2a-302(7)(b): The financial feasibility study shall consider the:
(iv) subject to Subsection (7)(c), the present and five-year projections of the cost, including overhead, of governmental services in the proposed town, including:
(A) culinary water;
(B) secondary water;
(C) sewer;
(D) law enforcement;
(E) fire protection;
(F) roads and public works;
(G) garbage;
(H) weeds; and
(I) government offices;

General Government

Mayor and Council - The form of government for the newly-formed Town is not known or was established at the time of this analysis. Therefore, the projected expenditures for the Mayor and Council are based on similar expenditures seen in other cities of comparable size. The analysis assumes a cost of $500 monthly for five council members and mayor, for a total cost of $6,000.

Administrative - Administrative costs are based on one part-time administrative position, with benefits, and one additional part-time clerical position. The part-time administrative position is based on a yearly part-time salary of $20,000, including benefits. The part-time position is estimated at roughly $10,000 per year, for total annual administrative expenses of $30,000. Community and economic development services have been included in the administrative costs.

Non-Departmental - Non-departmental expenses are for phones, supplies, insurance and potential costs of facility usage for Town activities.

Elections - Elections are budgeted at the cost of $500 per year, on average, recognizing that elections will be held every other year and can be done with "mail-in ballots." This amount is included in the City Council budget.

Planning and Zoning - Planning and zoning costs are included in administrative costs and can be handled by the administrative staff.

Auditor and Attorney - Communities surveyed indicate that it will likely cost the new Town $5,000 to hire a professional firm to conduct the annual audit and prepare the annual comprehensive financial report. Cities of this size also indicate that they have legal expenses of $5,000 per year.

Other Professional Services - Other professional services will be needed, from time to time, for engineering, economic, and other consulting services and were initially budgeted for $5,000.

Public Safety

Law Enforcement

Estimates for police services were provided by San Juan County. The bid from San Juan County was for one Deputy at $40/hour, and this amount has been used for the budget projections.

The contract estimates, nonbinding, are based on estimates providing the current levels of services as currently provided within the proposed Bluff Town incorporation area.

Fire Protection & EMS

The residents of Bluff currently cooperate with San Juan County by providing volunteer Fire and EMS personnel and San Juan County provides equipment, training, and expenses. It is expected that this arrangement will continue if Bluff incorporates.

E-911

San Juan County currently provides E-911 services using volunteers from Bluff, and it is expected this arrangement will continue if Bluff incorporates.

Animal Control and Regulation

Animal control expenditures have been included in the estimated law enforcement contract costs.

Justice Court - Based on the low number of citations currently issued in the proposed Bluff Town area as described by the San Juan County Attorney, it would likely not be worthwhile at this time for the Town to establish a Justice Court.

Roads and Public Works

Building Inspections/Permits

Building inspections are being currently provided to Blanding and Monticello by San Juan County on a fee basis. It is anticipated that this service will be provided to the Town of Bluff as well.

Class C Roads

In Utah, all public highways, roads or streets that are built and maintained by a County or Municipality, are either B County or C municipality maintained. Counties and municipalities cannot designate Class B or Class C roads outside of their geographical boundaries, with the exception that Class B roads can exist inside of municipal boundaries.

The Utah State Department of Transportation administers the B & C Road Funds

as apportioned annually by the legislature using a distribution formula based on population and a weighting system that scores a 5 for a paved road, 2 for gravel and 2 for a dirt road.

Currently, San Juan County Public Works provides all routine maintenance of the subject roads within the study area. The County provides all snow removal during the winter months on an "as needed" basis. The County maintains all regulatory, warning, and address signs located on these roads. This includes replacing aging and damaged signs and ensuring compliance with the MUTCD. At least annually the County performs weed control along the shoulders of the County roads. This is accomplished either by spraying or mowing. The County provides pavement maintenance "as needed" in the form of pothole repair and patching. The County also maintains any pavement markings on the roads.

San Juan County Public Works estimates that $20,000 annually will be necessary to provide the current level of service to those roads likely to be classified as Class C roads within the proposed area of the Bluff Town. There may be some roads within the study area that will not be transferred to the Town and are therefore not Class C roads. These roads include 68.3 miles which will likely remain as County maintained Class D dirt roads.

The contract estimate provided by San Juan County is based on its current service levels in the proposed Bluff Town area.

Parks, Recreation and Public Property

There are no public parks facilities in the proposed Bluff Town area and therefore no associated costs with maintaining current service levels.

The Bluff Community/Sr. Center will be serviced and maintained by the proposed Town of Bluff in cooperation with San Juan County if Sr. Center programs are offered at the facility.

The Sand Island Boat Launch site is managed by the Bureau of Land Management (BLM).

Culinary Water

Culinary Water is to the Bluff community is currently provided by the Bluff Water Works Special Services District and the San Juan County Service Area #1.

While a controversy over claimed water rights by the two entities exists, the incorporation of Bluff need not change the current systems for delivering culinary water to the residents of Bluff.

Secondary Water

The Town of Bluff Incorporation Sponsors have indicated they have no plans to establish a Secondary Water System.

Garbage

Garbage collection services are currently being provided by San Juan County by using “dumpster bin” Transfer Station currently located in Bluff. If Bluff Incorporates Interlocal agreements must be negotiated with San Juan County like those with Blanding and Monticello, if this service is to be maintained.

In anticipation of a possible relocation of the Bluff Transfer Station, the proposed initial budged includes a nominal amount to provide for the lease of sufficient land from either the BLM or SITLA to relocate the operation in or near Bluff.

Debt Service

The proposed Town will have no outstanding debt obligations for which it would be responsible if incorporation occurs.

This does not include any expenses and debts that may be incurred during the “start-up” phase if Incorporation is adopted.

Summary of Expenditures: Five-Year Projections

A summary of five-year projected expenditures is as follows:

Table 3.1: Five-Year Projected Expenditures at Current Service Levels

BLUFF FIVE YEAR BUDGET ANALYSIS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Budget Expenses	**$129,000**	**$132,225**	**$135,531**	**$138,919**	**$142,392**
Administration	$30,000	$30,750	$31,519	$32,307	$33,114
City Council/Commission	$1,500	$1,538	$1,576	$1,615	$1,656
Attorney/Audit	$10,000	$10,250	$10,506	$10,769	$11,038
Non-Departmental Expenses	$1,000	$1,025	$1,051	$1,077	$1,104
Police/Public Safety	$30,000	$30,750	$31,519	$32,307	$33,114
Fire	$10,000	$10,250	$10,506	$10,769	$11,038
Parks/Cemetery/Recreation	$1,000	$1,025	$1,051	$1,077	$1,104
Professional Services	$5,000	$5,125	$5,253	$5,384	$5,519
Community Bldg./Parks/Recreation	$5,000	$5,125	$5,253	$5,384	$5,519
Planning/Land Use/Bldg. Insp	$5,000	$5,125	$5,253	$5,384	$5,519
Roads	$25,000	$25,625	$26,266	$26,922	$27,595
Airport	$0	$0	$0	$0	$0
Refuse Collection Lease & Other Contract Fees	$500	$513	$525	$538	$552
Capital Projects	$5,000	$5,125	$5,253	$5,384	$5,519

Source: Calculations Bonneville Research 2017

4

Five-Year Revenue Projections in the Proposed Town

Utah Code 10-2a-302(7)

(b) *The financial feasibility study shall consider the:*

(v) assuming the same tax categories and tax rates as currently imposed by the county and all other current service providers, the present and jive-year projected revenue for the proposed town; and

(vi) a projection of any new taxes per household that may be levied within the incorporated area within five years of incorporation.

(c)

(i) For purposes of Subsection (7)(b)(iv), the feasibility consultant shall assume a level and quality of governmental services to be provided to the proposed town in the future that fairly and reasonably approximate the level and quality of governmental services being provided to the proposed town at the time of the feasibility study.

(ii) In determining the present cost of a governmental service, the feasibility consultant shall consider:

A. the amount it would cost the proposed town to provide governmental service for the first five years after incorporation; and

B. the county's present and five-year projected cost of providing governmental service.

(iii) The costs calculated under Subsection (7)(b)(iv), shall take into account inflation and anticipated growth.

Property Tax Revenues

Property tax revenues are based on the 2016 taxable value of the proposed incorporation area multiplied by the property tax rates now being paid by property owners in the area for municipal- type services that would be provided by the incorporated Town in the future.

If Bluff incorporates, it will no longer need to receive services from the Bluff Municipal Service Area #1.

The newly-formed Town can, therefore, assume a property tax rate of at least 0.001128 without placing any additional burden on existing property owners.

Given a total taxable value of $17,287,234, this would generate property tax revenues of $19,500.

Therefore, these property tax rates can be transferred to the new Town and therefore no additional property taxes are budgeted to be paid by existing property owners within the Bluff Municipal Services District #1.

Sales Tax Revenues

Sales and use taxes are transaction taxes. This means the *transaction* is taxed, not the actual goods or services. The buyer is the actual taxpayer.

Sales tax is applied to retail sales and leases of tangible personal property, products transferred electronically, and certain services. The seller collects sales tax from the buyer and pays it to the Tax Commission monthly, quarterly or annually depending on the size of the business.

Sales tax revenues are distributed based on both population and point of sale. The Point of sale tax revenues are therefore calculated based on one-half of one percent point of sale portion of local sales. Data provided by the Utah State Tax Commission covering the past 24 months suggests that total local option sales taxes on taxable retail sales in the proposed Bluff Town area for the most recent year would result in total point-of-sale tax revenues in excess of $50,000 per year.

One-half of all local sales tax revenues are distributed statewide based on population. The ratio of a community's population, compared to the statewide population, is used to assess the community's fair share of these revenues.

Based on data provided by the Utah State Tax Commission, during the past one-year period, the per capita distribution varies month to month as do taxable sales, but a reasonable number is $8.88/person/month[4].

Table 4-1: Sales Tax Distribution Based on Population & Point of Sale

BLUFF FIVE YEAR SALES TAX REVENUE ANALYSIS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Point of Sale Distribution	$51,744	$53,037	$54,363	$55,722	$57,115
Population Distribution	$28,240	$28,946	$29,670	$30,411	$31,172
TOTAL SALES TAX DISTRIBUTION	**$79,984**	**$81,983**	**$84,033**	**$86,134**	**$88,287**

Source: Calculations Bonneville Research 2017

Class C Road Funds

Class C Road Funds are distributed both on population and weighted road miles. In FY 2017, the total road distribution was $120,070,521.

The road mile distribution portion of the formula is based on weighted road miles statewide. Road miles are "weighted" based on five miles per paved mile two miles per gravel mile and one mile per dirt road mile.

[4] *Sales Tax Distribution*, *Utah State Tax Commission, June 2017*

Table 4.2: Mileage Report for B & C Road Distribution

Class C Road Analysis	FY 2017 Distribution	Paved Surface	Gravel Surface	Dirt Surface	Total Actual Miles
Bluff		3.0	12.56		15.56
Blanding	$138,667	23.46	0.44	0.21	24.11
Monticello	$85,819	14.94	3.62	1028	19.84
(Unincorporated Area)		370.55	743.18	1,610.20	2,723.93
San Juan County	$4,038,617	408.95	747.24	11,611.69	2,767.88
Total State-Wide Distribution FY 2017	$120,070,521				

Source: Utah Department of Transportation, Class B & C Roads Distributions – FY2017, San Juan County Public Works Department 2017, Calculations Bonneville Research, 2017

The estimated Bluff Town weighted road miles is therefore 40.12

Table 4.3: Peer Towns Report for C Road Fund Distribution

Class C Road Analysis	FY 2017 Distribution	Total Weighted Miles	Population
Howell	$40,389	68.80	247
Torrey	$23,882	39.20	181
Dutch John	$27,580	48.01	145
Emery	$30,017	47.48	276
Total Cities Distribution FY 2017	$79,809,546		
Total State-Wide Distribution FY 2017	$120,070,521		

Source: Utah Department of Transportation, Class B & C Roads Distributions – FY2017, San Juan County Public Works Department 2017, Calculations Bonneville Research, 2017

The estimated Bluff Town portion of the state distribution per weighted road mile and population is, therefore $20,000

Licenses and Permits

Business License Fees

Business license fee revenues of $850 were calculated based on a minimal cost recovery charge and the number of businesses currently in the proposed Bluff Town area.

Building Inspections/Permits

Building inspections are being currently provided to Blanding and Monticello by San Juan County on a fee basis. It is anticipated that this service will be provided to the Town of Bluff as well.

Motor Vehicle Revenues

Motor vehicle fees anticipated to be paid in the proposed Bluff Town area total $750.

Charges for Services

The Town can establish fees to offset the cost of providing services in various areas: zoning and subdivision fees, fees for inspections, etc. A minimal amount of charges for services has been estimated in the budget, with the assumption that charges for services are offset by the cost of providing those services.

Building inspection fees would be based on the 1997 Uniform Building Code or another accepted, standardized building inspection fee schedule. It is assumed that these services would be contracted out and that 90 percent of the fees collected would be used to pay the contractor, with the remaining ten percent allocated to the Town to cover paperwork and costs associated with coordinating the building inspections with the contractor.

Municipal Property Tax

Property tax rates being paid in the proposed incorporation area for municipal-type services are 0.001128 for the Bluff Municipal Services Tax District #1. Initially, the proposed Town of Bluff is anticipated to adopt the same rate.

Other San Juan County municipality tax rates are 0.002442 in Blanding and 0.0002717 in Monticello.

If the Bluff Town adopted a rate equal to that of Blanding they would generate property tax revenues of $42,215 using the current total taxable value of $17,287,234.

No increase in the Municipal Property tax revenues are initially forecasted for the proposed Town.

Municipal Energy (Franchise) Tax (ET)

This is a 6.00% tax on electrical and natural gas purchases.

This revenue source is available only to cities and towns, and not to counties. Therefore, the residents and businesses in Bluff are not currently paying this tax.

While the Town of Bluff could choose to do so if incorporated, it is not part of their current level of service and has, therefore, not included in the revenue projections.

If the Bluff Town adopted a rate equal to that of Tropic they could generate tax revenues of $10,000 to $20,000

Municipal Telecommunications Tax (TL)

This is a 3.5% tax on telecommunication services paid by the businesses and residents of Bluff.

If the Bluff Town adopted a rate equal to that of Blanding they likely could generate tax revenues of $2,500.

No telecommunications tax revenues are initially forecasted for the proposed Town.

Resort Tax

This is a 1.00% - 1.60 % sales tax for communities that meet the ratio of hotel/motel rooms to residents test.

If the Bluff Town adopted a rate equal to those of Boulder, Escalante, and Tropic they would likely generate resort tax revenues of $72,000 using the above town's ratio of sales taxes to their resort tax receipts.

No Resort tax revenues are initially forecasted for the proposed Town.

Municipal Transient Room Tax (TM Tax)

This is an up to 1.50% tax on accommodations in hotels, motels, inns, trailer courts, camp- grounds, tourist homes and similar stays of less than 30 consecutive days. "Transient room" does not include meeting rooms.

If the Bluff Town adopted a rate equal to that of Blanding and Monticello they could generate Municipal Transient Room Tax revenues of $20,000.

No Transient Room Tax revenues are initially forecasted for the proposed Town.

Other Sales Taxes

Blanding and Monticello currently have adopted the following additional sales taxes bringing their total up to 6.60%.

- Mass Transit Tax (MT) 0.30%
- Transportation Infrastructure Tax (AT) 0.25%
- Highway Tax (HT) 0.25%
- Municipal Botanical, Cultural, Zoo (MZ) 0.10%

Other sales taxes that may be available to the Town of Bluff, but that have an exemption for Grocery food sales:

- Rural Health Tax (RH) up to 1.0%
- Public Transit Tax (PH) up to 0.30%
- Public Transit Airport Facility Tax (PH) up to 0.25%

Other sales taxes that may be available to the Town of Bluff:

- Emergency Telephone Service E911 locally imposed $0.61 per access line.
- Municipal Telecom License up to 3.5% charges for telecommunications services.
- Municipal Energy Sales and Use Tax Up to 6.0% Sales of natural gas and electricity.

No Additional Sales Tax revenues are initially forecasted for the proposed Town.

State Liquor Enforcement Fund Allotments are based on four factors:

- Percent of local population to State population
- Percent of statewide convictions to alcohol-related offenses
- Percent based on total retail outlets for liquor
- Percent to counties for confinement and treatment purposes

Any Liquor Enforcement Tax revenues initially anticipated for the proposed Town would be included in the Law Enforcement costs to be contracted with the San Juan County Sheriff's Office.

Summary of Revenues

Table 4-4: Five-Year Revenue Projections

The costs calculated take into account inflation and anticipated growth.

BLUFF FIVE YEAR BUDGET ANALYSIS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Budget Revenue	**$129,663**	**$132,888**	**$136,210**	**$139,616**	**$143,106**
Property Tax	$22,377	$22,937	$23,510	$24,098	$24,701
Sales Tax	$80,000	$81,983	$84,033	$86,134	$88,287
Fee-in-Lieu of Property Taxes	$750	$769	$788	$808	$828
Federal PILT Fees	$5,211	$5,341	$5,475	$5,612	$5,752
Class "C" Road Fund Allotment	$20,000	$20,500	$21,013	$21,538	$22,076
Charges for Services, Refuse Collection & Other Fees	$500	$513	$525	$538	$552
Business License, Permits & Fees	$825	$846	$867	$888	$911

Source: Calculations Bonneville Research 2017

Table 4-5: Detailed Five-Year Revenue/Expense Budget Projections

The five-year projected costs under Subsection (7) (b) (IV) are much less than the statutory required limit of 10%,

BLUFF FIVE YEAR BUDGET ANALYSIS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Budget Revenue	**$129,663**	**$132,888**	**$136,210**	**$139,616**	**$143,106**
Budget Expenses	**$129,000**	**$132,225**	**$135,531**	**$138,919**	**$142,392**
Revenue/Expense Differential	0.51%	0.50%	0.50%	0.50%	0.50%

Source: Calculations Bonneville Research 2017

Table 4-6: Detailed Five-Year Budget Projections[5]

BLUFF FIVE YEAR BUDGET ANALYSIS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Budget Revenue	**$129,663**	**$132,888**	**$136,210**	**$139,616**	**$143,106**
Property Tax	$22,377	$22,937	$23,510	$24,098	$24,701
Sales Tax	$80,000	$81,983	$84,033	$86,134	$88,287
Intergovernmental					
Fee-in-Lieu of Property Taxes	$750	$769	$788	$808	$828
Federal PILT Fees	$5,211	$5,341	$5,475	$5,612	$5,752
Class "C" Road Fund Allotment	$20,000	$20,500	$21,013	$21,538	$22,076
Charges for Services, Refuse Collection & Other Fees	$500	$513	$525	$538	$552
Business License, Permits & Fees	$825	$846	$867	$888	$911
Donations/Grants					
Interest & Misc.					
Transfers	$0	$0	$0	$0	$0
Budget Expenses	**$129,000**	**$132,225**	**$135,531**	**$138,919**	**$142,392**
Administration	$30,000	$30,750	$31,519	$32,307	$33,114
City Council/Commission	$1,500	$1,538	$1,576	$1,615	$1,656
Attorney	$10,000	$10,250	$10,506	$10,769	$11,038
Non-Departmental Expenses	$1,000	$1,025	$1,051	$1,077	$1,104
Police/Public Safety	$30,000	$30,750	$31,519	$32,307	$33,114
Fire	$10,000	$10,250	$10,506	$10,769	$11,038
Parks/Cemetery/Recreation	$1,000	$1,025	$1,051	$1,077	$1,104
Professional Services	$5,000	$5,125	$5,253	$5,384	$5,519
Community Bldg./Parks/Recreation	$5,000	$5,125	$5,253	$5,384	$5,519
Planning/Land Use/Econ Dev/Bldg. Insp	$5,000	$5,125	$5,253	$5,384	$5,519
Roads	$25,000	$25,625	$26,266	$26,922	$27,595
Airport	$0	$0	$0	$0	$0
Refuse Collection Lease & Other Contract Fees	$500	$513	$525	$538	$552
Capital Projects	$5,000	$5,125	$5,253	$5,384	$5,519

Source: Calculations Bonneville Research 2017

[5] Bonneville Research 2017

Table 4-7: Detailed Budgets – Adjacent Communities[6]

ADJACENT TOWN BUDGET ANALYSIS	Bluff	Blanding	Monticello	San Juan County
Population Projection 2010	258	3,265	1,959	14,746
Population Projection 2016	265	3,557	2,037	15,473
Population Projection 2021	272	3,749	2,087	16,018
# Households 2016	131	1,043	623	4,652
Median HH Income 2016	$37,247	$51,668	$54,816	$45,531
Median Home Value 2016	$160,714	$161,986	$161,774	$132,588
Median Age 2016	40.4	28.2	34.1	30.7
Approved Town Tax Rate 2016	0.001128	0.002442	0.002717	0.003782
Taxable Value 2016	$17,287,234	$87,359,132	$93,505,337	$737,909,043
Bluff Est. Value 2018	**$19,838,188**			

Source: Calculations Bonneville Research 2017

[6] CAFR Budgets, Office of the Utah State Auditor, Calculations Bonneville Research 2017

Table 4-8: Detailed Budgets – Adjacent Communities[7]

ADJACENT TOWN BUDGET ANALYSIS	Bluff	Blanding	Monticello	San Juan County
Approved 2017 Budget Revenue	**$129,663**	**$2,164,904**	**$2,064,550**	**$12,209,684**
Property Tax	$22,377	$260,000	$265,012	
Sales Tax	$80,000	$630,000	$280,000	
ZAP Tax			$18,000	
Room Tax		$25,000	$24,000	
Resort Tax				
Transportation Sales Tax			$74,000	
Misc. Tax			$30	
Franchise Tax		$10,800		
Municipal Telecommunications License Tax			$20,000	
Municipal Energy License Tax			$140,000	
All Taxes				$5,630,137
Intergovernmental		$574,829	$322,900	$2,963,467
Charges for Services, Refuse Collection & Other Fees		$199,425	$370,100	$1,989,971
Business License, Permits & Fees		$20,500	$14,600	$35,500
Court Fines/Forfeitures	$25,961	$85,400	$100,000	$299,512
Donations/Grants	$500		$40,500	
Interest & Misc.	$825	$309,250	$4,300	$207,000
Transfers		$49,700	$391,108	$1,084,097

Source: Calculations Bonneville Research 2017

[7] CAFR Budgets, Office of the Utah State Auditor, Calculations Bonneville Research 2017

Table 4-9: Detailed Budgets – Adjacent Communities[8]

ADJACENT TOWN BUDGET ANALYSIS	Bluff	Blanding	Monticello	San Juan County
Approved Budget Expenses	**$128,100**	**$2,164,904**	**$2,064,550**	**$12,209,684**
Administration	$30,000	$62,661	$311,000	$975,469
Court		$48,342	$37,700	$140,980
City Council/Commission	$600	$24,431		$242,752
Attorney	$5,000	$28,000		$519,930
Police/Public Safety	$30,000	$736,292	$299,900	$1,450,235
Fire	$10,000	$179,543	$26,300	$415,973
Parks/Cometary/Recreation	$1,000	$332,512	$705,400	
Professional Services				
Community Bldg./Parks/Recreation		$304,801	$60,500	$133,486
Planning/Land Use/Econ Dev/Bldg. Insp	$5,000	$53,164		$310,271
City Engineer	$5,000	$23,286		
Water	$5,000			
Roads	$25,000	$195,839	$401,200	$187,876
Airport	$0	$10,810	$107,100	$100,000
Refuse Collection & Other Contract Fees	$500			
Capital Projects	$10,000			
Transfers		$165,223	$40,000	
Misc.	$1,000		$75,450	
Other Unique County Type Expenses				$7,732,712

[8] CAFR Budgets, Office of the Utah State Auditor, Calculations Bonneville Research 2017

Table 4-10: Detailed Peer Town Budgets[9]

PEER TOWN BUDGET ANALYSIS	Bluff	Castle Valley	Torrey	Tropic	Dutch John	Boulder
Population Projection 2010	258	319	184	530	145	226
Population Projection 2016	265	348	185	532	145	227
Population Projection 2021	272	371	186	533	146	228
# Households 2016	131	807	87	176	57	98
Median HH Income 2016	$37,247	$53,554	$41,410	$53,269	$41,507	$47,222
Median Home Value 2016	$160,714	$175,772	$214,286	$165,000	$196,429	$190,385
Median Age 2016	40.4	56.1	45.7	37.2	43.9	47.7
Approved Town Tax Rate 2016	0.001128	0.002069	0.000158	0.000549	0	0
Approved Property Tax Budget 2016		$121,475	$6,345	$15,583	$0	$5,389
Taxable Value 2016	$17,287,234	$58,711,938	$40,158,228	$28,384,335		$21,817,814
Bluff Est. Taxable Value 2015	$19,838,188					
2017/18 Budget Revenue per Household	**$990**	**$459**	**$1,089**	**$2,562**	**$2,735**	**$1,479**

[9] CAFR Budgets, Office of the Utah State Auditor, Calculations Bonneville Research 2017

Table 4-11: Detailed Peer Town Budgets[10]

PEER TOWN BUDGET ANALYSIS	Bluff	Castle Valley	Torrey	Tropic	Dutch John	Boulder
Approved 2017 Budget Revenue	**$279,945**	**$370,046**	**$94,736**	**$450,947**	**$155,900**	**$144,896**
Property Tax	$22,377	$121,475	$3,800	$15,143		$5,199
Sales Tax	$80,000	$38,000	$55,400	$90,000	$94,500	$41,241
ZAP Tax						
Room Tax						
Resort Tax				$80,000		$38,595
Transportation Sales Tax						
Misc. Tax		$3,500		$350		
Franchise Tax						$2,435
Municipal Telecommunications License Tax				$2,800		
Municipal Energy License Tax				$25,000		
All Taxes						
Fee-in-Lieu of Property Taxes						$710
Class "C" Road Fund Allotment						$23,133
Intergovernmental	$25,961	$42,530	$19,486	$61,200	$23,000	$47,518
Charges for Services, Refuse Collection & Other Fees	$500				$31,200	$807
Business License, Permits & Fees	$825	$1,275	$15,400	$10,012	$7,200	$912
Court Fines/Forfeitures						
Donations/Grants		$2,000		$48,442		$24,385
Interest & Misc.		$1,200	$650	$18,000		$2,659
Transfers		$160,066		$100,000		$4,335

[10] CAFR Budgets, Office of the Utah State Auditor, Calculations Bonneville Research 2017

Table 4-12: Detailed Peer Town Budget Percentage Analysis[11]

PEER TOWN BUDGET ANALYSIS	Bluff	Castle Valley	Torrey	Tropic	Dutch John	Boulder
Approved Budget Expenses	**$128,100**	**$542,236**	**$94,736**	**$450,947**	**$155,900**	**$144,896**
Administration	$30,000	$58,175	$57,671	$58,500	$3,800	$35,084
City Council/Commission	$600					$2,666
Attorney	$5,000					
Police/Public Safety	$30,000					
Fire	$10,000			$43,700		$9,609
Parks/cemetery/Recreation	$1,000		$34,000			$37,192
Animal Control				$5,093		
Programs & Events		$3,600				
Professional Services	$5,000	$8,600		$7,000		$11,375
Community Bldg./Parks/Recreation	$5,000	$45,333		$70,742		
Planning/Land Use/Econ Dev/Bldg. Insp	$5,000	$6,600		$12,000	$4,000	$100
Water		$23,400				
Roads	$25,000	$236,500		$233,456	$18,400	$5,663
Airport	$0					
Refuse Collection & Other Contract Fees	$500				$28,500	$3,094
Capital Projects	$10,000	$160,028		$17,000		$31,333
Misc.			$3,065	$3,456	$101,200	$8,780

[11] CAFR Budgets, Office of the Utah State Auditor, Calculations Bonneville Research 2017

Table 4-13: Detailed Peer Town Budget Percentage Analysis[12]

PEER TOWN BUDGET ANALYSIS	Bluff %	Blanding %	Monticello %	Castle Valley %	Torrey %	Tropic %	Dutch John %	Boulder %
Approved 2017 Budget Revenue								
Property Tax	17.3%	12.0%	12.8%	32.8%	4.0%	3.4%	0.0%	3.6%
Sales Tax	61.7%	29.1%	13.6%	10.3%	58.5%	20.0%	60.6%	28.5%
ZAP Tax	0.0%	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Room Tax	0.0%	1.2%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Resort Tax	0.0%	0.0%	0.0%	0.0%	0.0%	17.7%	0.0%	26.6%
Transportation Sales Tax	0.0%	0.0%	3.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Misc. Tax	0.0%	0.0%	0.0%	0.9%	0.0%	0.1%	0.0%	0.0%
Franchise Tax	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%
Municipal Telecommunications License Tax	0.0%	0.0%	1.0%	0.0%	0.0%	0.6%	0.0%	0.0%
Municipal Energy License Tax	0.0%	0.0%	6.8%	0.0%	0.0%	5.5%	0.0%	0.0%
All Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Federal PILT Fees	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fee-in-Lieu of Property Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
Class "C" Road Fund Allotment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.0%
Intergovernmental	20.0%	26.6%	15.6%	11.5%	20.6%	13.6%	14.8%	32.8%
Charges for Services, Refuse Collection & Other Fees	0.4%	9.2%	17.9%	0.0%	0.0%	0.0%	20.0%	0.6%
Business License, Permits & Fees	0.6%	0.9%	0.7%	0.3%	16.3%	2.2%	4.6%	0.6%
Court Fines/Forfeitures	0.0%	3.9%	4.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Donations/Grants	0.0%	0.0%	2.0%	0.5%	0.0%	10.7%	0.0%	16.8%
Interest & Misc.	0.0%	14.3%	0.2%	0.3%	0.7%	4.0%	0.0%	1.8%
Transfers	0.0%	2.3%	18.9%	43.3%	0.0%	22.2%	0.0%	3.0%

[12] CAFR Budgets, Office of the Utah State Auditor, Calculations Bonneville Research 2017

Table 4-14: Detailed Peer Town Budgets[13]

PEER TOWN BUDGET ANALYSIS	Bluff %	Blanding %	Monticello %	Castle Valley %	Torrey %	Tropic %	Dutch John %	Boulder %
Approved Budget Expenses								
Administration	23.4%	2.9%	15.1%	10.7%	60.9%	13.0%	2.4%	24.2%
Court	0.0%	2.2%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%
City Council/Commission	0.5%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%
Attorney	3.9%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Police/Public Safety	23.4%	34.0%	14.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Fire	7.8%	8.3%	1.3%	0.0%	0.0%	9.7%	0.0%	6.6%
Parks/Cemetery/Recreation	0.8%	15.4%	34.2%	0.0%	35.9%	0.0%	0.0%	25.7%
Animal Control	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.0%
Programs & Events	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%
Professional Services	3.9%	0.0%	0.0%	1.6%	0.0%	1.6%	0.0%	7.9%
Community Bldg./Parks/Recreation	3.9%	14.1%	2.9%	8.4%	0.0%	15.7%	0.0%	0.0%
Planning/Land Use/Econ Dev/Bldg. Insp	3.9%	2.5%	0.0%	1.2%	0.0%	2.7%	2.6%	0.1%
City Engineer	0.0%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water	0.0%	0.0%	0.0%	4.3%	0.0%	0.0%	0.0%	0.0%
Roads	19.5%	9.0%	19.4%	43.6%	0.0%	51.8%	11.8%	3.9%
Airport	0.0%	0.5%	5.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Refuse Collection & Other Contract Fees	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	18.3%	2.1%
Capital Projects	7.8%	0.0%	0.0%	29.5%	0.0%	3.8%	0.0%	21.6%
Transfers	0.0%	7.6%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Misc.	0.8%	0.0%	3.7%	0.0%	3.2%	0.8%	64.9%	6.1%

[13] CAFR Budgets, Office of the Utah State Auditor, Calculations Bonneville Research 2017

5 CONCLUSION

Utah Code 10-2a-302 (7)

(d) *If the five year projected revenues under Subsection (7)(b)(v) exceed the five-year projected costs under Subsection (7)(b)(iv) by more than 10%, the feasibility consultant shall project and report the expected annual revenue surplus to the contact sponsor and the lieutenant governor.*

CONCLUSION:

The results of this study indicate that-incorporation is feasible for the Bluff Study Area, based the requirements of Utah Code 10-2a-302.

An analysis of the fiscal, demographic and economic issues suggests that the Study Area could become a viable and sustainable Town.

However, San Juan County's Bluff Municipal, Services District #1 will need to be closed, and the new Town of Bluff will need to adopt a Town tax rate equal to that of current Certified Rate for the Bluff Municipal Services District #1.

This action will allow the newly Town of Bluff to maintain current service and budget levels while keeping property taxes at their current level without reducing levels of service.

The heart of this incorporation analysis is assessing the cost of the County providing municipal law enforcement and road maintenance services to the newly incorporated Town at similar quality and level of service.

Utah Code -10-2a-302 Subsection (d) states that if the five years projected revenues under Subsection (7)(b)(v) exceed the five-year projected costs under Subsection (7)(b)(iv) by more than 10%, the feasibility consultant shall project and report the expected annual revenue surplus to the contact sponsor and the lieutenant governor.

Table 5-1: Detailed Five-Year Revenue/Expense Budget Projections

BLUFF FIVE YEAR BUDGET ANALYSIS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Budget Revenue	$129,663	$132,888	$136,210	$139,616	$143,106
Budget Expenses	$129,000	$132,225	$135,531	$138,919	$142,392
Revenue/Expense Differential	0.51%	0.50%	0.50%	0.50%	0.50%

Source: Calculations Bonneville Research 2017

Table 5.1 above shows that average annual revenues do not exceed average annual costs by more than 10% of the taxes will be needed to support the new Town.

The proposed budget maintains the both the current level of services to the Residents and Businesses of the Town of Bluff without raising any taxes, either sales or property. It will, however, divert sales and some of the Class B road funds that San Juan County is currently receiving but will return most of those funds to San Juan County through Interlocal agreements to provide Law Enforcement, Road Maintenance and additional support for Fire and EMP services.

The five year projected revenues under Subsection (7)(b)(v) DO NOT exceed the five-year projected costs under Subsection (7)(b)(iv) by more than 10%.

Therefore the feasibility consultant DOES NOT NEED TO report ANY expected annual revenue surplus to the contact sponsor and the lieutenant governor.

Thank You,

Robert. L. Springmeyer,
Bonneville Research

Bonneville Research