

# Utah County West Mountain Incorporation Feasibility Study

ZIONS BANK  PUBLIC FINANCE

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# 1 Executive Summary

*Utah Code 10-2-106(3)(b): submit with the full written results of the feasibility study a summary of the results no longer than one page in length;*

The results of this study indicate that incorporation is feasible for West Mountain, based on the requirements of Utah Code 10-2-106. The proposed city would have an initial population of 1,258 persons and 19 current businesses located on the 10.77 square miles that would make up the City. Future population growth is based on historic trends which approximate 8-9 new residential building permits per year.

Not including startup costs and revenue lags, the ratio of revenues to expenditures in West Mountain's budget in 2015 is 100 percent if the community contracts for essential services including police, fire and roads. Succeeding year ratios are at 100 and 99 percent. From the results of the Feasibility Study, it appears that the average amount of revenue does not exceed the average amount of expenditures by more than five percent pursuant to Utah Code 10-2-109-(3).

If incorporation occurs, West Mountain will no longer be in Service Areas #6, #7, #8 and #9. The tax rates paid for these areas can be "transferred" to the new City. In order to generate the \$167,475 currently being generated in these service areas in West Mountain, with a taxable value of \$63,508,476, the equalized tax rate in West Mountain would need to be .002637042. This would mean a decrease in the existing tax rate for Districts 120 and 160, but a tax increase for District 125. However, the new City is close to breakeven and, in the first year (2015) could potentially see a small decrease in cost for Tax Districts 120 and 160 to maintain current service levels. Startup costs are in addition to those shown in Table 1.

Table 1: Tax Rates and Impacts by Tax District in 2015

Replaced Tax Rate for:	Equalization of Existing Taxes			Additional Tax Impacts		Total Tax Impacts
	Tax Rate	Change in Current Rate	Impacts per \$100,000 of Primary Residential Market Value	Additional Tax Rate	Impacts per \$100,000 of Primary Residential Market Value	Impacts per \$100,000 of Primary Residential Market Value
120	0.002678	(0.000041)	(\$2.25)	(0.000049)	(\$2.68)	(\$4.93)
125	0.001949	0.000688	\$37.84	(0.000049)	(\$2.68)	\$35.16
160	0.002678	(0.000041)	(\$2.25)	(0.000049)	(\$2.68)	(\$4.93)

Impacts to existing service providers would be limited and not significant, with the largest impacts coming to the Service Areas #6 and #7 (police and fire) if no contracts are entered into.

Table 2: Impacts on Special Service Areas

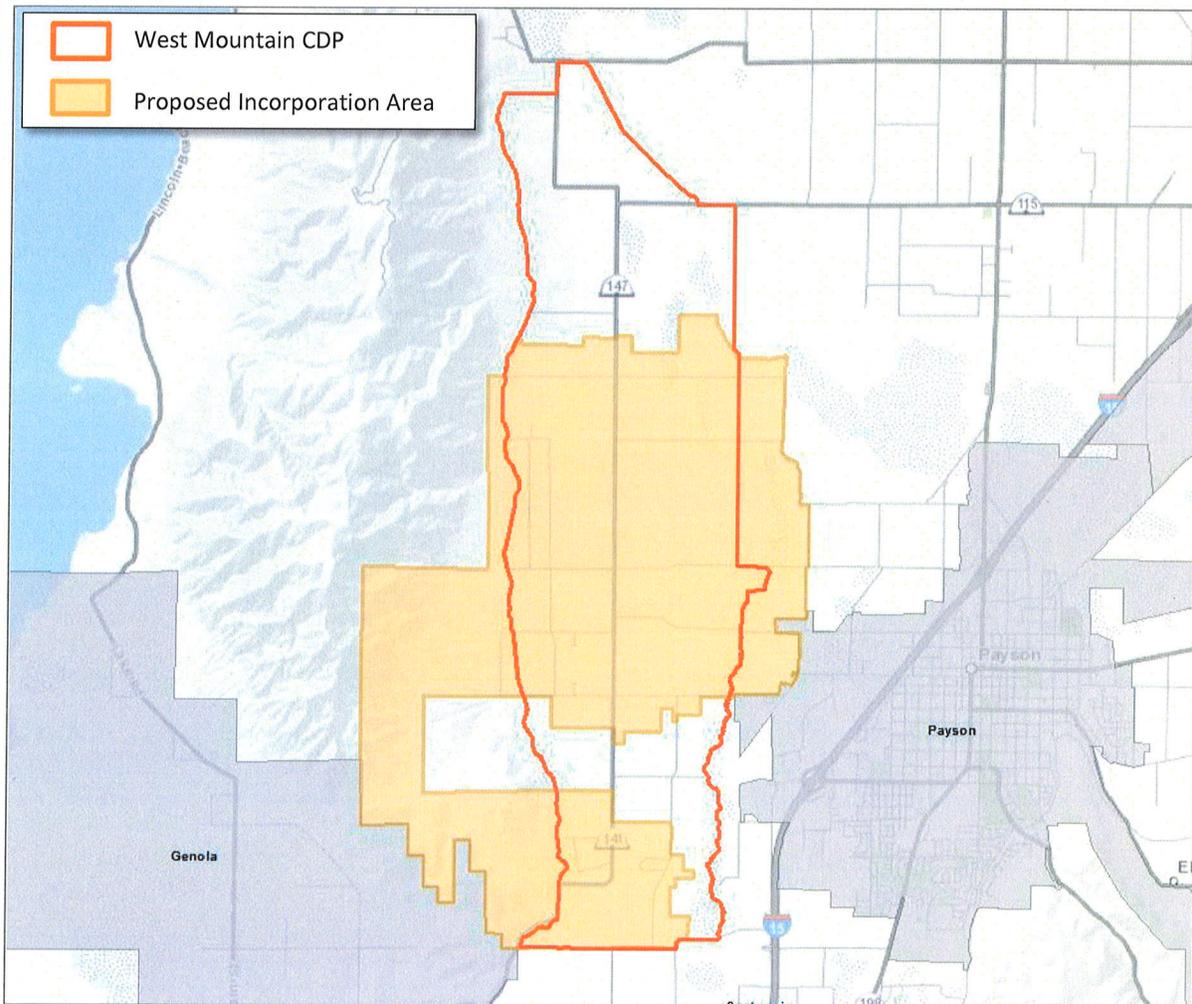
Impacts per \$100,000 of Primary Residential Market Value	With Contract	Without Contract
Service Area #6 – Police	\$2.78	\$4.33
Service Area #7 – Fire	NA	\$5.13
Service Area #8 – Planning	\$0.28	\$0.87
Service Area #9 – Wildland Fire	NA	\$0.05
Utah County	-\$0.20	\$0.14
Payson City	\$2.87	\$8.49

## 2 Population and Population Density

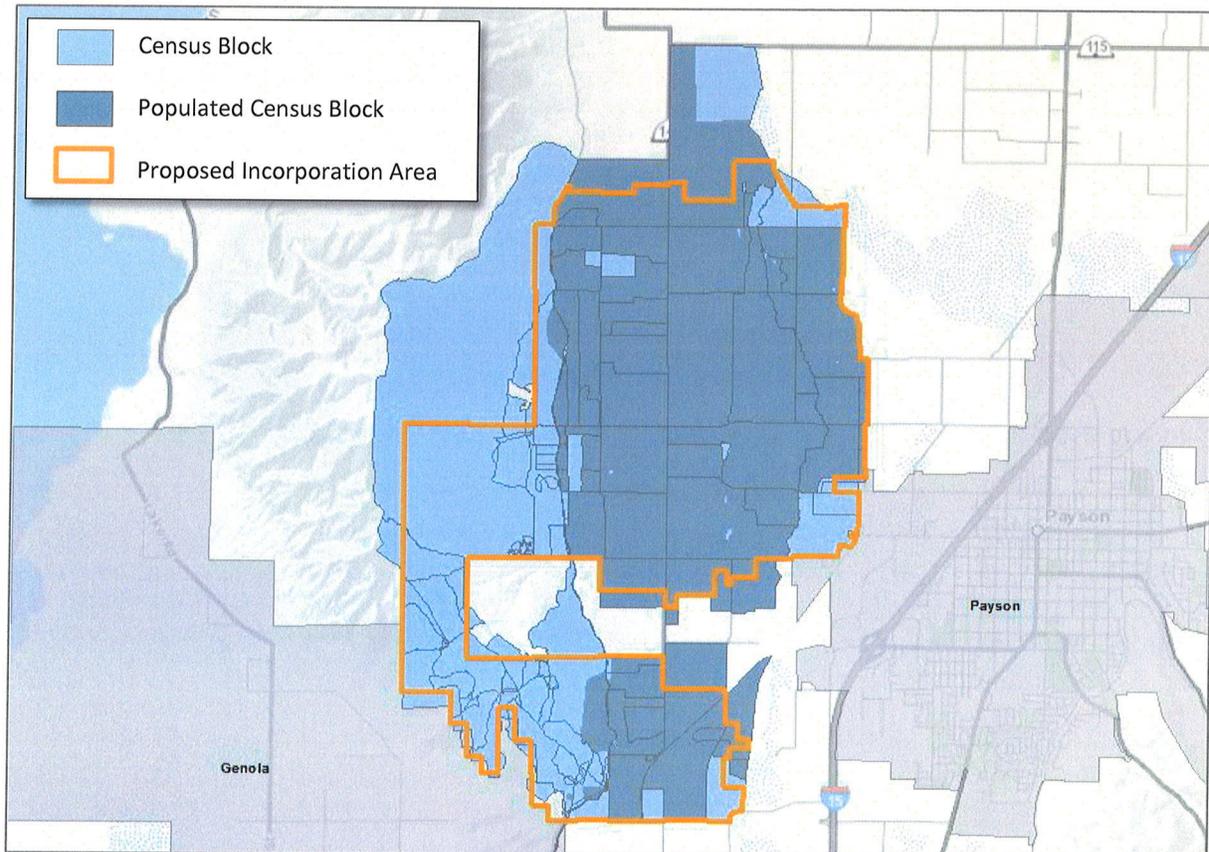
*Utah Code 10-2-106(4)(a)(i): population and population density within the area proposed for incorporation and the surrounding area*

The estimated 2013 West Mountain population is 1,258, based on 2010 Census block data and recent residential building permits. 2010 population was estimated from Census block data that best matched the proposed area, with additional population growth from 2010 to the present estimated from area building permits in that time period.

Although there is a Census Designated Place (CDP) for West Mountain, the boundaries of the CDP differ greatly from the proposed incorporation boundaries. The figure below shows this difference in boundaries. Due to the significant differences in boundaries, population for the proposed incorporation boundaries is estimated at the block level of 2010 Census data rather than the 2010 CDP population.



Census block data provides a closer estimate of the population in the study area. The map below shows Census blocks as best aligned with the proposed incorporation boundaries (in gold). Those Census blocks that are shaded are those that were populated in 2010, while the rest were unpopulated. A total of 189 blocks are associated with the West Mountain Area, with 64 populated.



Those blocks that are populated were analyzed along the incorporation area's borders to determine population more accurately. Since the unpopulated blocks do not impact population calculations, only the populated blocks were analyzed to find ones that did not match the study area boundaries. There are eight blocks that overlap the proposed boundary. These overlapping blocks were analyzed through recent aerial photography to determine the proportion of development within the proposed West Mountain boundaries. The number of households in each block was counted and a percentage calculated of those households that are within the West Mountain boundaries. This proportion was used to estimate how much of the block's population is within West Mountain. This results in an estimated 2010 population in the study area of 1,205 with 312 households.

Using the 2010 population of the area, an estimated 2013 population is projected to be 1,258 using recent building permits to evaluate recent growth. Assuming an average household size in the area of 3.86 persons per home,<sup>1</sup> this household size was multiplied by 14 – the number of new

<sup>1</sup> Household size was calculated by dividing the known 2010 population by the known 2010 number of households.

residential building permits since 2010. Population growth projections beyond 2013 are detailed in Chapter Three.

The study area has a total area of 10.77 square miles, giving an estimated population density of - 117 persons per square mile in 2013.

Table 3: Estimated West Mountain Population and Population Density

	2010	2013
Estimated Population	1,205	1,258
Estimated Households	312	326
Area of Proposed Study Area (Square Miles)	10.77	10.77
Estimated Population per Square Mile	112	117

Comparisons of population and population densities for surrounding communities are shown below using the most recent demographic estimates from the Census, along with data from the State of Utah AGRC to determine square miles. West Mountain has a much lower population than surrounding cities, but comparable size in square miles. This gives West Mountain a much lower population density than most surrounding cities at 117 persons per square mile. Only Genola has a similarly low density at 98 persons per square mile.

Table 4: Population and Population Density for Surrounding Areas

	Payson	Genola	Santaquin	Salem	Elk Ridge
Current Population	18,938	1,390	9,674	6,762	2,690
2011 Households	4,977	362	2,222	1,726	572
Square Miles	9.59	14.18	10.04	10.07	2.67
Population per Square Mile	1,975	98	964	671	1,007

### 3 Current and Projected Demographics and Economic Base

*Utah Code 10-2-106(4)(a)(ii): current and five-year projections of demographics and economic base in the proposed city and surrounding area, including household size and income, commercial and industrial development, and public facilities*

Demographics for the area are determined through data given by the Census for the West Mountain CDP and area Census blocks. While Census blocks more closely match the study area than the CDP, demographic data beyond population and number of households is not provided at the block level. Further, given the CDP and the study area are in the same general area and there appears to be no significant differences in housing types, land use, density, or proximity to other population centers, it is assumed that the cultural and economic factors that influence demographics are largely the same in the two boundary definitions.

#### Population Projections

Historic building permits from the last ten years have been used to determine population growth trends in the West Mountain Area, both to determine the current 2013 population from 2010 Census data and to project growth for the next five years. There was an average of eight new homes per year. An average household size of 3.86 has been used, based on the known 2010 population divided by the number of households. An average annual growth rate of 2.5 percent per year was applied based on historic building permits. This analysis projects a population in 2013 of 1,258 and 1,424 persons by the year 2018.

Table 5: Historic Building Permits in Study Area

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total New Residential Units	12	16	13	8	13	10	4	1	1	4	9

Table 6: Projected Population in Study Area

	2013	2014	2015	2016	2017	2018
Population Estimate	1,258	1,290	1,322	1,355	1,389	1,424

Population growth for surrounding communities in the next five years is estimated using the growth rate from 2010 to 2020 as projected by the Governor's Office of Planning and Budget (GOPB). The average annual growth rate (AAGR) is applied to the 2012 Census population estimate and forecasted through 2018.

Table 7: Projected Population in Surrounding Areas

	Payson	Genola	Santaquin	Salem	Elk Ridge
GOPB 2010	18,294	1,370	9,128	6,423	2,436
GOPB 2020	22,832	3,789	17,594	11,363	3,898
AAGR 2010-2020	2.48%	17.66%	9.27%	7.69%	6.00%
Census 2012 Population	18,938	1,390	9,674	6,762	2,690
2013	18,985	1,496	10,571	7,282	2,851
2014	19,033	1,611	11,551	7,842	3,022
2015	19,080	1,735	12,621	8,445	3,204
2016	19,128	1,867	13,791	9,094	3,396
2017	19,176	2,010	15,070	9,794	3,600
2018	19,224	2,164	16,467	10,547	3,816

## Household Size

The household size for the area is assessed using population and housing data derived from the Census blocks and building permits within the proposed incorporation area. This analysis provides an average household size of 3.86 persons per household.

For comparison, the average household size in the West Mountain CDP has been decreasing since 2000. The average household size in the 2000 Census was 4.39, the 2010 Census decreased to 3.99, and then the 2011 ACS found it to be even lower at 3.67. Household sizes for surrounding areas are also shown in the table below.

Table 8: Household Size in Study Area and Surrounding Communities

	West Mtn. Census Blocks	West Mtn. CDP	Payson	Genola	Santaquin	Salem	Elk Ridge	Utah County
2000 Census HH Size	--	4.39	3.47	4.18	3.71	3.86	4.45	3.57
2010 Census HH Size	3.86	3.99	3.60	3.86	3.90	3.70	4.17	3.59
2011 ACS HH Size	--	3.67	3.57	3.83	3.93	3.62	4.17	3.62

## Income

Comparing changes in income levels, the West Mountain area's median household income has increased by 20 percent from 2000 to 2011 without accounting for inflation. This increase is slower than other surrounding communities – Payson and Genola increased at rates closer 40 percent. The most similar community in income changes was Salem. All of the communities, including West Mountain, have median incomes above the County median and projected estimate.

Table 9: Household Income in Study Area and Surrounding Communities

	West Mtn. CDP	Payson	Genola	Santaquin	Salem	Elk Ridge	Utah Co.
2000 Census Median HH Income (1999 Dollars)	\$56,563	\$43,539	\$45,417	\$44,531	\$54,813	\$65,511	\$45,833
2011 ACS Median HH Income (2011 Dollars)	\$67,500	\$59,590	\$64,000	\$63,075	\$67,014	\$83,148	\$59,338
Percent Change 2000-2011	19.34%	36.87%	40.92%	41.64%	22.26%	26.92%	29.47%
AAGR 2000-2011	1.76%	3.35%	3.72%	3.79%	2.02%	2.45%	2.68%
Estimated 2013 Median HH Income	\$69,897	\$63,649	\$68,850	\$67,947	\$69,749	\$87,272	\$62,561
Projected 2018 Median HH Income	\$76,268	\$75,049	\$82,645	\$81,836	\$77,084	\$98,500	\$71,406

## Commercial and Industrial Development

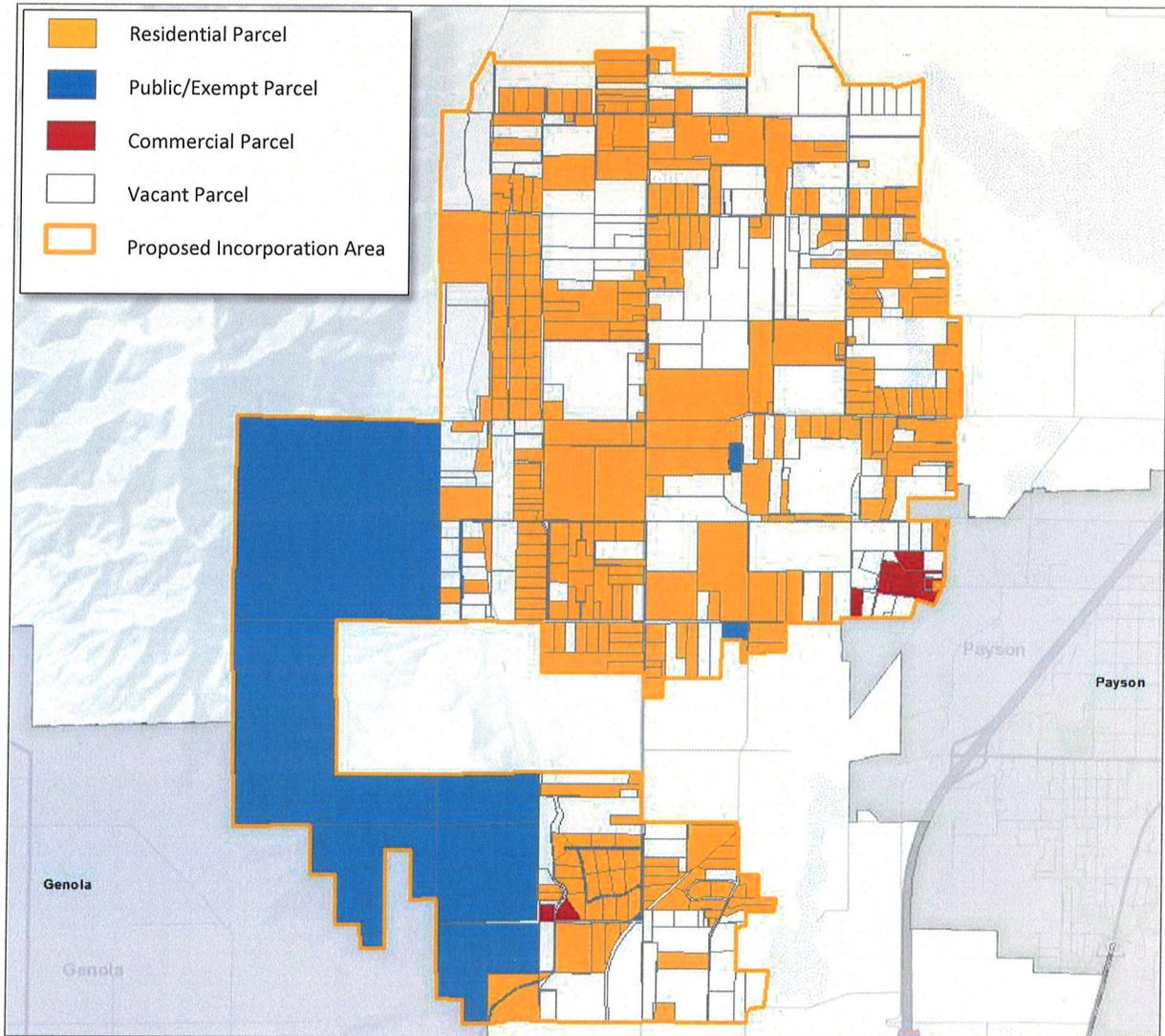
Commercial development in the study area is very limited, with most development consisting of small family farms, residential properties, and vacant land. The table below shows the land uses of the 573 parcels in the study area, showing that the vast majority are residential or vacant.

Table 10: Property Type and Greenbelt Classification in Study Area

Property Type	Number of Parcels
Residential	310
Commercial or Mixed Use	5
Vacant	215
Public/Exempt	43
Total	616

The average size of residential lots in the area is 8.16 acres. About 63 percent of these properties are classified as greenbelt.

The current commercial development consists of five parcels that are grouped into two main areas on the eastern boundary by Payson and in the southern arm of the area close to Genola. The map below shows the land uses within the city, along with showing the two commercial areas. The group near Payson consists of a distribution center for Intermountain Farmers Association and a storage unit complex. The parcels in the south are both warehouses for Payson Fruit Growers. Other industrial-type development in the area is on public land.



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

New nonresidential commercial and industrial development in the West Mountain Area has been low since 2002. There is an average of just over one permit per year.

Table 11: Non-Residential Building Permits Issues in Last Decade

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Avg.
Permits Issued	1	1	0	1	4	1	1	2	2	0	0	1.18

Although past and current development gives little indication of future growth in commercial and industrial development, future growth is expected by those familiar with the area. Mountainland Association of Governments (MAG) considers this area a “transition zone” that will have similar development shifts as Payson and Genola due to market demand in the valley. The study area is situated near I-15, next to Payson, and near the new LDS temple site. As Payson grows and demand grows around the temple site for new residential development, it is expected that West Mountain will be a part of this development trend. MAG sees the entire southern portion of the County, including West Mountain, transitioning from family farms to residential development. As younger generations move out of farming, the large farming plots are frequently sold into new home developments.

Current County zoning for unincorporated areas shows the study area zoned primarily as a residential agriculture area, with the West side zoned for mining and grazing.

Much of the study area is currently included in the Payson annexation plan, showing that overflow development in Payson is expected to extend to West Mountain. Land use in this annexation plan indicates continued predominance of low-density residential housing as part of Payson’s intention that agricultural and rural “lifestyle opportunities be preserved and encouraged where possible.” This plan encourages development on the east side of I-15, and agricultural uses west of I-15. This annexation plan also shows commercial uses planned at the intersection of 10400 South and 5600 West. Industrial and commercial uses are shown along I-15 and rail lines, including along the rail line in the southern arm of the proposed annexation area.

The long term plans of the Utah Transit Authority (in cooperation with MAG) show planned extensions of the Frontrunner commuter rail through the southern portion of the study area along I-15. This would be in Phase Three of the commuter rail plan extending from Payson to Santaquin. Stops on this extension are currently undetermined.

### Taxable Value

The average taxable value per capita in the West Mountain area is \$50,484 – higher than all surrounding areas, providing a strong property tax base for the proposed city.

Table 12: Taxable Value in Study Area and Surrounding Communities

Community	2013 Taxable Value	Taxable Value Per Capita
West Mountain – Proposed Area	\$63,508,476	\$50,484
Payson	\$646,837,114	\$34,156
Genola	\$44,279,561	\$31,856
Santaquin	\$255,498,277	\$26,411
Salem	\$255,877,694	\$37,841
Elk Ridge	\$105,949,602	\$39,386
Utah County	\$23,730,897,946	\$43,905

### Public Facilities

There are currently no public facilities within the study area. Interviews with Nebo School District and Utah County indicate no plans within the next five years to construct public facilities within the area. However, these plans could change if service provision changes with the proposed incorporation.

## Available Land

The West Mountain Area has an ample amount of vacant land within the proposed boundaries. There are about 2,618 acres classified as vacant property, representing about 39 percent of all land within the study area. Additionally, the majority of the 1,587 acres of public and exempt land listed by the County are undeveloped federal land.

Given the large lot size of residential properties, there is also potential for even more available land if property is sold or converted to other higher density uses. MAG notes that this is a trend in this part of the County – as children turn down management of family farms, the property is sold for more dense residential development. Of the 310 residential parcels totaling an additional 2,531 acres in the study area, 303 parcels are one acre or larger and 259 are five acres or larger. The average residential lot size is 8.16 acres.

# 4

## Five-Year Projected Growth in the Proposed City and Adjacent Areas

*Utah Code 10-2-106(4)(a)(iii): projected growth in the proposed city and in adjacent areas during the next five years*

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2017	19,176	2,010	15,070	9,794	3,600
2018	19,224	2,164	16,467	10,547	3,816

Growth rates throughout this part of the County are projected to be high, especially in Genola.

# 5

## Five-Year Expenditure Projections in the Proposed City

*Utah Code 10-2-106(4)(a)(iv): subject to Subsection (4)(b), the present and five-year projections of the cost, including overhead, of governmental services in the proposed city, 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 city is not known or 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 \$1,200 annually for five council members and for the mayor, for a total cost of \$7,200.

*Administrative.* Administrative costs are based on one full-time position, with benefits, and one part-time position. The full-time position is based on a yearly salary of \$25,000 - \$30,000 plus benefits. The part-time position is estimated at roughly \$12,000 per year, for total annual administrative expenses of \$50,000.

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

*Elections.* Elections are budgeted at a cost of \$1,250 per year, on average, recognizing that elections will be held every other year.

*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 city \$12,000 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 generally have legal expenses of \$12,000 per year.

*Other Professional Services.* Other professional services will be needed, from time to time, for engineering, economic, and other consulting services.

### Public Safety

*Police.* Estimates for police services were obtained from Santaquin City and Utah County. Payson City responded, but said that the City was unable to provide these services at this time. The lowest bid was from Utah County was \$35,000 and has been included in the budget projections. All responses are included, in detail, in the Appendix. The contract estimates, nonbinding, are based on the same level of services as currently provided to the West Mountain area.

*Fire and EMS.* Fire bids were requested from Utah County, Santaquin and Payson. Payson and Santaquin provided bids within the timeframe of this study. Because Payson's bid was slightly lower than Santaquin's bid, it was used in the budget analysis. Payson currently provides fire services to a portion of the West Mountain area.

*Animal Control and Regulation.* Animal control expenditures have been included in the estimated police contract costs.

*Justice Court.* Based on the number of citations in the area, as researched by the Utah County Sheriff's Department, it would be worthwhile for the City to take its fair share of the revenues from these citations (approximately 40 percent of the fines generated within the area) and pay a prosecutor so that these fines could flow to the City, rather than to the County. Given the low level of citations in the area, prosecutor costs are estimated at \$2,000 annually.

*E-911.* Based on the existing level of calls for service to the Utah Valley Dispatch Center, the Dispatch Center has estimated the E-911 costs at \$4,490.

*Building Inspections.* 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 City to cover paperwork and costs associated with coordinating the building inspections with the contractor.

## Highways and Public Improvements

Both Santaquin and Payson City declined to provide an estimate for providing road services to West Mountain. Therefore, the only contract estimate received was from Utah County Public Works which estimated \$120,000 annually. This fee includes services to all Class C roads. There are some roads within the study area that will not be transferred to the City and are therefore not Class C roads. These roads include 5600 West (SR-141/ SR-147) which is a UDOT facility, 9600 South and 12000 South which will both remain as County facilities.

The contract estimate provided by Utah County is based on its current service levels in the West Mountain area. Currently Utah 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 depending on storms. 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.

In addition, in order to maintain current service levels the City will need to budget an average of \$40,000 annually for chip sealing of the roads.

## Parks, Recreation and Public Property

There are no parks and recreation facilities in the West Mountain area and therefore no associated costs with maintaining current service levels.

## Sanitation – Garbage Collection

Sanitation/garbage collection services are provided privately. Therefore, there are no public costs associated with this service.

## Debt Service

The proposed city has no outstanding debt obligations for which it would be responsible if incorporation occurs.

## Community and Economic Development

Community and economic development services have been included in the administrative costs.

## Summary of Expenditures: Five-Year Projections

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

Table 16: Five-Year Projected Expenditures in Study Area

Fiscal Year	2014	2015	2016	2017	2018	2019
<b>General Government</b>						
Mayor and Council	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
Court	\$0	\$0	\$0	\$0	\$0	\$0
Administrative	\$50,000	\$50,750	\$51,511	\$52,284	\$53,068	\$53,864
Non-Departmental	\$15,000	\$15,000	\$15,225	\$15,453	\$15,685	\$15,920
Elections	\$1,250	\$1,269	\$1,288	\$1,307	\$1,327	\$1,347
Planning & Zoning	Included in Admin					
Auditor & Attorney	\$24,000	\$24,360	\$24,725	\$25,096	\$25,473	\$25,855
Other Professional Services	\$15,000	\$15,225	\$15,453	\$15,685	\$15,920	\$16,159
Buildings and Grounds	\$6,000	\$6,090	\$6,181	\$6,274	\$6,368	\$6,464
<b>Public Safety</b>						
Police Department	\$35,000	\$35,875	\$36,772	\$37,691	\$38,633	\$39,599
Fire and EMS	\$65,000	\$66,625	\$68,291	\$69,998	\$71,748	\$73,542
Animal Control and Regulation	\$0	\$0	\$0	\$0	\$0	\$0
Justice Court	\$2,000	\$2,050	\$2,101	\$2,154	\$2,208	\$2,263
E-911	\$4,490	\$4,602	\$4,717	\$4,835	\$4,956	\$5,080
Building Inspections		\$10,683	\$10,683	\$10,683	\$12,018	\$12,018
<b>Highways &amp; Public Improvements</b>						
Streets - Operating	\$120,000	\$123,000	\$126,075	\$129,227	\$132,458	\$135,769
Chip Seal	\$40,000	\$41,000	\$42,025	\$43,076	\$44,153	\$45,256
<b>Parks, Recreation, and Public Property</b>						
Park & Park Areas	\$0	\$0	\$0	\$0	\$0	\$0
Storm Drains	\$0	\$0	\$0	\$0	\$0	\$0
Senior Citizens	\$0	\$0	\$0	\$0	\$0	\$0
<b>Sanitation - Garbage Collection</b>						
Sanitation - Garbage Collection	\$0	\$0	\$0	\$0	\$0	\$0
<b>Debt Service</b>						
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
<b>Community and Economic Development</b>						
Community Planning	\$0	\$0	\$0	\$0	\$0	\$0
<b>Transfers: Capital Improvements</b>						
<b>Total Expenditures</b>	<b>\$395,623</b>	<b>\$403,729</b>	<b>\$412,248</b>	<b>\$422,299</b>	<b>\$431,215</b>	<b>\$440,336</b>

# 6 Five-Year Revenues Projections in the Proposed City

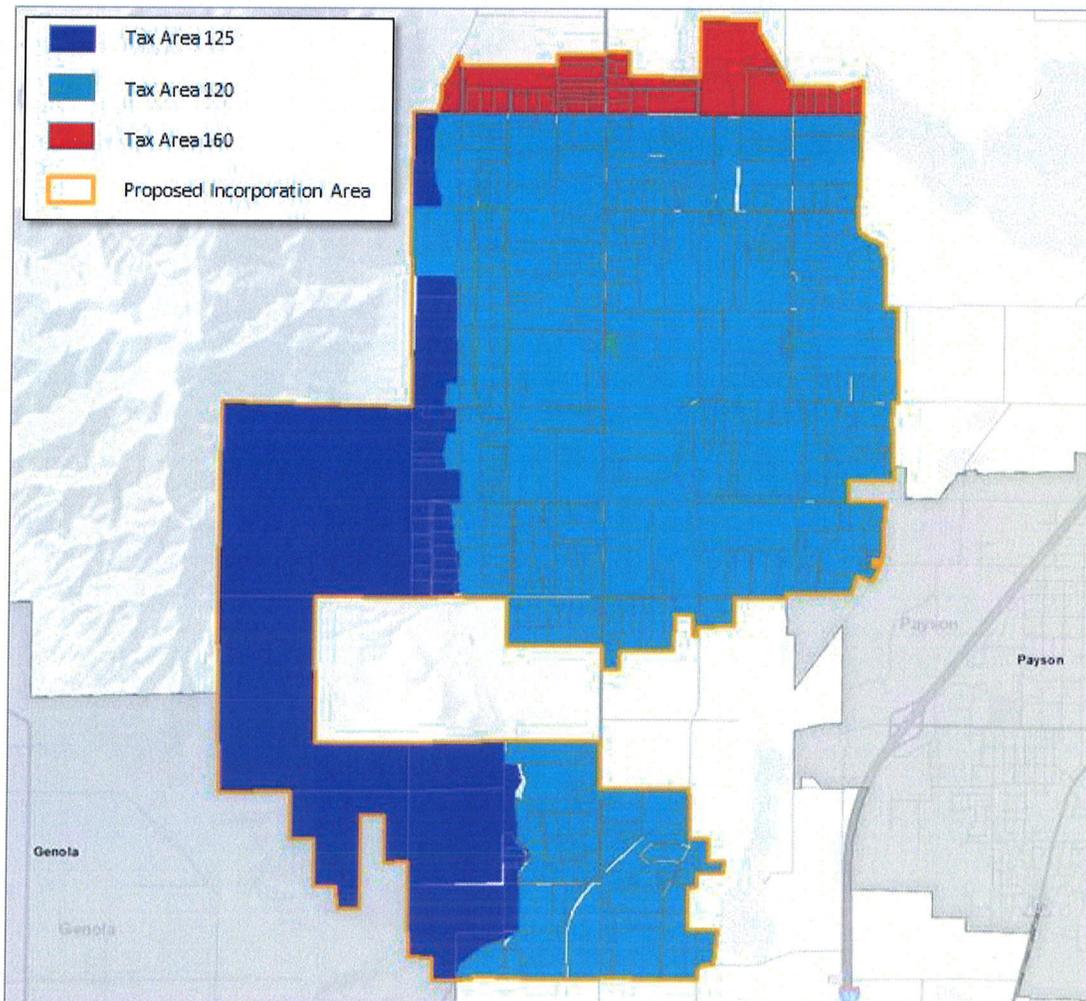
*Utah Code 10-2-106(4)(a)(v): assuming the same tax categories and tax rates as currently imposed by the county and all other current service providers, the present and five-year projected revenue for the proposed city;*

## Property Tax Revenues

Property tax revenues are based on the 2013 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 city in the future.

Table 17: Taxable and Market Value by Tax District

Tax District	Taxable Value	Parcels	Market Value
120	\$57,014,593	496	\$144,878,862
125	\$3,568,171	40	\$7,575,300
160	\$2,925,712	37	\$9,864,960
<b>Total</b>	<b>\$63,508,476</b>	<b>573</b>	<b>\$162,319,122</b>



There are three tax districts that cover the West Mountain area as follows:

Table 18: Study Area Tax Districts, Rates and Total Revenue

Tax Area	Total Market Value of Area Parcels	Total Taxable Value of Area Parcels	# of Parcels in Tax Area	Property Tax Rate	Total Tax Revenue
<b>Tax District 120</b>	<b>\$144,878,862</b>	<b>\$57,014,593</b>	<b>496</b>		
Utah				0.001259	\$71,781
Nebo School District				0.009526	\$543,121
UT Co. Service Area #6 - Police				0.001472	\$83,925
Ut Co. Service Area #7 - Fire				0.000877	\$50,002
UT Co. Service Area #8 - Planning				0.000329	\$18,758
Central Utah Water Conservancy				0.000455	\$25,429
<b>Total</b>				<b>0.013909</b>	<b>\$793,016</b>
<b>Tax District 125</b>	<b>\$7,575,300</b>	<b>\$3,568,171</b>	<b>40</b>		
Utah				0.001259	\$4,492
Nebo School District				0.009526	\$33,990
UT Co. Service Area #6 - Police				0.001472	\$5,252
UT Co. Service Area #8 - Planning				0.000329	\$1,174
UT Co. Service Area #9 - Wildland Fire				0.000148	\$528
Central Utah Water Conservancy				0.000455	\$1,591
<b>Total</b>				<b>0.01318</b>	<b>\$47,028</b>
<b>Tax District 160</b>	<b>\$9,864,960</b>	<b>\$2,925,712</b>	<b>37</b>		
Utah				0.001259	\$3,683
Nebo School District				0.009526	\$27,870
Benjamin Cemetery Maintenance District				0.000168	0.00017
UT Co. Service Area #6 - Police				0.001472	\$4,307
Ut Co. Service Area #7 - Fire				0.000877	\$2,566
UT Co. Service Area #8 - Planning				0.000329	\$963
Central Utah Water Conservancy				0.000455	\$1,305
<b>Total</b>				<b>0.014079</b>	<b>\$41,191</b>

If West Mountain incorporates, it will no longer receive services from Service Areas #6 (police), #7 (fire), #8 (planning), and #9 (wildland fire). Rather, the new city will either contract with Utah County for these services, contract with another service provider, or it will provide the services directly.

Therefore, these property tax rates can be transferred to the new city because it will mean no additional taxes on the part of existing property owners. Total tax rates being paid in the proposed incorporation area for municipal-type services differ based on tax district and range from a low of 0.001949 in Tax District 125, to a high of 0.002678 in Tax Districts 120 and 160.

Table 19: Current Specialty Service Area Tax Rates by Tax District

Service Area by District	Rate	Revenue
<b>Tax District 120</b>		
UT Co. Service Area #6	0.001472	\$83,925
UT Co. Service Area #7	0.000877	\$50,002
UT Co. Service Area #8	0.000329	\$18,758
Total - 120	0.002678	\$152,685
<b>Tax District 125</b>		
UT Co. Service Area #6	0.001472	\$5,252
UT Co. Service Area #8	0.000329	\$1,174
UT Co. Service Area #9	0.000148	\$528
Total - 125	0.001949	\$6,954
<b>Tax District 160</b>		
UT Co. Service Area #6	0.001472	\$4,307
UT Co. Service Area #7	0.000877	\$2,566
UT Co. Service Area #8	0.000329	\$963
Total - 160	0.002678	\$7,835
<b>Tax Districts 120, 125 &amp; 160</b>		
Total		\$167,475

The newly-formed City can therefore assume a property tax rate of at least 0.001949 without placing any additional burden on existing property owners. Given a total taxable value of \$63,508,476, this would generate property tax revenues of \$123,778. However, the tax districts are currently generating \$167,475 in tax revenues to the Service Areas (#6, #7, #8 and #9) that they will not pay if incorporation occurs. Therefore, this analysis assumes that the entire \$167,475 could flow to the new city, if incorporated. However, it is important to note that this will place a somewhat smaller tax burden on taxpayers in tax districts 120 and 160, and a slightly higher burden on District 125 taxpayers. The amount of change is discussed in more detail in Chapter 7.

## Sales Tax Revenues

Sales tax revenues are distributed on both population and point of sale. Point of sale tax revenues are calculated based on one-half of one percent of local sales. Data provided by the Utah State Tax Commission suggests that total sales in the West Mountain area for the most recent year were approximately \$150,000 from fewer than ten outlets, resulting in total point-of-sale tax revenues of \$750.

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 extending from September 2012 to August 2013, the average per capita distribution was \$81.59.

Table 20: Sales Tax Distribution Based on Population

Distribution Month	Direct Point of Sale	Motor Vehicle Sales	Population	Total Distribution	Total Paid	Point of Sale Distribution	Population Distribution	Per Capita
Sep-12	\$104,736	\$1,451	10,230	\$113,657	\$112,375	\$52,368	\$60,007	\$5.87
Oct-12	\$117,366	\$294	10,230	\$133,404	\$131,769	\$58,683	\$73,086	\$7.14
Nov-12	\$212,668	\$517	10,230	\$184,441	\$182,558	\$106,334	\$76,224	\$7.45
Dec-12	\$132,042	\$369	10,230	\$131,155	\$129,722	\$66,021	\$63,701	\$6.23
Jan-13	\$99,892	\$1,550	10,230	\$119,933	\$116,756	\$49,946	\$66,811	\$6.53
Feb-13	\$181,101	\$1,328	10,230	\$179,806	\$177,738	\$90,551	\$87,188	\$8.52
Mar-13	\$168,227	\$801	10,230	\$152,040	\$149,969	\$84,113	\$65,856	\$6.44
Apr-13	\$99,024	\$223	10,230	\$113,260	\$111,999	\$49,512	\$62,487	\$6.11
May-13	\$178,772	\$279	10,230	\$173,503	\$171,725	\$89,386	\$82,339	\$8.05
Jun-13	\$85,220	\$1,773	10,152	\$106,329	\$91,127	\$42,610	\$48,517	\$4.78
Jul-13	\$131,674	\$700	10,152	\$134,350	\$131,580	\$65,837	\$65,743	\$6.48
Aug-13	\$233,274	\$379	10,152	\$200,066	\$197,816	\$116,637	\$81,179	\$8.00
								\$81.59

### Municipal Energy (Franchise) Tax Revenues

This revenue source is available only to cities, and not to counties. Therefore, the residents and businesses in West Mountain are not currently paying this tax. While they could choose to do so, if incorporated, it is not part of their current level of service and has therefore not been included in the revenue projections.

### Motor Vehicle Revenues

Motor vehicle fees paid by the West Mountain area total \$79,985. The estimated amount to be distributed to the new city, which is a ratio of the new City's tax rate as compared to the total tax rate paid by property owners in the new City, is an estimated distribution of \$15,165.

### Telecommunications Tax

No telecommunications tax revenues are forecasted for the proposed city as there are no cell towers in the proposed incorporation area.

### Licenses and Permits

*Business License Fees.* Business license fee revenues of \$2,270 were calculated based on information provided by Utah County and reflect the actual amount of business license fees paid for the past year.

*Building Permits.* Building permit fees are generally charged based on the 1997 Uniform Building Code which levies fees based on construction cost. The theory behind these fees is that they are used to directly offset the costs associated with building inspections. While the City will likely contract with an independent provider for these services, it may be able to retain a portion of these fees to cover administrative costs associated with paperwork and coordinating the building inspections. Based on growth projections, and an average residential building permit fee of

\$1,484,<sup>2</sup> the City could retain ten percent of revenues in order to process fees and coordinate building inspections.

### Class C Road Funds

Class C Road Funds are distributed both on population and weighted road miles. In FY 2012, the last year for which figures were available, the total road distribution was \$125,077,927. Half of this amount was distributed based on population; therefore, with a statewide population of 2,809,213 persons, the per capita distribution was \$22.26.

The road mile distribution portion of the formula is based on 109,270 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. The state distribution per weighted road mile is therefore \$572.34.

Table 21: Class C Road Funds

Utah Road Miles	
Class B&C Road Distribution FY 2012	\$125,077,927
Percent by population	50%
Percent by weighted road miles	50%
Total amount by population - Utah Cities	\$62,538,964
Amount by weighted road miles	\$62,538,964
Utah total weighted road miles	109,270
Utah 2011 population (distributed on prior year population)	2,809,213
Distribution per weighted road mile	\$572.34
Distribution per population	\$22.26

The West Mountain area has 93.4 weighted road miles that would be the City's obligation to maintain and for which it would receive Class C revenues. Roads that will not be transferred to the City are 5600 West (SR-141/ SR-147) which is a UDOT facility, 9600 South and 12000 South which will both remain as County roads.

Based on these distribution amounts, West Mountain City would receive \$28,011.09 for the population distribution portion and \$53,456.11 for the road mile distribution of the formula, for total revenues of \$81,467.21.

### State Liquor Fund Allotment

State liquor funds are allotted based on four factors:

- 1) percent of local population to State population
- 2) percent of statewide convictions to alcohol-related offenses
- 3) percent based on total retail outlets for liquor
- 4) percent to counties for confinement and treatment purposes

<sup>2</sup> Based on average residential home values of \$250,000, with construction costs representing 75 percent of total value, and the 1997 Uniform Building Code fee schedule.

Table 22: State Liquor Fund Allotment

State Liquor Fund Allotment	Utah Code 32B-2-404
% of local population to State population	25%
% of statewide convictions for alcohol-related offenses	30%
% based on total retail outlets	20%
% to counties for confinement and treatment purposes	25%
2013 Statewide distribution amount	\$5,308,900
Amount allocated based on local populations	\$1,327,225
West Mountain population	1,258
State of Utah population	2,855,287
Population Ratio (West Mountain to State)	0.000441
West Mountain distribution amount	\$584.92

For purposes of this analysis, it was assumed that West Mountain would receive revenues only for the population distribution portion of the formula. Using this basis, along with a statewide total distribution amount of \$5,308,900, West Mountain would receive \$584.92 in state liquor fund allotment revenues.

### Charges for Services

The City 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 generally 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 City to cover paperwork and costs associated with coordinating the building inspections with the contractor.

### Summary of Revenues

Table 23: West Mountain Budget - Revenues

	2014	2015	2016	2017	2018	2019
<b>Taxes</b>						
General Property Taxes - Current	\$167,475	\$170,597	\$173,720	\$177,232	\$180,745	\$184,258
Prior Years' Taxes - Delinquent <sup>3</sup>	\$0	\$0	\$0	\$0	\$0	\$0
General Sales & Use Taxes	\$103,416	\$105,248	\$107,859	\$110,551	\$113,325	\$116,180
Franchise Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Fee-in-Lieu/Motor Vehicle Taxes	\$15,165	\$15,165	\$15,165	\$15,165	\$15,165	\$15,165
Telecommunication Taxes	\$0	\$0	\$0	\$0	\$0	\$0
<b>License and Permits</b>						
Business Licenses & Permits	\$2,270	\$2,270	\$2,270	\$2,270	\$2,270	\$2,270
Building, Structures, and Equipment	\$0	\$0	\$0	\$0	\$0	\$0

<sup>3</sup> Most communities assume a small percentage of property taxes paid will be delinquent. However, these delinquent taxes are made up over time and have therefore not been estimated separately in this analysis.

	2014	2015	2016	2017	2018	2019
Non-business Licenses & Permits		\$11,870	\$11,870	\$11,870	\$13,354	\$13,354
Animal Licenses	\$0	\$0	\$0	\$0	\$0	\$0
<b>Intergovernmental Revenue</b>						
State Grants	\$0	\$0	\$0	\$0	\$0	\$0
Class "C" Road Fund Allotment	\$81,467	\$82,172	\$82,884	\$83,618	\$84,375	\$85,154
Liquor Fund Allotment	\$585	\$585	\$585	\$585	\$585	\$585
<b>Charges for Services</b>						
General Government	\$0	\$0	\$0	\$0	\$0	\$0
Zoning & Subdivision Fees	\$100	\$100	\$100	\$100	\$100	\$100
Fire District Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Streets and Public Improvements	\$0	\$0	\$0	\$0	\$0	\$0
Fire & Ambulance	\$0	\$0	\$0	\$0	\$0	\$0
Inspection Fee	\$11,870	\$11,870	\$11,870	\$13,354	\$13,354	\$13,354
<b>Fines and Forfeitures</b>						
Fines & Forfeitures	\$4,500	\$4,590	\$4,682	\$4,775	\$4,871	\$4,968
<b>Miscellaneous Revenue</b>						
Miscellaneous Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Contributions and Transfers						
<b>Total Revenues</b>	<b>\$398,717</b>	<b>\$404,466</b>	<b>\$411,003</b>	<b>\$421,004</b>	<b>\$428,143</b>	<b>\$435,388</b>

## 7 Five-Year Tax Projections within Incorporated Area

*Utah Code 10-2-106(4)(a)(vi): a projection of any new taxes per household that may be levied within the incorporated area within five years of incorporation;*

Five-year revenue and expenditure projections for the proposed West Mountain City indicate that the City can come fairly close to achieving “break-even” – with a ratio of revenues to expenditures ranging between 100 percent (beginning in FY 2015) and 99 percent.

Table 24: Five-Year Revenue and Expenditure Projections

	2014	2015	2016	2017	2018	2019
Revenues	\$398,717	\$404,466	\$411,003	\$421,004	\$428,143	\$435,388
Expenditures	\$395,623	\$403,729	\$412,248	\$422,299	\$431,215	\$440,336
Revenues - Expenditures	\$3,094	\$737	(\$1,245)	(\$1,295)	(\$3,072)	(\$4,948)
Ratio of Revenues to Expenditures	101%	100%	100%	100%	99%	99%

There are currently three tax districts within the West Mountain area – districts 120, 125 and 160. Property owners in West Mountain are currently paying taxes as follows in these tax districts:

Table 25: Tax Districts - Rates and Tax Revenue in Study Area

Tax Area	Total Market Value of Area Parcels	Total Taxable Value of Area Parcels	# of Parcels in Tax Area	Property Tax Rate	Total Tax Revenue
<b>Tax District 120</b>	<b>\$144,878,862</b>	<b>\$57,014,593</b>	<b>496</b>		
Utah				0.001259	\$71,781
Nebo School District				0.009526	\$543,121
UT Co. Service Area #6				0.001472	\$83,925
Ut Co. Service Area #7				0.000877	\$50,002
UT Co. Service Area #8				0.000329	\$18,758
Central Utah Water Conservancy				0.000455	\$25,429
<b>Total</b>				<b>0.013909</b>	<b>\$793,016</b>
<b>Tax District 125</b>	<b>\$7,575,300</b>	<b>\$3,568,171</b>	<b>40</b>		
Utah				0.001259	\$4,492
Nebo School District				0.009526	\$33,990
UT Co. Service Area #6				0.001472	\$5,252
UT Co. Service Area #8				0.000329	\$1,174
UT Co. Service Area #9				0.000148	\$528
Central Utah Water Conservancy				0.000455	\$1,591
<b>Total</b>				<b>0.01318</b>	<b>\$47,028</b>
<b>Tax District 160</b>	<b>\$9,864,960</b>	<b>\$2,925,712</b>	<b>37</b>		
Utah				0.001259	\$3,683
Nebo School District				0.009526	\$27,870
Benjamin Cemetery Maintenance District				0.000168	0.00017
UT Co. Service Area #6				0.001472	\$4,307
UT Co. Service Area #7				0.000877	\$2,566
UT Co. Service Area #8				0.000329	\$963
Central Utah Water Conservancy				0.000455	\$1,305
<b>Total</b>				<b>0.014079</b>	<b>\$41,191</b>

If incorporation occurs, West Mountain will no longer be in Service Areas #6, #7, #8 and #9. The tax rates paid for these areas can be “transferred” to the new City. Total tax rates that can be transferred in the proposed incorporation area differ based on tax district and range from a low of 0.001949 in Tax District 125, to a high of 0.002678 in Tax Districts 120 and 160.

Table 26: Current Specialty Service Area Tax Rates by Tax District

Service Area by District	Rate	Revenue
<b>Tax District 120</b>		
UT Co. Service Area #6	0.001472	\$83,925
UT Co. Service Area #7	0.000877	\$50,002
UT Co. Service Area #8	0.000329	\$18,758
<b>Total – 120</b>	<b>0.002678</b>	<b>\$152,685</b>
<b>Tax District 125</b>		
UT Co. Service Area #6	0.001472	\$5,252
UT Co. Service Area #8	0.000329	\$1,174
UT Co. Service Area #9	0.000148	\$528
<b>Total – 125</b>	<b>0.001949</b>	<b>\$6,954</b>
<b>Tax District 160</b>		
UT Co. Service Area #6	0.001472	\$4,307
UT Co. Service Area #7	0.000877	\$2,566
UT Co. Service Area #8	0.000329	\$963
<b>Total – 160</b>	<b>0.002678</b>	<b>\$7,835</b>
<b>Tax Districts 120, 125 &amp; 160</b>		
<b>Total</b>		<b>\$167,475</b>

In order to generate \$167,475 in West Mountain, with a taxable value of \$63,508,476, the equalized tax rate in West Mountain would need to be .002637042. This would mean a decrease in the existing tax rate for Districts 120 and 160, but a fairly significant tax increase for District 125. This equalized rate would result in a tax decrease of approximately \$2.25 annually for every \$100,000 of primary residential market value (\$55,000 of taxable value) for districts 120 and 160. On the other hand, it would result in a tax increase of roughly \$37.84 annually for every \$100,000 of primary residential market value (\$55,000 of taxable value) for District 125. These changes would be necessary just to equalize existing tax rates and to maintain the current amount of taxes generated for municipal-type services (for Utah County Service Districts #6, #7, #8 and #9).

Table 27: Equalization of Tax Rates for Proposed City

Service Area by District	Rate	Change in Rate	Impacts per \$100,000 of Primary Residential Market Value
Tax District 120	0.002678	(0.000041)	(\$2.25)
Tax District 125	0.001949	0.000688	\$37.84
Tax District 160	0.002678	(0.000041)	(\$2.25)
Combined Tax Districts – Equalized Rate	0.002637042		

During the course of the study, the question was raised as to whether Tax District 125 could keep its current level of fire service (Service Area #9) and thereby reduce costs to the newly-formed City. This would also eliminate the need for rates to be increased (i.e., “equalized”) in Tax District 125. However, Service Area #9 is not available to an area once it is incorporated. Therefore, another

service provider would need to be willing to provide this level of service to West Mountain at a comparable rate. In discussing this option with other potential service providers, there was the general opinion that Tax District 125 has a lower probability of fires because of its smaller population. However, if fire does occur in this area due to lightning strikes or other causes, the cost to put out those fires can be fairly expensive due to the topography of the land. This especially holds true if State or Federal resources are needed. Therefore, if incorporation occurs, it appears that Tax District 125 will sustain higher impacts than other areas.

However, because revenues exceed expenditures by a very small amount in the first year (2015), there could be a small reduction in the overall tax rate, thus reducing the impacts to an increased \$35.16 per \$100,000 of primary residential market value in Tax District 125 and actually reducing property taxes slightly in Tax Districts 120 and 160. This analysis does not include the need for startup costs in the initial year of operation.

Table 28: Tax Rates and Impacts by Tax District in 2015

Replaced Tax Rate for:	Equalization of Existing Taxes			Additional Tax Burden		Total Tax Impacts
	Tax Rate	Change in Current Rate	Impacts per \$100,000 of Primary Residential Market Value	Additional Tax Rate	Impacts per \$100,000 of Primary Residential Market Value	Impacts per \$100,000 of Primary Residential Market Value
120	0.002678	(0.000041)	(\$2.25)	(0.000049)	(\$2.68)	(\$4.93)
125	0.001949	0.000688	\$37.84	(0.000049)	(\$2.68)	\$35.16
160	0.002678	(0.000041)	(\$2.25)	(0.000049)	(\$2.68)	(\$4.93)

In addition, the newly-formed City will need approximately \$30,000 in startup costs in its initial year of operation. This would result in the need for a one-time tax increase of approximately \$25.98 for each \$100,000 of market value (\$55,000 taxable value) on a primary residential unit.

Table 29: Startup Costs for Newly-Formed City

Startup Costs	
Startup amount	\$30,000
Taxable value	\$63,508,476
Tax rate necessary	0.000472
Annual Tax Impacts per \$100,000 of Primary Residential Market Value	\$25.98

Property tax impacts, **after** rates are equalized, for the ensuing years, are as follows. Note that these increased tax rates reflect an increase or decrease annually over the equalized rate.

Table 30: Tax Impacts with Current Rates, Equalized

Tax Analysis	2014	2015	2016	2017	2018	2019
Total Taxable Value	\$63,508,476	\$63,703,155	\$64,869,155	\$66,180,905	\$67,492,655	\$68,804,405
Revenues Less Expenditures	\$3,094	\$737	(\$1,245)	(\$1,295)	(\$3,072)	(\$4,948)
Additional Tax Rate Necessary	(0.0000487)	(0.0000116)	0.0000192	0.0000196	0.0000455	0.0000719
Annual Tax Impacts per \$100,000 of Primary Residential Market Value	(\$2.68)	(\$0.64)	\$1.06	\$1.08	\$2.50	\$3.96

# 8

## Fiscal Impacts on Other Districts or Governmental Entities Providing Services

*Utah Code 10-2-106(4)(a)(vii): the fiscal impact on unincorporated areas, other municipalities, local districts, special service districts, and other governmental entities in the county.*

This section discusses the impacts to existing service providers if incorporation should occur. Generally, tax revenues are reduced to each provider. However, these costs may be recouped through a contract arrangement where the existing service provider continues to provide services to the area or they may be reduced if the existing provider discontinues these services.

There are three tax districts in the West Mountain area. Each of these tax districts has slightly different service providers, as follows:

Table 31: Service Providers in Each Tax District

Tax District 120	Tax District 125	Tax District 160
Utah County	Utah County	Utah County
Nebo School District	Nebo School District	Nebo School District
UT Co. Service Area #6	UT Co. Service Area #6	Benjamin Cemetery Maintenance District
Ut Co. Service Area #7	UT Co. Service Area #8	UT Co. Service Area #6
UT Co. Service Area #8	UT Co. Service Area #9	UT Co. Service Area #7
Central Utah Water Conservancy	Central Utah Water Conservancy	UT Co. Service Area #8 Central Utah Water Conservancy

Of these various taxing entities, there will be no impacts to the Nebo School District and to the Central Utah Water Conservancy because they will experience no change in tax revenues received, nor in the level of services which they provide to the West Mountain area. It has also been assumed that the residents of Tax District 160 will remain in the Benjamin Cemetery Maintenance District and hence there are no impacts to that entity. Further, there will be no impacts to Utah County, which will continue to receive taxes from the West Mountain area and which will continue to provide countywide services to this area. However, each of the other taxing entities – Service Areas #6, #7, #8 and #9 will experience impacts as described in the following sections.

### Service Area #6

Service Area #6 provides police services to unincorporated areas of Utah County. All three tax districts – the entire West Mountain area – receive police services from Service Area #6. Service Area #6 has a taxable value of \$1,220,327,145. Of this total, West Mountain represents 5.2 percent of the total value, or approximately \$63,508,476. With a current tax rate of 0.001472 for Service Area #6, the tax revenues generated by West Mountain for police services are \$93,484.

Utah County Service Area #6 will receive \$93,484 less annually if incorporation occurs. The proposed city can either contract with Utah County to provide these services, or it can obtain the services from other sources.

Table 32: Service Area 6 Taxable Value and Revenues

Service Area #6	
Total Taxable Value	\$1,220,327,145
Taxable Value - West Mtn	\$63,508,476
Tax Rate	0.001472
Total Taxes Generated	\$1,796,322
West Mtn Taxes Generated	\$93,484
West Mtn as % of Total Taxes	5.2%

Table 33: Tax Impacts With and Without Utah County Service Contract

Service Area #6	Impacts with Contract	Impacts if No Contract
Property Tax Impacts	-\$93,484	-\$93,484
Expenditure Savings	\$0	\$2,500
Contract Amount	\$35,000	\$0
Total Impacts	-\$58,484	-\$90,984
Tax Rate Increase (Decrease) to #6	0.00005056	0.00007865
Annual Impacts per \$100,000 Residential	\$2.78	\$4.33

If West Mountain chooses to contract with Utah County, the anticipated contract estimate (nonbinding) by Utah County is \$35,000 for the same level of services as the area is currently receiving. This is \$58,484 less than the County/Service Area #6 is currently receiving. Based on the current taxable value of Service Area #6, less the taxable value of the West Mountain area, it will require a tax rate increase of 0.00005056 for the remaining property owners in Area #6 in order to make up the deficit in funds. This equates to a cost of \$2.78 annually for every \$100,000 of residential market value (\$55,000 in taxable value).

If the new city chooses not to contract with Utah County, the Sheriff's Department feels that expenses can only be cut by \$2,500. In this case, the department will have \$90,984 less in net revenues which must be recouped through increased tax revenues to the remaining property owners in Area #6. This \$90,984 deficit will require a property tax increase of 0.00007865 which results in an annual tax increase of \$4.33 per \$100,000 of primary residential market value (\$55,000 taxable value).

### Service Area #7

Service Area #7 provides fire services to many unincorporated areas of Utah County. However, only two of the tax districts (120 and 160) in the West Mountain area receive fire services from Service Area #7. The other tax district (125) is served by Service Area #9.

Service Area #7 has a taxable value of \$623,517,851. Of this total, West Mountain represents 9.6 percent of the total value, or \$59,940,305. With a current tax rate of 0.000877 for Service Area #7, the tax revenues generated by West Mountain for fire services are \$52,568.

Utah County Service Area #7 will receive \$52,568 less annually if incorporation occurs. Estimates of the cost of providing fire service protection to this area were received from Payson and Santaquin cities. Utah County did not provide a bid within the timeframe of this study.

Utah County's Fire Department is currently undergoing structure certification and states that it is unable to provide a cost estimate until certification is complete. Therefore, this analysis assumes that the new city will not contract with Utah County and it also assumes no reduction in costs (since costs are unknown) if there is no contract. The resulting impact to the remaining property owners in Service Area #7 is \$5.13 per \$100,000 of primary residential market value (\$55,000 taxable value).

Table 34: Service Area 7 Taxable Value and Revenues

Service Area #7	
Total Taxable Value	\$623,517,851
Taxable Value - West Mtn	\$59,940,305
Tax Rate	0.000877
Total Taxes Generated	\$546,825
West Mtn Taxes Generated	\$52,568
West Mtn as % of Total Taxes	9.6%

Table 35: Tax Impacts With and Without Utah County Service Contract

Service Area #7	Impacts with Contract	Impacts if No Contract
Property Tax Reduction	-\$52,568	-\$52,568
Expenditure Savings	\$0	\$0
Contract Amt	NA	\$0
Total Impacts	NA	-\$52,568
Tax Rate Increase (Decrease) to #7	NA	0.00009327
Impacts per \$100,000 Residential	NA	\$5.13

### Service Area #8

Service Area #8 provides planning services to unincorporated areas of Utah County. All three tax districts – the entire West Mountain area – receive planning services from Service Area #8. Service Area #8 has a taxable value of \$1,220,327,145. Of this total, West Mountain represents 5.2 percent of the total value, or approximately \$63,508,476. With a current tax rate of 0.000329 for Service Area #8, the tax revenues generated by West Mountain for planning services are \$20,894.

Utah County Service Area #8 will receive \$20,894 less annually if incorporation occurs. The proposed city can either contract with Utah County to provide these services, or it can obtain the services from other sources.

Table 36: Service Area 8 Taxable Value and Revenues

Service Area #8	
Total Taxable Value	\$1,220,327,145
Taxable Value - West Mtn	\$63,508,476
Tax Rate	0.000329
Total Taxes Generated	\$401,488
West Mtn Taxes Generated	\$20,894
West Mtn as % of Total Taxes	5.2%

Table 37: Tax Impacts With and Without Utah County Service Contract

Service Area #8	Impacts with Contract	Impacts if No Contract
Property Tax Impacts	-\$20,894	-\$20,894
Expenditure Savings	\$0	\$2,500
Contract Amount	\$15,000	\$0
Total Impacts	-\$5,894	-\$18,394
Tax Rate Increase (Decrease) to #6	0.00000510	0.00001590
Annual Impacts per \$100,000 Residential	\$0.28	\$0.87

If West Mountain chooses to contract with Utah County, the anticipated contract estimate (nonbinding) by Utah County is \$15,000 for the same level of services as the area is currently receiving. This is \$5,894 less than Service Area #8 is currently receiving. Based on the current taxable value of Special Area #8, less the taxable value of the West Mountain area, it will require a tax rate increase of 0.00000510 for the remaining property owners in Area #8 in order to make up the deficit in funds. This equates to a cost of \$0.28 annually for every \$100,000 of residential market value (\$55,000 of taxable value).

If the new city chooses not to contract with Utah County, and it most likely will not contract for planning services, the Planning Department feels that expenses can only be cut by \$2,500. In this case, the department will have \$18,394 less in net revenues which must be recouped through increased tax revenues to the remaining property owners in Area #8. This \$18,394 deficit will require a property tax increase of 0.00001590 which results in an annual tax increase of \$0.87 per \$100,000 of primary residential market value (\$55,000 taxable value).

## Service Area #9

Service Area #9 provides wildland fire services to unincorporated areas of Utah County. Only one of the three tax districts (125) receives fire services from Service Area #9. Service Area #9 has a taxable value of \$595,409,449. Of this total, West Mountain represents 0.6 percent of the total value, or approximately \$3,568,171. With a current tax rate of 0.000148 for Service Area #9, the tax revenues generated by West Mountain for wildland fire services are \$528.

Table 38: Service Area 9 Taxable Value and Revenues

Service Area #9	
Total Taxable Value	\$595,409,449
Taxable Value - West Mtn	\$3,568,171
Tax Rate	0.000148
Total Taxes Generated	\$88,121
West Mtn Taxes Generated	\$528
West Mtn as % of Total Taxes	0.6%

Utah County Service Area #9 will receive \$528 less annually if incorporation occurs. The Utah County Sheriff's Office – Utah County Fire Division has provided a letter (see Appendix) indicating its willingness to provide wildland fire services to the proposed incorporation area. No estimated annual amount has been included in the letter, but rather a detailed cost breakdown of factors that would be applied on a per incident basis. Therefore, in the table below, it is not possible to determine the fiscal impacts with a contract to Service Area #9 if a contract is put in place. Currently, Tax District 125 has the guarantee that its fire costs will be covered with the property taxes that it is assessed. If incorporation occurs, it will not pay property taxes to Service Area #9, but would have to pay for wildland fire services, if it chooses to contract with the County, on a per incident basis.

Table 39: Tax Impacts With and Without Utah County Service Contract

Service Area #9	Impacts with Contract	Impacts if No Contract
Property Tax Impacts	NA	-\$528
Expenditure Savings	NA	\$0
Contract Amount	NA	\$0
Total Impacts	NA	-\$528
Tax Rate Increase (Decrease) to #6	NA	0.00000089
Annual Impacts per \$100,000 Residential	NA	\$0.05

If incorporation occurs and there is no contract, Service Area #9 will have \$528 less in net revenues which must be recouped through increased tax revenues to the remaining property owners in Area #9. This \$528 deficit will require a property tax increase of 0.00000089 which results in an annual tax increase of \$0.05 per \$100,000 of primary residential market value (\$55,000 taxable value).

## Utah County

Utah County provides roadway services to unincorporated areas of Utah County. All three of the tax districts receive these services. Utah County does not charge a separate tax rate for roadway services but, rather, receives Class B Road Funds from the State that are intended to offset the costs of providing these services. If incorporation occurs, the County will receive \$81,467 less in road funds. This is the same amount that the City will receive, based on the State's distribution formula that includes population and weighted road miles. This distribution is explained in detail in Chapter 5 on Expenditures for the new City.

Utah County will receive \$81,467 less annually if incorporation occurs. If the proposed City contracts with Utah County (and this is likely since Payson and Santaquin have declined to provide

bids for roadway services),<sup>4</sup> the County will receive \$160,000 annually from the proposed City, which is \$78,533 more annually than it now receives. With a total taxable value of \$22,130,044,367, Utah County property owners will actually receive a tax reduction in the amount of \$0.20 per \$100,000 of primary residential market value (\$55,000 of taxable value).

If the City chooses not to contract with Utah County, the County will receive \$81,467 less in road funds than it is currently receiving, but estimates that it can only cut expenses by \$25,000. This leaves the County with a shortfall of \$56,467. This scenario would require a tax increase equivalent to \$0.14 for every \$100,000 of residential market value (\$55,000 of taxable value).

Table 40: Tax Impacts With and Without Utah County Service Contract

Utah County	Impacts with Contract	Impacts if No Contract
Class B Road Funds	-\$81,467	-\$81,467
Roadway Annual Contract	\$120,000	\$0
Average Annual for Chip Seal	\$40,000	\$0
Expenditure Savings	\$0	\$25,000
Total Impacts	\$78,533	-\$56,467
Tax Rate Increase (Decrease) to Utah Co.	(0.00000356)	0.00000256
Impacts per \$100,000 Residential	-\$0.20	\$0.14

## Payson City

Utah County currently contracts with Payson City to provide fire services to a portion of the West Mountain area. The County's current contract with Payson City is approximately \$120,000 per year that covers all call outs and a first hour of service that is included in the contract rate. Anything above a one-hour call time is billed separately and has averaged \$11,000 per year. Therefore, on average, Payson City receives \$131,000 per year from Utah County to provide fire services to West Mountain and to other unincorporated areas around their City. These costs are covered by the funds raised by the levy in Service Areas 7 & 9. It is estimated that 75 percent of the contract amount, or \$98,250, is attributable to the West Mountain portion of the contract.

If the newly-formed city were to contract with another service provider, other than Payson City, the City would see reduced revenues of an estimated \$98,150. Payson City feels that it could not reduce any expenses with the loss of this contract. Therefore, a property tax increase would be necessary to raise the additional revenues, as estimated below.

Table 41: Tax Impacts without Payson City Fire Contract

Payson City	
Payson City Taxable Value	\$636,331,467
Average Contract Amount	\$131,000
Percent to West Mountain	75%
Reduced Revenues to Payson	\$98,250
Cost Reduction	\$0
Tax Rate Necessary to Make Up Deficit	0.0001544
Tax Rate Increase per \$100,000 of Residential Market Value	\$8.49

If West Mountain incorporates and chooses to contract with Payson City for an annual amount of approximately \$65,000 for fire services, then Payson City will see its overall revenues reduced by

<sup>4</sup> Santaquin provided a bid for snow removal services, but not all roadway services.

only \$33,250, resulting in an estimated annual tax increase of roughly \$2.87 per \$100,000 of residential market value.

Table 42: Tax Impacts with Payson City Fire Contract

Payson City	
Payson City Taxable value	\$636,331,467
Average Contract Amount	\$131,000
Percent to West Mountain	75%
Reduced Revenues Based on Current Contract Amt	-\$98,250
New Contract Amount	\$65,000
Total Reduced Revenues	-\$33,250
Tax Rate Necessary to Make Up Deficit	0.00005225
Tax Rate Increase per \$100,000 of Residential Market Value	\$2.87