

IRON COUNTY, UTAH

FEASIBILITY STUDY FOR THE PROPOSED INCORPORATION OF RIDDERMARK

JULY 2023

PREPARED BY LEWIS YOUNG
ROBERTSON & BURNINGHAM, INC.



TABLE OF CONTENTS

SECTION 1: EXECUTIVE SUMMARY	3
SECTION 2: POPULATION & POPULATION DENSITY	4
SECTION 3: PRESENT & FIVE-YEAR PROJECTIONS OF DEMOGRAPHICS & TAX BASE.....	6
SECTION 4: PRESENT & FIVE-YEAR COST PROJECTIONS	12
SECTION 5: PRESENT & FIVE-YEAR PROJECTED REVENUE	16
SECTION 6: RISKS & OPPORTUNITIES	20
SECTION 7: ANALYSIS OF NEW REVENUE SOURCES	21
SECTION 8: FISCAL IMPACTS & PROJECTED TAX BURDEN	22

SECTION 1: EXECUTIVE SUMMARY

Lewis Young Robertson & Burningham, Inc. (LYRB) was retained by the Office of the Lieutenant Governor (OLG) to complete a feasibility study related to incorporation of an unincorporated area within Iron County (County). The purpose of the Executive Summary is to fulfill the requirements established in Utah Code Title 10 Chapter 2a, “Municipal Incorporation,” which requires the feasibility consultant to submit a completed feasibility study, including a one-page summary of the results. The Study Area meets the basic requirements for incorporation set forth in Utah Code 10-2a-201.5. However, the findings of this feasibility study illustrate that the incorporation of the proposed Riddermark boundary (Study Area or Town) will likely result in a budget deficit when comparing available revenues to expenses. As highlighted in Utah Code, if the results of the feasibility study indicate the revenues forecasted do not exceed the costs calculated in the prior section by more than five percent, the incorporation process may not proceed.¹ While incorporation could be feasible based on the ability to raise taxes, this legislative provision may prevent the process moving forward as it is evident the revenues of this study result in a deficit.

The analysis considers two scenarios, detailed below, related to the tax impacts of the Town incorporation.

1. **SCENARIO 1 – GOVERNMENT OFFICE:** This scenario includes the applicable incorporation costs as outlined in UCA 10-2a-220. In addition, expenditures include a one-time expense of \$300,000 for a government office.
2. **SCENARIO 2 – NO GOVERNMENT OFFICE:** This scenario includes incorporation costs as outlined in UCA 10-2a-220, without the additional expense related to a new government office.

In Scenario 1, the tax impact within the Study Area is estimated at \$6,731 for a primary residence valued at \$400,000. This represents an increase of \$6,299 above the projected County levy of \$433. One-time government building costs and incorporation costs outlined in UCA 10-2a-220 contribute to the escalated cost in 2024. The one-time up-front cost may be mitigated by extending the cost over many years through alternative financing options.

TABLE 1.1: SCENARIO 1 - TAX IMPACT

	2024	2025	2026	2027	2028
TOTAL TOWN RATE (MSF & TOWN LEVY)	0.030596	0.005526	0.005248	0.005943	0.005701
Estimated Town Impact Home (\$400K)	\$6,731	\$1,216	\$1,155	\$1,307	\$1,254
BASELINE IMPACT ON MEDIAN HOME (\$400K)	\$433	\$442	\$453	\$464	\$475
Net Impact	\$6,299	\$773	\$702	\$844	\$779

The tax burden within the Study Area under Scenario 2 is \$1,410 for a primary residence valued at \$400,000. This represents an increase of \$977 from the projected County levy of \$433. In year 2, the tax impact is \$1,216, or \$773 more than the County levy of \$442. The difference between the County tax and the Town tax in year 2 is the cost to residents of the Study Area to provide their own municipal services as an incorporated town.

TABLE 1.2: SCENARIO 2 - TAX IMPACT

	2024	2025	2026	2027	2028
TOTAL TOWN RATE (MSF & TOWN LEVY)	0.006408	0.005526	0.005248	0.005943	0.005701
Estimated Town Impact Home (\$400K)	\$1,410	\$1,216	\$1,155	\$1,307	\$1,254
BASELINE IMPACT ON MEDIAN HOME (\$400K)	\$433	\$442	\$453	\$464	\$475
Net Impact	\$977	\$773	\$702	\$844	\$779

In the event of incorporation, the County MSF would likely experience a loss of revenue resulting in the need for an additional 1.50 percent increase in year one over the baseline County levy. This increase represents lost revenue for municipal services, as well as revenues gained through the Sheriff’s Department for contracted public safety services.

¹ Utah Code 10-2a-205(5)(a)

SECTION 2: POPULATION & POPULATION DENSITY

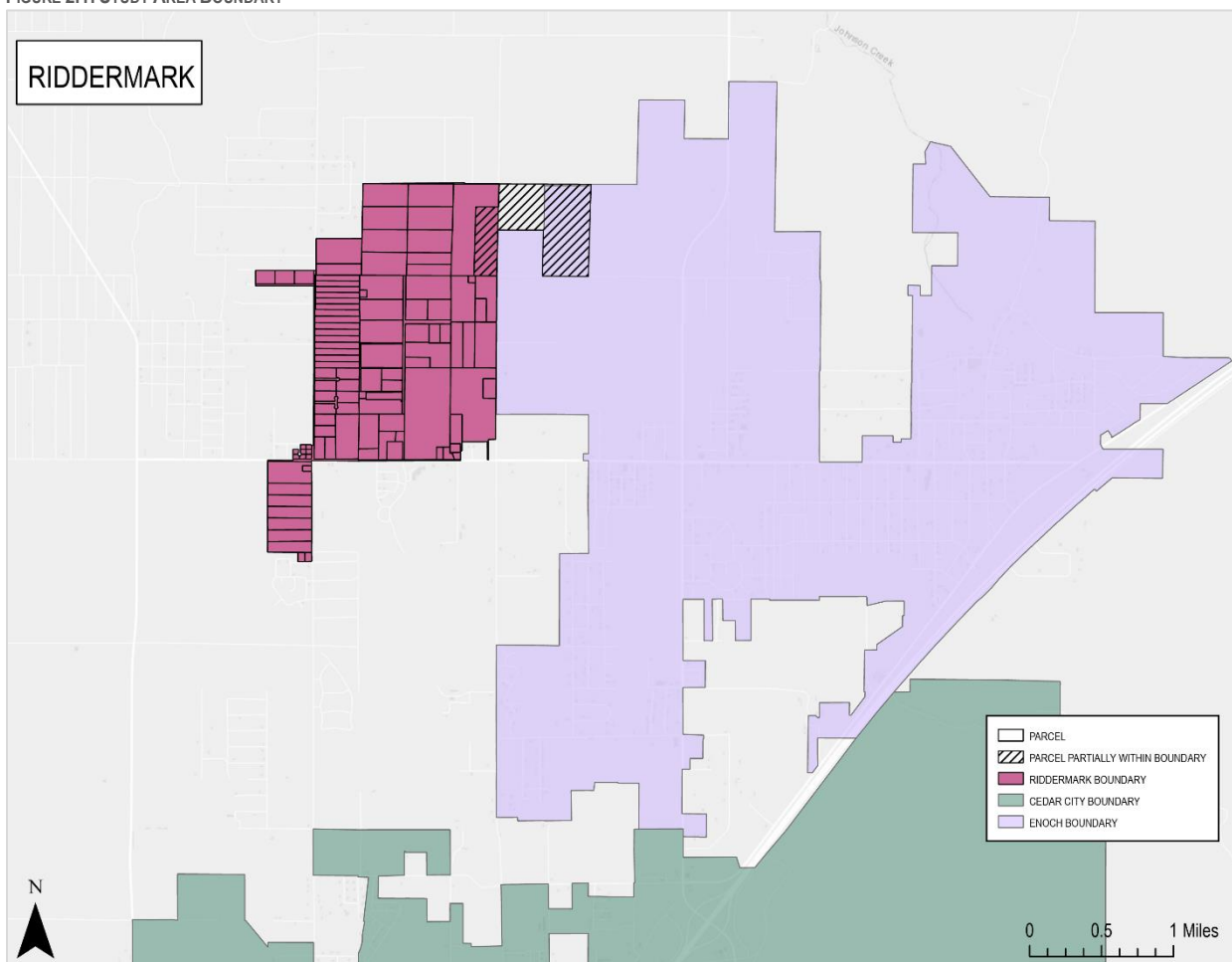
Utah Code 10-2a-205(3) requires the feasibility study to include:

an analysis of the population and population density within the area proposed for incorporation and the surrounding area.

POPULATION

The proposed incorporation boundary for the Study Area is illustrated in **FIGURE 2.1** and includes unincorporated areas of Iron County known as Riddermark. The 2023 estimated population of Riddermark is calculated at 149 persons. This calculation was determined using 2020 and 2021 population estimates from the Utah Population Committee (UPC) as the base.

FIGURE 2.1: STUDY AREA BOUNDARY



The current population was estimated starting with the UPC determinations as the base. The UPC calculated Riddermark's 2020 population using Census block-level data and GIS analysis to determine the number of occupied units that are within the Riddermark boundary. A ratio was then calculated that was subsequently applied to the 2020 Census population by block to create an approximate population count. **TABLE 2.1** displays the ratio that was multiplied by the block-level estimates to determine the population.

TABLE 2.1: 2020 UPC DETERMINATION

CENSUS BLOCK	2020 CENSUS POPULATION	2020 CENSUS HOUSING UNITS	% UNITS WITHIN STUDY AREA BOUNDARY	ADJUSTED 2020 CENSUS POPULATION
Block 1037	92	44	80%	73
Block 1053	53	17	65%	34
Block 1057	37	12	33%	12
Block 1059	93	28	11%	10
Block 3000	104	43	5%	5
Total	379	144		135

Source: Utah Population Committee

Using the 2020 Census population as the base, the 2021 population was calculated utilizing building permit data. According to the UPC, a total of three single-family units were built within the unincorporated area between April 1, 2020 and July 1, 2021. Utilizing the number of new homes built and Iron County’s average household (HH) size of 3.00, population growth can be calculated. It is estimated the Study Area increased nine persons from 2020 to 2021, resulting in a 2021 population of 144.

TABLE 2.2: UPC RIDDERMARK POPULATION METHODOLOGY

	2020	2021
Study Area Population	135	144
Study Area Housing Units	55	58
Persons per Household	2.45	2.48

Source: Utah Population Committee

For purposes of determining the projected 2023 population, we utilized the assumption that one new home was built each year from 2021 to 2023. Starting with the 2021 estimates as the base, the persons per household (PPH) calculation from TABLE 2.2 was then multiplied by total estimated housing units to determine the population. As a result, the current population in this analysis is 149.

TABLE 2.3: CURRENT RIDDERMARK POPULATION DETERMINATION

	2020	2021	2022	2023
Population	135	144	146	149
Projected New Homes	-	3	1	1
Households	55	58	59	60

POPULATION DENSITY

The UPC determined Riddermark’s population density in 2021 equals 90.9 persons per square mile, thus complying with state statute.² GIS analysis was employed to identify Riddermark’s area, which is 1.6 square miles. TABLE 2.4 shows the Study Area’s population density using 2023 projections.

The populations and population density of surrounding communities within the County are shown below. To determine the 2023 population, a historic average annual growth rate (AAGR) was calculated from 2010 to 2020 using historic redistricting Census data which will be shown in further detail in SECTION 3. These communities are shown for illustrative purposes. However, when determining five-year growth estimates and tax impacts in later sections, this analysis compares the Study Area to the remaining County service area.

TABLE 2.4: POPULATION AND POPULATION DENSITY FOR SURROUNDING AREAS

	RIDDERMARK	BRIAN HEAD	CEDAR CITY	ENOCH	KANARRAVILLE	PARAGONAH	PAROWAN
Estimated Population (2023)	149	167	38,785	8,390	482	579	3,223
Land Area (Square Miles)	1.6	3.7	36.1	7.8	0.4	0.6	6.9
Estimated Population per Square Mile	93.7	45.8	1,073.3	1,071.1	1,081.7	895.8	468.4

Source: Utah Geospatial Resource Center Municipal Boundaries

² Utah Code 10-2a-201.5(2)(a)(ii)

SECTION 3: PRESENT & FIVE-YEAR PROJECTIONS OF DEMOGRAPHICS & TAX BASE

Utah Code 10-2a-205(3) requires the feasibility study to include:

the current and projected five-year demographics and tax base within the boundaries of the proposed municipality and surrounding area, including household size and income, commercial and industrial development, and public facilities.

DEMOGRAPHICS

To determine the present and five-year demographic projections, LYRB utilized US Census Tract-level data within the Study Area's boundaries. Building permit data from the Ivory-Boyer Construction database was also evaluated to identify household growth.

POPULATION PROJECTIONS

For purposes of calculating the current and five-year projected population and housing units (HU), the average annual growth of historic redistricting Census data from 2010 and 2020 (see **TABLE 3.1**) was calculated for each community. This was then applied respectively to the most recent five-year ACS Census data (2021). The present and five-year demographic projections are illustrated in **TABLE 3.3**.

TABLE 3.1: GROWTH RATE DETERMINATION

GEOGRAPHY	2010		2020		AAGR 2010-2020	
	POPULATION	HU	POPULATION	HU	POPULATION	HU
Iron County	46,163	19,667	57,289	21,752	2.18%	1.01%
Brian Head	83	1,301	151	944	6.17%	(3.16%)
Cedar City	28,857	10,860	35,235	12,723	2.02%	1.60%
Enoch	5,803	1,714	7,374	2,111	2.42%	2.11%
Kanarraville	355	172	442	183	2.22%	0.62%
Paragonah	488	227	536	238	0.94%	0.47%
Parowan	2,790	1,412	2,996	1,407	0.71%	(0.04%)
Unincorporated Iron County	7,787	3,981	10,555	4,146	3.09%	0.41%

Source: U.S. Census Bureau, 2010 and 2020 Census Redistricting Data (PL 94-171)

TABLE 3.2: IRON COUNTY HISTORIC POPULATION FIGURES

GEOGRAPHY	2017	2018	2019	2020	2021	2022*
Iron County	48,504	49,691	51,213	57,289	60,522	61,843
Brian Head	82	77	69	151	154	157
Cedar City	30,232	31,009	32,067	35,235	37,206	38,018
Enoch	6,331	6,534	6,738	7,374	8,016	8,191
Kanarraville	299	280	338	442	461	471
Paragonah	511	444	478	536	561	573
Parowan	2,913	2,965	3,033	2,996	3,132	3,200
Unincorporated Iron County	8,136	8,382	8,490	10,555	10,992	11,232

*2022 Census estimates not yet available. Applied growth rate found in **Table 3.1** to determine estimates.

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (DP05)

TABLE 3.3: IRON COUNTY CURRENT AND 5-YEAR POPULATION FIGURES

GEOGRAPHY	2023	2024	2025	2026	2027	2028
Iron County	63,204	64,432	65,681	66,955	68,253	69,575
Brian Head	167	171	174	178	182	186
Cedar City	38,785	39,632	40,497	41,381	42,284	43,207
Enoch	8,390	8,573	8,760	8,951	9,146	9,346
Kanarraville	482	492	503	514	525	536

GEOGRAPHY	2023	2024	2025	2026	2027	2028
Paragonah	579	591	604	617	631	645
Parowan	3,223	3,294	3,365	3,439	3,514	3,591
Unincorporated Iron County	11,430	11,526	11,622	11,715	11,807	11,896

Population projections for the Study Area are based on assumptions relative to future residential construction within the Study Area. LYRB assumed that within the projected five-year window, the number of new homes built fluctuates between one and two homes built each year. The persons per HH information from **TABLE 2.2** was then multiplied by total estimated housing units to determine the population. **TABLE 3.4** details the five-year projections for residents within the Study Area.

TABLE 3.4: RIDDERMARK CURRENT 5-YEAR POPULATION PROJECTION

	2023	2024	2025	2026	2027	2028
New Study Area Households	1	2	1	2	1	2
Study Area Population	149	153	156	161	163	168
Total Study Area Households	61	63	64	66	67	69

HOUSEHOLD SIZE

The number of households was estimated starting with 2020 households as the base units (see **TABLE 3.1**), adjusted for occupancy. The Ivory-Boyer Construction Report and Database's building permit data for each area was then added to the base to estimate current units and the PPH for this analysis. For purposes of calculating the five-year projections after 2023, the AAGR calculated in **TABLE 3.1** was applied.

TABLE 3.5: CALCULATED PERSONS PER HOUSEHOLD (PPH)

GEOGRAPHY	2023		2024		2025		2026		2027		2028	
	HU	PPH	HU	PPH	HU	PPH	HU	PPH	HU	PPH	HU	PPH
Iron County	19,966	3.17	20,168	3.19	20,372	3.22	20,579	3.25	20,787	3.28	20,998	3.31
Cedar City	11,373	3.41	11,555	3.43	11,739	3.45	11,927	3.47	12,117	3.49	12,310	3.51
Enoch	1,948	4.31	1,989	4.31	2,031	4.31	2,073	4.32	2,117	4.32	2,162	4.32
Paragonah	206	2.51	207	2.52	208	2.53	209	2.54	210	2.56	211	2.57
Parowan	1,212	2.66	1,211	2.72	1,211	2.78	1,210	2.84	1,210	2.90	1,209	2.97
Unincorporated Iron County	4,330	2.64	4,348	2.65	4,365	2.66	4,383	2.67	4,401	2.68	4,419	2.69
Study Area	60	2.48	62	2.48	63	2.48	65	2.48	66	2.48	68	2.48

Note: PPH figures are calculated based on total population and occupied housing units which differs from Census reported average household size based on household population.

Source: Ivory-Boyer Construction Report and Database

INCOME

Utilizing Census tract-level data,³ the Study Area's median household income is estimated at \$54,449 in 2021. Given the Census tracts that fall within the Study Area's boundary do not have ACS data available prior to 2020, the historic growth rate cannot be compiled. Therefore, we applied a two percent growth rate to project the median income in the Study Area.

³ Applicable Census tracts include: 1102.2 and 1107.04.

TABLE 3.6: HISTORIC MEDIAN INCOME

GEOGRAPHY	2017	2018	2019	2020	2021	2022*	2017 - 2021 AAGR
Iron County	\$45,422	\$46,809	\$51,807	\$52,045	\$56,308	\$59,415	5.52%
Cedar City	\$42,216	\$44,102	\$48,346	\$52,524	\$55,022	\$58,790	6.85%
Enoch	\$53,569	\$56,546	\$61,857	\$62,643	\$65,625	\$69,041	5.21%
Kanarrville	\$51,500	\$47,188	\$57,679	\$54,531	\$56,406	\$57,704	2.30%
Paragonah	\$55,417	\$56,071	\$56,375	\$61,776	\$64,038	\$66,395	3.68%
Parowan	\$40,677	\$42,303	\$42,101	\$41,505	\$44,085	\$44,981	2.03%
Study Area	N/A	N/A	N/A	\$54,560	\$54,449	\$55,537	2.00%**

* 2022 Census estimates not yet available. Applied growth 5-year rate to determine estimates.

** Assumption used to project Study Area income.

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (B19019)

TABLE 3.7: CURRENT & PROJECTED MEDIAN INCOME

	2023	2024	2025	2026	2027	2028
Iron County	\$62,693	\$66,153	\$69,803	\$73,655	\$77,719	\$82,007
Cedar City	\$62,815	\$67,117	\$71,713	\$76,623	\$81,870	\$87,476
Enoch	\$72,635	\$76,416	\$80,394	\$84,579	\$88,982	\$93,614
Kanarrville	\$59,032	\$60,390	\$61,779	\$63,201	\$64,655	\$66,143
Paragonah	\$68,839	\$71,373	\$74,000	\$76,724	\$79,548	\$82,476
Parowan	\$45,895	\$46,827	\$47,779	\$48,749	\$49,740	\$50,750
Study Area	\$56,648	\$57,781	\$58,937	\$60,116	\$61,318	\$62,544

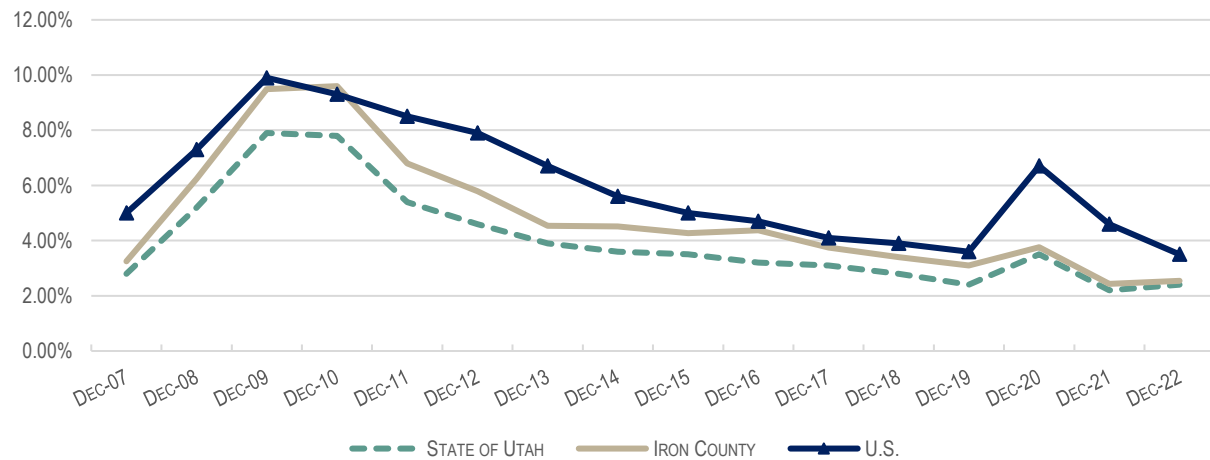
TAX BASE

Despite the lack of economic base within the Study Area, the tax base of the region is valuable to consider in this incorporation study. Growth in property values, taxable sales, and employment are valuable considerations when determining feasibility. The following paragraphs discuss the County’s regional economy.

REGIONAL ECONOMY

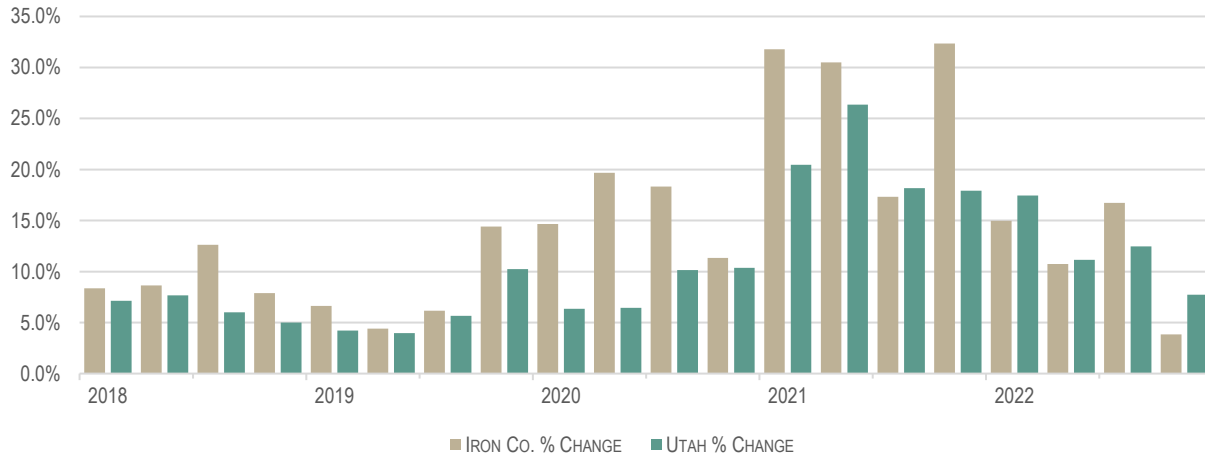
The County is located in southwest Utah. The unemployment rate for the County averaged 2.2 percent in April 2023. Unemployment peaked in 2009 at an average of 9.5 percent (see **FIGURE 3.1**) and in 2020 at an average of 3.8 according to seasonally adjusted data provided by the Utah Department of Workforce Services. Notable shifts in employment occurred between April 2020 and April 2021 as Iron County experienced a 16.4 percent increase in non-farm jobs. More generally from 2020 to 2021, the County experienced large increases in construction, professional and business services, leisure and hospitality, and other services. Over the same period, mining jobs declined by 0.2 percent and financial activities jobs decreased by 0.8 percent.

FIGURE 3.1: HISTORIC IRON COUNTY SEASONALLY ADJUSTED UNEMPLOYMENT RATES



A comparison of quarterly taxable sales trends for the County and State illustrates the percent change from 2018 to 2022 as shown in **FIGURE 3.2**. Between 2020 and 2021, Q4 experienced an increase of 32.3 percent in taxable sales in the County.

FIGURE 3.2: COMPARISON OF QUARTERLY TAXABLE SALES TRENDS FOR IRON COUNTY



Historic taxable value figures for Iron County show an AAGR of 12.1 percent from 2018 through 2022. It is important to note that the values below include redevelopment agency values, which will be excluded in the projection of future taxable values.

TABLE 3.8: IRON COUNTY HISTORIC TAXABLE VALUE

	2018	2019	2020	2021	2022	5 Yr. AAGR
Real: Land	1,025,342,895	1,055,896,865	1,106,749,000	1,182,661,125	1,754,244,185	14.4%
Real: Buildings	2,400,502,910	2,608,095,355	2,883,438,415	3,261,536,900	4,189,759,580	14.9%
Personal	896,455,405	886,538,285	938,640,410	1,023,887,187	983,944,967	2.4%
Centrally Assessed	512,580,534	517,846,745	527,062,964	677,509,059	720,409,703	8.9%
Total	\$4,834,881,744	\$5,068,377,250	\$5,455,890,789	\$6,145,594,271	\$7,648,358,435	12.1%
Motor Vehicle	21,844,219	22,786,929	23,138,636	29,154,525	26,995,742	5.4%

Source: Utah State Tax Commission

STUDY AREA ECONOMY

According to Iron County parcel data, the Study Area is comprised almost exclusively of residential or agricultural designated land and does not include commercial or industrial land intended for future development. Approximately 45.4 percent of the Study Area’s total acreage is designated under agricultural, or FAA.⁴ The Study Area is comprised of 100 parcels with a taxable value of \$12,155,490. The Study Area represents .20 percent of the total County taxable value and .58 percent of the MSF taxable value as illustrated in **TABLE 3.9**.

TABLE 3.9: ESTIMATE OF STUDY AREA TAXABLE VALUE

RIDDERMARK	2023
Total Taxable Value	\$12,155,490
Study Area Taxable Value as % of County Taxable Value	0.20%
Study Area Taxable Value as % of MSF Taxable Value	0.58%

PROJECTIONS OF COUNTY ECONOMIC BASE

The following paragraphs address the projections of the economic base within unincorporated Iron County, specifically as it relates to the MSF. Final 2023 financials were unavailable at the time of the study. As a result, actuals for 2017

⁴ Utah Code 59-2-502, or the Farmland Assessment Act (FAA), designates agricultural property to be assessed and taxed based on productivity as opposed to its market value. See <https://propertytax.utah.gov/locally-assessed/faa/> for further detail.

through 2021 and budget estimates for 2022 and 2023 were used to calculate historic growth rates and projections. The tax base projections are based on the County's MSF, which provides municipal services to unincorporated areas within the County, including the proposed Study Area boundary. The taxable value estimates for the MSF assume a 1.2 percent growth rate based on historic growth. **TABLE 3.10** includes historic taxable values in the MSF while **TABLE 3.11** details the current and projected values based on Utah State Tax Commission historic data.

TABLE 3.10: HISTORIC MUNICIPAL SERVICES FUND TAXABLE VALUE

	2017	2018	2019	2020	2021	2022
MSF Certified Taxable Value	\$1,341,074,260	\$1,348,795,240	\$1,377,404,217	\$1,443,313,994	\$1,558,122,393	\$2,070,582,054

Source: Utah State Tax Commission

TABLE 3.11: CURRENT AND PROJECTED MUNICIPAL SERVICES FUND TAXABLE VALUE

	2023	2024	2025	2026	2027	2028
Estimated MSF Certified Taxable Value	\$2,095,429,039	\$2,120,574,187	\$2,146,021,077	\$2,171,773,330	\$2,197,834,610	\$2,224,208,626

Future sales tax growth projections are based on a general growth estimate of six percent. Historic data from 2017 – 2021 showed an AAGR of 12.2 percent

TABLE 3.12: HISTORIC MUNICIPAL SERVICES FUND SALES TAX REVENUE

	2017	2018	2019	2020	2021	2022*	2023*
MSF Sales Tax Revenue	\$996,845	\$1,080,946	\$1,194,399	\$1,339,143	\$1,580,256	\$1,606,972	\$2,273,820

* Budget estimates
Source: Iron County Financials

TABLE 3.13: PROJECTED MUNICIPAL SERVICES FUND SALES TAX REVENUE

	2024	2025	2026	2027	2028
Projected MSF Sales Tax Revenue	\$2,410,249	\$2,554,864	\$2,708,156	\$2,870,645	\$3,042,884

PROJECTIONS OF STUDY AREA ECONOMIC BASE

Significant factors that will influence revenues within the Study Area include taxable assessed value and taxable sales. Growth in taxable value will influence future property tax revenues and general government services funding. New growth calculations are based on assumptions relative to future construction within the Study Area. We assumed that within the projected five-year window, the number of new homes built alternates between one and two homes built, starting in year one at one new home at an average value of \$450,000. **TABLE 3.14** details the projected taxable value for the Study Area.

TABLE 3.14: STUDY AREA TAXABLE VALUE (ACTUAL AND PROJECTED VALUES)

	ACTUAL	PROJECTED				
	2023	2024	2025	2026	2027	2028
Assessed Value	12,155,490	12,155,490	12,402,990	12,897,990	13,145,490	13,640,490
New Growth	-	247,500	495,000	247,500	495,000	247,500
Total Taxable Value	\$12,155,490	\$12,402,990	\$12,897,990	\$13,145,490	\$13,640,490	\$13,887,990

Sales tax revenues are distributed based on two methodologies: 1) point of sale, or the location of the sale; and 2) the ratio of population. Total sales tax collections are distributed equally between these allocation strategies, with 50 percent assigned to point of sale and 50 percent to population. Population revenues are distributed to local entities based on the ratio of their population to the State's population as a whole. While no point of sales tax is anticipated in the Study Area, a 50 percent population distribution calculation is included in this analysis based on the projected Study Area population.

Taxable sales have increased by an average of 9.4 percent in the State since 2017. For the purposes of this analysis, LYRB assumed an average annual growth rate of nine percent. As stated above, point of sale taxable sales comprise

50 percent of the allocation strategy and does not apply to the Study Area. The population distribution pool is shown in **TABLE 3.15** below, including five-year projections.

TABLE 3.15: STATE TAXABLE SALES REVENUE POPULATION DISTRIBUTION POOL

	ESTIMATED	PROJECTED				
	2023	2024	2025	2026	2027	2028
State Population Distribution Pool*	471,476,949	513,909,875	560,161,764	610,576,322	665,528,191	725,425,729
Growth Rate	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
State Population	3,342,221	3,399,064	3,456,875	3,515,668	3,575,461	3,636,272
Distributed per Capita	141.07	151.19	162.04	173.67	186.14	199.50
Study Area Estimated Population	149	153	156	161	163	168
Study Area Population Distribution	\$20,953	\$23,206	\$25,273	\$27,946	\$30,413	\$33,584

*Total distribution reported in fiscal years. LYRB averaged the two fiscal years to estimate calendar year. Multiplied by 50% to obtain population pool.
Source: Utah State Tax Commission, Annual Report FY 2021 – 2022 (p. 30)

PUBLIC FACILITIES

There are no identifiable public facilities within the Study Area, except for utility related infrastructure. Public Facilities within the area include Three Peaks Elementary School, Three Peaks Preschool, Boebert Park, and Sheltie Morgan Park. These facilities are not within the Study Area boundaries.

SECTION 4: PRESENT & FIVE-YEAR COST PROJECTIONS

Utah Code 10-2a-205(3) requires the feasibility study to include:

subject to Subsection (3)(b), the current and five-year projected cost of providing municipal services to the proposed municipality, including administrative costs.

GENERAL METHODOLOGY

This section compares the costs to the residents of the Study Area if the County continues to provide services or if a newly incorporated Town provides services. Utah Code requires that the level and quality of governmental services be fairly and reasonably approximate between the two options.⁵

This analysis assumes that several municipal services provided by the County, Special Service Districts, Improvement Districts, and private companies will continue to be provided regardless of the incorporation. For instance, the County bills sewer and garbage fees to residents directly and collect monies separate from the MSF. Thus, it is assumed this current arrangement will sustain notwithstanding incorporation. However, actual service provision will be governed by the newly incorporated municipal governing body. LYRB assumes the following services will be provided by the various entities without any impact from incorporation or non-incorporation:

- ☒ Culinary Water (Iron County Water Conservancy District);
- ☒ Secondary Water (Iron County Water Conservancy District);
- ☒ Sewer (Iron County, Not a Part of Municipal Services Fund, Separate Assessment from County) and,
- ☒ Garbage (Iron County, Not a Part of Municipal Services Fund, Separate Assessment from County)⁶.

The following services were assumed to be provided by the County through the Municipal Service Fund or through the town if incorporated:

- ☒ General Governmental Services, including public buildings and overhead;
- ☒ Law Enforcement;
- ☒ Fire Prevention;
- ☒ Roads and Public Works; and,
- ☒ Weed Abatement.

COUNTY COST ESTIMATES

TABLE 4.2 illustrates the estimated expenditures if the County continues to provide services. Expenditures related to County services were calculated using historic budget data from 2017 - 2021, estimated 2022 and 2023 budget data, and recommendations from the County Auditor. For the purposes of this analysis, the tables below combine the County's projected expenditures into the general categories specified above.

TABLE 4.1: COUNTY SCENARIO: HISTORIC AND PRESENT EXPENDITURES

	2017	2018	2019	2020	2021	2022	2023
General Government	477,642	551,863	563,341	527,592	514,126	635,948	686,950
Weeds	108,380	111,367	103,114	88,385	105,773	178,554	138,500
Roads and Public Works*	-	-	-	-	-	-	-
Fire Protection	576,941	621,615	728,873	795,916	914,608	1,217,856	1,775,683
Law Enforcement	3,489,863	4,249,872	4,638,324	4,139,692	4,930,330	5,468,588	6,464,310

⁵ Utah Code 10-2a-205(3)(b)(i)

⁶ The sewer and garbage service fees are billed directly to residences and collected separate from the MSF. For sewer, the County sends a quarterly bill of \$69 to resident, or \$276 per year per residence. For garbage, the County bills \$42 quarterly, or \$168 per year per residence. This will remain unchanged should the Study Area incorporate. If the area were to be incorporated, the direct assessment could remain in place, or the newly created town could collect from the residents and then pay the County. Regardless the net impact is neutral.

	2017	2018	2019	2020	2021	2022	2023
Other	639,347	1,817,855	2,092,699	3,265,318	3,689,280	4,839,939	2,853,410
Total	\$5,292,173	\$7,352,572	\$8,126,350	\$8,816,903	\$10,154,117	\$12,340,885	\$11,918,853

* Roads and Public Works are accounted for in the Class B Road Fund, which receives a transfer from the MSF. While these expenditures are displayed as a service category, the expenditures from the MSF are accounted for in the category "Other."

The five-year projections are based on an analysis of the historic AAGR for each budget line item, as well as insight from the County Auditor, which are then applied to account for inflation and anticipated growth.⁷ Between 2017 and 2021, the County's MSF expenditures grew at an AAGR of 17.7 percent.

TABLE 4.2: COUNTY SCENARIO: 5-YEAR PROJECTED EXPENDITURES

	2024	2025	2026	2027	2028
General Government	706,333	726,361	747,060	768,455	790,573
Weeds	141,988	145,595	149,326	153,184	157,176
Roads and Public Works	-	-	-	-	-
Fire Protection	1,776,316	1,776,955	1,777,601	1,778,253	1,778,912
Law Enforcement	6,695,806	7,066,901	7,463,982	7,889,215	8,344,982
Other	2,305,185	2,305,185	2,305,185	2,305,185	2,305,185
Total	\$11,625,628	\$12,020,997	\$12,443,154	\$12,894,293	\$13,376,828

STUDY AREA COST ESTIMATES (ASSUMING TOWN INCORPORATION)

Expenditures for Study Area were calculated using the following methodologies in order to determine an acceptable level of service:

- a) Average total expenditures of comparable cities;
- b) County contract estimates; and,
- c) Incorporated city contract estimates.

INCORPORATION COST

A one-time cost as a result of incorporation is included in the analysis in 2024 (see TABLE 4.7). These expenses include the estimated election cost, which the Iron County Clerk estimates will cost \$500, and the LYRB contract cost. LYRB also analyzed potential costs for building government offices in the Study Area. For the purposes of this section, the additional cost of a government office is excluded as this cost is further explored under SECTION 8, which includes a scenario analysis related to an office expense.

GENERAL GOVERNMENT SERVICES

LYRB gathered data from eight comparable towns in Utah based upon population, location, and budget practices. Of these eight comparable cities, the list was narrowed to the following six communities that were most similar to the Study Area. The most recent budget actual data available for these communities is 2021.

TABLE 4.3: COMPARABLE GENERAL GOVERNMENT SERVICES AVERAGE EXPENSES

GEOGRAPHY	POPULATION (2021)	GENERAL GOVERNMENT BUDGET ACTUALS (2021)	INFLATED GENERAL GOVERNMENT COST*
Apple Valley	1,083	218,046	240,396
Kanarrville	471	217,073	239,323
Paragonah	566	83,435	91,987
Fairfield	68	107,879	118,937
Hatch	109	49,477	54,548
Lynndyl	105	28,247	31,142
Average Cost		\$61,868	\$68,209

* Inflated at 5 percent

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (DP05)
Utah State Auditor, Local and State Government Budget Reports

⁷ Subsection (4)(b)(iii) requires the cost analysis to account for inflation and growth.

Employing an alternative methodology produces a slightly higher General Government expense as illustrated in the following table. Using General Government budget data on five towns with populations below 200 persons, an average of \$471 cost per capita is calculated. Based on Riddermark’s estimated 2023 population and the average (\$471 multiplied by 149 persons), the estimated General Government expense results in \$69,993. For purposes of this analysis, the cost calculated in **TABLE 4.3** is utilized.

TABLE 4.4: COMPARABLE GENERAL GOVERNMENT EXPENSE PER CAPITA COST

GEOGRAPHY	POPULATION (2021)	GENERAL GOVERNMENT BUDGET ACTUALS (2021)	INFLATED GENERAL GOVERNMENT COST*	COST PER CAPITA
Antimony	93	35,365	38,990	\$419
Hatch	109	49,477	54,548	\$500
Independence	108	76,610	84,462	\$782
Lynndyl	105	23,979	26,437	\$252
Tabiona	119	43,455	47,909	\$403
Antimony	93	35,365	38,990	\$419
Average Cost		\$45,777	\$50,469	\$471

* Inflated at 5 percent

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (DP05)

Utah State Auditor, Local and State Government Budget Reports

ROADS AND PUBLIC WORKS

To determine the estimated cost for Roads and Public Works, data on a comparable town, Goshen, was utilized. The data included in the analysis comprises Goshen’s weighted mileage and fiscal year (FY) 2023 budget roads expenditures. This allows a cost per weighted mileage to be calculated that can then be applied to Riddermark. The following tables delineate the cost components specified.

TABLE 4.5: ESTIMATED ROAD COST

Goshen Weighted Mileage	32.12
Goshen Roads Expense (FY23 Budget)	\$34,700
Expense per Weighted Mile (Inflated)	\$1,080
Riddermark Weighted Mileage	21.03
Proposed Road Expense	\$22,719

Source: UDOT B&C Road Fund Information, Mileage and Annual Summary Reports

Utah State Auditor, Local and State Government Budget Reports

Iron County Roads GIS Shapefile

FIRE PROTECTION

According to input from the Iron County Auditor, it is likely that if Riddermark were to incorporate, the Study Area would receive contracted fire protection services from Cedar City. Cedar City currently provides services to parts of Iron County, Enoch, and Kanarraville and considers two cost components when determining the charge for services: 1) a basic charge for services based on taxable value to cover the City’s Fire Department expense and; 2) a capital expense charge to cover the City’s Preservation Fund, which includes capital items such as fire houses and fire trucks. Data included in this analysis comprises of information received from Cedar City’s Fire Chief, which includes 2022 budget actuals and the total market value of the areas receiving contracted services.

TABLE 4.6: CEDAR CITY EXPENDITURES TO BE ALLOCATED

	2022 ACTUAL COST	INFLATED COST*
Fire Department Expenditures	\$1,821,751	\$2,008,480
Preservation Fund Cost	\$226,504	\$249,721

* Inflated at 5 percent

Source: Cedar City Fire Chief

The City then proportionately allocates the Fire expense and capital charge components based on the total market value shown in **TABLE 4.7**. Riddermark’s total market value derives from County GIS data.

TABLE 4.7: CEDAR CITY ALLOCATION METHODOLOGY

GEOGRAPHY	TOTAL MARKET VALUE	% OF TOTAL VALUE	FIRE EXPENSE ALLOCATION*	CAPITAL EXPENSE ALLOCATION*	TOTAL CONTRACT COST
Cedar City	5,036,921,762	58.0%	1,164,322	144,764	1,309,086
Iron County	2,705,078,190	31.1%	625,299	77,745	703,045
Enoch	858,270,713	9.9%	198,396	24,667	223,063
Kanarraville	66,273,528	0.8%	15,320	1,905	17,224
Study Area	\$22,250,982	0.3%	\$5,143	\$640	\$5,783
Total	\$8,688,795,175	100.0%	\$2,008,480	\$249,721	\$ 2,258,201

* Inflated at 5 percent
Source: Cedar City Fire Chief

LAW ENFORCEMENT

The Iron County Auditor, in collaboration with the County Sheriff, concluded the estimated cost for law enforcement would be roughly \$22,000 per year to the Study Area. It is important to note that further analysis reevaluating this cost would be warranted as the County will be able to collect calls for service data upon incorporation.

OTHER EXPENSE CATEGORIES

Weeds, garbage, and sewer costs were also considered in the analysis. According to the County Auditor, weed control costs are specific to property owners who choose to contract with the County. Sewer and garbage services and the associated fees are billed directly to residences and collected separate from the MSF. For sewer, the County sends a quarterly bill of \$69 to resident, or \$276 per year per residence. For garbage, the County bills \$42 quarterly, or \$168 per year per residence. This will remain unchanged should the Study Area incorporate. If the area were to be incorporated, direct assessment could remain in place, or the newly created town could collect from the residents and then pay the County. Regardless, the net impact is neutral.

TABLE 4.8 summarizes the expenditures forecasted for the proposed Study Area. The project year costs are inflated at five percent.

TABLE 4.8: PROJECTED STUDY AREA 5-YEAR PROJECTED EXPENDITURES

	2024	2025	2026	2027	2028
Incorporation Costs	21,500	-	-	-	-
General Government	68,209	71,620	75,201	78,961	82,909
Roads & Public Works	22,719	23,855	25,048	26,300	27,615
Fire Protection	5,783	6,072	6,376	6,695	7,029
Law Enforcement	22,000	23,100	24,255	25,468	26,741
Total	\$140,211	\$128,970	\$136,705	\$146,242	\$154,972

SECTION 5: PRESENT & FIVE-YEAR PROJECTED REVENUE

Utah Code 10-2a-205(3) requires the feasibility study to include:

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 municipality.

GENERAL METHODOLOGY

This section compares the revenues the County and Study Area are likely to generate. Similar to the expenditure projections, the revenues were calculated using historic budget data from 2017 - 2021, estimated 2022 and 2023 budget data, and recommendations from the County Auditor. Furthermore, additional allocation methodologies were utilized based on population, assessed value, and standard State allocation practices.

COUNTY REVENUES

For the purposes of this study, the MSF revenues were grouped into major categories. The projections below are based on an analysis of the historic AAGR for each budget line item, as well as insight from the County Auditor. Between 2017 and 2021, the County's MSF revenue grew at an AAGR of 13.8 percent.

TABLE 5.1: COUNTY MSF HISTORIC AND CURRENT REVENUES

	2017	2018	2019	2020	2021	2022	2023
Taxes	4,291,058	4,428,746	4,528,353	4,887,853	5,065,436	5,302,476	6,294,532
Business Licenses & Permits	486,287	502,778	675,002	561,991	968,768	727,137	871,693
Grants	71,740	66,488	260,608	285,872	2,036,268	2,665,864	1,020,179
PILT	873,121	1,885,836	2,005,805	2,054,880	2,041,797	2,088,300	2,207,672
Fees for Service	301,147	391,214	374,571	335,432	159,983	323,110	325,900
Fund Balance Appropriation	-	-	-	23,505	-	893,146	763,317
Misc.	310,789	327,769	420,126	272,839	356,755	340,852	435,560
Total	\$6,334,142	\$7,602,830	\$8,264,465	\$8,422,372	\$10,629,006	\$12,340,885	\$11,918,853

The projections in TABLE 5.2 include property tax projected for new growth and an additional levy to meet the demand. Additionally, for the purposes of this study, fund balance appropriation is perpetuated into the future which results in the MSF fund's revenues meeting expenditures. Given the uncertainty of receiving grant monies, grant projections are zeroed out.

TABLE 5.2: COUNTY SCENARIO FIVE-YEAR PROJECTED REVENUES

	2024	2025	2026	2027	2028
Taxes	6,924,466	7,214,290	7,521,567	7,847,602	8,193,833
Business Licenses & Permits	950,146	1,035,659	1,128,868	1,230,466	1,341,208
Grants	-	-	-	-	-
PILT	2,207,672	2,207,672	2,207,672	2,207,672	2,207,672
Fees for Service	329,435	333,150	337,069	341,219	345,631
Fund Balance Appropriation	763,317	763,317	763,317	763,317	763,317
Misc.	450,593	466,910	484,661	504,016	525,168
Total	\$11,625,628	\$12,020,997	\$12,443,154	\$12,894,293	\$13,376,828

The County's General Fund is supported by Payments in Lieu of Taxes (PILT) funds. The PILT line item in the above tables includes State and Federal PILT, some of which the County transfers into the MSF. While this transfer is primarily PILT funds, additional General Funds may be included in the line item. PILT revenue in the MSF does not reflect the total amount of PILT funding allocated to the County.

STUDY AREA REVENUES (ASSUMING TOWN INCORPORATES)

Revenues for the Study Area were calculated using the following methodologies:

- a) Property tax based on assessed value and new growth;
- b) State Sales Tax allocation based on population;
- c) Building Permit cost based on estimated new homes;
- d) State Class C Road Fund allocation based on lane miles; and,
- e) Fines and Forfeitures based on per capita comps.

PROPERTY TAX

The property tax revenue calculation is based on the assessed value of the Study Area and applying the projected County levy for the MSF. As discussed in **SECTION 3**, calculated based under the assumption that each future year alternates between one to two new homes at an average home value of \$450,000.

TABLE 5.3: STUDY AREA TAXABLE VALUE

	ACTUAL		PROJECTED			
	2023	2024	2025	2026	2027	2028
Assessed Value	12,155,490	12,155,490	12,402,990	12,897,990	13,145,490	13,640,490
New Growth	-	247,500	495,000	247,500	495,000	247,500
Total Taxable Value	\$12,155,490	\$12,402,990	\$12,897,990	\$13,145,490	\$13,640,490	\$13,887,990
County MSF Levy	0.001675	0.001792	0.001749	0.001709	0.001672	0.001636
Property Tax Revenue from MSF Levy	\$20,356	\$22,226	\$22,564	\$22,469	\$22,801	\$22,723

SALES TAX

Sales tax revenues are distributed based on two methodologies: 1) point of sale, or the location of the sale; and 2) ratio of population. Total sales tax collections are distributed equally between these allocation strategies, with 50 percent assigned to point of sale and 50 percent to population. Population revenues are distributed to local entities based on the ratio of their population to the State's population as a whole. Revenue projections for the Study Area include only a population allocation as there is no commercial development that would result in a point of sale distribution.

TABLE 5.4: TAXABLE SALES REVENUE DISTRIBUTION

	ESTIMATED		PROJECTED			
	2023	2024	2025	2026	2027	2028
State Population Distribution Pool*	471,476,949	513,909,875	560,161,764	610,576,322	665,528,191	725,425,729
Growth Rate	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
State Population	3,342,221	3,399,064	3,456,875	3,515,668	3,575,461	3,636,272
Distributed per Capita	141.07	151.19	162.04	173.67	186.14	199.50
Study Area Estimated Population	149	153	156	161	163	168
Study Area Distribution	\$20,953	\$23,206	\$25,273	\$27,946	\$30,413	\$33,584

*Total distribution reported in fiscal years. LYRB averaged the two fiscal years to estimate calendar year. Multiplied by 50% to obtain population pool.
Source: Utah State Tax Commission, Annual Report FY 2021 – 2022 (p. 30)

BUILDING PERMITS

The Study Area does not currently include commercially zoned parcels for development; thus no revenue is considered for business licensing. As such, building permit revenue is included based on historic permit data and the County's five-year average cost per permit.

TABLE 5.5: COUNTY HISTORIC BUILDING PERMIT DATA

	2018	2019	2020	2021	2022
MSF Building Permit Revenue	478,776	651,031	540,125	939,335	703,542
Unincorporated Iron County Building Permits	319	277	111	62	102
Average Fee Permit	\$1,501	\$2,350	\$4,866	\$15,151	\$6,897
5- Year (18-22) Average Permit Cost					\$6,153

Source: Ivory-Boyer Construction Database
Iron County Financials

Using the assumption that, within the five-year planning horizon, the number of homes built alternates between one to two new homes each year, LYRB applied the five-year average permit cost to determine the projected building permit revenue within the Study Area as illustrated in TABLE 5.6.

TABLE 5.6: STUDY AREA PROJECTED BUILDING PERMIT REVENUES

	2023	2024	2025	2026	2027	2028
Projected Building Permit Revenue	\$6,153	\$12,306	\$6,153	\$12,306	\$6,153	\$12,306
Building Permits	1	2	1	2	1	2
Average Fee per Permit						\$6,153

CLASS C ROAD FUND

Additionally, the Study Area revenue forecast includes Class C Road Funds that is allocated based upon a 50/50 split between weighted lane miles and population.⁸ The State's allocation methodology includes a weighting for gravel roads versus paved roads. The roads within the Study Area are paved and are weighed accordingly (see TABLE 5.7).

TABLE 5.7: RIDDERMARK WEIGHTED MILEAGE

ROAD TYPE	MILEAGE	MULTIPLIER*	TOTAL
Paved	4.206	5	21.03
Unpaved	-	2	-
Total	-	-	21.03

* Based on Class B and C Roads Apportionment Formula (Utah Code 72-2-108)
Source: Iron County Shapefile, LYRB

TABLE 5.8 depicts the growth rate calculated and subsequently applied to forecast key variables (statewide total distribution pool, lane miles, weighted miles) in TABLE 5.8.

TABLE 5.8: CLASS B&C ROADS AAGR

	2018	2019	2020	2021	2022	5 Yr. AAGR
Total Distribution Pool	169,543,658	179,188,729	177,562,815	194,764,526	203,134,579	4.62%
Lane Miles Pool	84,771,829	89,594,365	88,781,407	97,382,263	101,567,289	4.62%
Statewide Weighted Miles	122,540	121,813	122,842	124,521	125,318	0.56%

Source: UDOT B&C Road Fund Information, Mileage and Annual Summary Reports

Utilizing TABLE 5.7's calculated weighted mileage for the Study Area and methodology delineated in Utah State Code, the Study Area's distribution can be calculated.

TABLE 5.9: CLASS B&C ROADS ALLOCATION METHODOLOGY

	2023	2024	2025	2026	2027	2028
Total Distribution Pool	212,524,711	222,348,914	232,627,251	243,380,717	254,631,274	266,401,901
Lane Miles Pool	106,262,356	111,174,457	116,313,626	121,690,358	127,315,637	133,200,951
Statewide Weighted Miles	126,023	126,731	127,443	128,160	128,880	129,604
Distribution Per Weighted Mile	843	877	913	950	988	1,028
Estimated Riddermark Weighted Miles	21	21	21	21	21	21
Lane Mile Distribution	17,733	18,449	19,193	19,968	20,775	21,614

⁸ Utah Code 72-2-108

	2023	2024	2025	2026	2027	2028
State Population	3,342,221	3,399,064	3,456,875	3,515,668	3,575,461	3,636,272
State Distribution per Capita	32	33	34	35	36	37
Study Area Population	149	153	156	161	163	168
Study Area Distribution per Capita	4,722	5,020	5,248	5,570	5,818	6,167
Total Study Area Distribution	\$22,455	\$23,469	\$24,441	\$25,538	\$26,593	\$27,780

FINES AND FORFEITURES

A per capita average based on the comparable cities (outlined in SECTION 4) revenues for fines and forfeitures is included in the revenue calculation.

OTHER REVENUE CONSIDERATIONS

Additional types of revenue streams may be collected including grants, State Liquor fund allocation, weed control fees, and interest earnings. These alternate revenue mechanisms will be explored in greater detail in SECTION 7.

TABLE 5.10 summarizes the revenues forecasted for the proposed Study Area. As highlighted in Utah Code, if the results of the feasibility study indicate the revenues forecasted does not exceed the costs calculated in the prior section by more than 5 percent, the incorporation process may not proceed.⁹ While incorporation could be feasible based on the ability to raise taxes, this legislative provision may prevent the process moving forward as it is evident the revenues of this study result in a deficit.

TABLE 5.10: PROJECTED STUDY AREA 5-YEAR PROJECTED REVENUES

	2024	2025	2026	2027	2028
Property Tax*	24,384	25,929	27,045	28,746	30,007
Sales & Use	23,206	25,273	27,946	30,413	33,584
Permits	12,306	6,153	12,306	6,153	12,306
Class C Roads	23,469	24,441	25,538	26,593	27,780
Fines & Forfeitures	1,747	1,834	1,926	2,022	2,123
Total	\$85,111	\$83,630	\$94,762	\$93,927	\$105,801

*Property tax revenue generated in Riddermark assuming equivalent County rate

⁹ Utah Code 10-2a-205(5)(a)

SECTION 6: RISKS & OPPORTUNITIES

Utah Code 10-2a-205(3) requires the feasibility study to include:

an analysis of the risks and opportunities that might affect the actual costs described in Subsection (3)(a)(iii) or revenues described in Subsection (3)(a)(iv) of the newly incorporated municipality.

RISKS

A recent incorporation study completed within Iron County may shed light on potential risks to Riddermark's proposed incorporation. Cedar Highlands, which incorporated in 2018, voted to revert to its former status as an unincorporated area of Iron County that operates under a homeowner's association (HOA) two years following incorporation. The former mayor stated in a St. George News article that the lack of commercial revenue and reliance on road and sales taxes were not financially sustainable.¹⁰ Given Riddermark does not include commercial or industrial land, the Study Area could face similar issues generating sufficient revenue streams as Cedar Highlands.

As mentioned in **SECTION 4**, sewer services and the associated fees are billed directly to residences and collected separate from the MSF. The analysis thus assumes sewer services will remain unchanged should the Study Area incorporate. With that said, Cedar City Corporation owns and operates the regional wastewater treatment facility and contracts sewer services with Enoch City and Iron County. Cedar City also has a contract with the County for the maintenance of the County's sewer collection system. In the event Iron County chooses to no longer bill sewer services upon incorporation, the Town would contract directly with Cedar City per discussions with the Cedar City. This poses a risk to the Study Area as potential costs could be greater.

Additionally, inflationary pressure will affect the Study Area, as well as the MSF. The impact of inflation may be more pronounced within the Study Area due to the imbalance of revenues and expenditures.

OPPORTUNITIES

Opportunities in the Study Area post-incorporation may include self-governance, zoning and land-use authority, more local representation, and more direct control over the future of the area.

Incorporation may increase local authority to meet the requests and needs of residents. Specific goals related to economic growth and business licensing, increases in the level of services related to public facilities, and zoning policies could be addressed by the newly incorporated area. However, it is important to note that these elements may result in an increase in costs beyond what has been presented in this study.

¹⁰ See <https://www.stgeorgeutah.com/news/archive/2020/04/19/jmr-cedar-highlands-residents-to-vote-on-whether-to-stay-an-incorporated-town-or-back-to-hoa/> for additional details.

SECTION 7: ANALYSIS OF NEW REVENUE SOURCES

Utah Code 10-2a-205(3) requires the feasibility study to include:

an analysis of new revenue sources that may be available to the newly incorporated municipality that are not available before the area incorporates, including an analysis of the amount of revenues the municipality might obtain from those revenue sources.

FRANCHISE TAX - MUNICIPAL ENERGY SALES AND USE TAX

Municipalities may adopt a tax on gas and electricity delivered within their jurisdiction. These taxes are collected by a seller and held in trust for the benefit of the locality imposing the tax.

DEBT FINANCING

Debt financing may be utilized to amortize larger capital costs over time, rather than addressing those costs in a shorter period. This does not introduce new revenues (interest and cost of issuance expenses add to the overall cost assumptions), but it does serve as a funding tool to allow for the construction of public facilities.

GRANTS

Most of the comparable cities included in the analysis receive grant monies, although it is uncertain which grants the Town would be eligible for.

IMPACT FEES

As mentioned in **SECTION 6**, the Town, if incorporation occurs, could begin to provide services (e.g., streets, parks) and would be able to charge impact fees to new development. It is important to note that the Town cannot assess impact fees if the eligible categories are not serviced by the Town.

FEES FOR SERVICES

The newly incorporated area will have the ability to adopt necessary fees related to services provided. This study has followed the statutory requirement to maintain the same level of service currently provided to residents based on the expenditures and revenue sources utilized within the MSF. However, the Town may be able to increase revenues by assessing specific fees for services. These may include transportation fees, recreation fees, disproportionate fees, and/or utility fees. It is important to note that these fees would be an additional cost to residents, beyond what is shown in the following sections.

SECTION 8: FISCAL IMPACTS & PROJECTED TAX BURDEN

Utah Code 10-2a-205(3) requires the feasibility study to include:

the projected tax burden per household of any new taxes that may be levied within the proposed municipality within five years after incorporation; and
the fiscal impact of the municipality's incorporation on unincorporated areas, other municipalities, special districts, special service districts, and other governmental entities in the county.

The purpose of this study is to project and compare the impact of incorporation of the Study Area to the fiscal impact of remaining within the County service area. The following section details the impact to residents in the Study Area, as well as to the County.

FISCAL IMPACTS ON THE COUNTY

A comparison of projected revenues and expenditures produce a deficit based on the County's projected 2024 MSF rate of .001733 as shown in **TABLE 8.1**. An increased County MSF tax rate of .001966 is modeled in year 2024 to cure the revenue gap. The tax impact to a primary residence valued at \$400,000 is \$433.¹¹ The County may opt to use general funds to cover this modest gap to avoid a tax increase.

TABLE 8.1: FISCAL IMPACTS ON IRON COUNTY

	2024	2025	2026	2027	2028
REVENUES					
COUNTY MSF RATE	0.001733	0.001713	0.001692	0.001672	0.001652
Taxes	6,430,961	6,575,576	6,728,868	6,891,357	7,063,596
Business Licenses & Permits	950,146	1,035,659	1,128,868	1,230,466	1,341,208
PILT (General Fund Transfer)	2,207,672	2,207,672	2,207,672	2,207,672	2,207,672
Fees for Service	329,435	333,150	337,069	341,219	345,631
Fund Balance Appropriation	763,317	763,317	763,317	763,317	763,317
Misc.	450,593	466,910	484,661	504,016	525,168
Total Revenues	\$11,132,123	\$11,382,283	\$11,650,455	\$11,938,048	\$12,246,591
EXPENDITURES					
General Government	706,333	726,361	747,060	768,455	790,573
Weeds	141,988	145,595	149,326	153,184	157,176
Garbage	-	-	-	-	-
Roads & Public Works	-	-	-	-	-
Fire Protection	1,776,316	1,776,955	1,777,601	1,778,253	1,778,912
Law Enforcement	6,695,806	7,066,901	7,463,982	7,889,215	8,344,982
Other	2,305,185	2,305,185	2,305,185	2,305,185	2,305,185
Total Expenditures	\$11,625,628	\$12,020,997	\$12,443,154	\$12,894,293	\$13,376,828
TOTAL TAX REVENUE NEED TO BALANCE	\$493,505	\$145,209	\$153,985	\$163,546	\$173,992
Taxable Value*	\$2,120,574,187	\$2,146,021,077	\$2,171,773,330	\$2,197,834,610	\$2,224,208,626
TOTAL COUNTY MSF RATE**	0.001966	0.002010	0.002057	0.002107	0.002161
BASELINE IMPACT ON MEDIAN HOME (\$400K)	\$433	\$442	\$453	\$464	\$475

*Additional County levy calculated based on estimated assessed value.

** Based on the sum of the "County Rate" plus the "Additional Levy to Balance Budget."

The Study Area may continue to receive County Services at the level of service currently provided as a part of the MSF with negligible additional costs as compared with the current County tax levies.

¹¹ Median list price via Rocket Homes. See <https://www.rockethomes.com/real-estate-trends/ut/iron-county> for further detail.

In the event of incorporation, the County MSF would likely experience a loss of revenue resulting in the need for an additional 1.72 percent increase in year one over the baseline County levy. This increase represents lost revenue for municipal services, as well as revenues gained through the Sheriff's Department for contracted public safety services. The contract revenue is estimated at \$22,000 in year one, aforementioned in **SECTION 4**. The net impact of the Town incorporation is a loss of \$63,111 in revenues in 2024, as illustrated in **TABLE 8.2**.

TABLE 8.2: IMPACT TO COUNTY MSF

	2024	2025	2026	2027	2028
Potential Lost Revenue	(85,111)	(83,630)	(94,762)	(93,927)	(105,801)
Contract Revenue	22,000	23,100	24,255	25,468	26,741
Net Impact to County MSF	(\$63,111)	(\$60,530)	(\$70,507)	(\$68,460)	(\$79,059)
Tax Impact	0.000030	0.000028	0.000032	0.000031	0.000036
MSF Levy (If Riddermark Incorporates)	0.001996	0.002039	0.002090	0.002139	0.002196
Estimated Impact on Median Home (\$400K)	\$439	\$448	\$460	\$470	\$483
BASELINE IMPACT ON MEDIAN HOME (\$400K)	\$433	\$442	\$453	\$464	\$475
Tax Increase from Baseline	\$7	\$6	\$7	\$7	\$8

TAX BURDEN ON STUDY AREA

The following section includes two scenarios related to the fiscal impacts of a Town incorporation as detailed below:

1. **SCENARIO 1 – GOVERNMENT OFFICE:** This scenario includes the applicable incorporation costs as outlined in UCA 10-2a-220. In addition, expenditures include a one-time expense of \$300,000 for a government office.
2. **SCENARIO 2 – NO GOVERNMENT OFFICE:** This scenario includes incorporation costs as outlined in UCA 10-2a-220, without the additional expense related to a new government building.

It is important to note that in both scenarios show expenditures exceed revenues. As highlighted in Utah Code, if the results of the feasibility study indicate the revenues forecasted does not exceed the costs calculated in the prior section by more than 5 percent, the incorporation process may not proceed.¹² While incorporation could be feasible based on the ability to raise taxes, this legislative provision may prevent the process moving forward as it is evident the revenues of this study result in a deficit.

SCENARIO 1 – GOVERNMENT OFFICE

Assuming the newly incorporated Town assesses an equivalent County tax rate, the projected revenues minus expenditures produce a deficit as shown in **TABLE 8.3**. As with the County scenario, an increased tax rate of .001966 is modeled in year 2024. However, matching the County's equivalent rate is not sufficient to meet the expenditures within the Town and an additional Riddermark rate of .028630 in 2024 is necessary to provide sufficient funding for the Study Area. Thus, the 2024 Town rate is the sum of the County equivalent rate and the Riddermark rate, or .030596.

TABLE 8.3: SCENARIO 1 – FISCAL IMPACT

	2024	2025	2026	2027	2028
REVENUES					
EQUIVALENT COUNTY MSF RATE	0.001966	0.002010	0.002057	0.002107	0.002161
Property Tax	24,384	25,929	27,045	28,746	30,007
Sales & Use	23,206	25,273	27,946	30,413	33,584
Permits	12,306	6,153	12,306	6,153	12,306
Class C Roads	23,469	24,441	25,538	26,593	27,780
Fines & Forfeitures	1,747	1,834	1,926	2,022	2,123
Total Revenues	\$85,111	\$83,630	\$94,762	\$93,927	\$105,801
EXPENDITURES					
Incorporation Costs	\$321,500	-	-	-	-
General Government	68,209	71,620	75,201	78,961	82,909

¹² Utah Code 10-2a-205(5)(a)

	2024	2025	2026	2027	2028
Roads & Public Works	22,719	23,855	25,048	26,300	27,615
Fire Protection	5,783	6,072	6,376	6,695	7,029
Law Enforcement	22,000	23,100	24,255	25,468	26,741
Total Expenditures	\$440,211	\$128,970	\$136,705	\$146,242	\$154,972
Net (Revenue minus Expenditures)	(\$355,100)	(\$45,340)	(\$41,943)	(\$52,314)	(\$49,172)
Additional Levy to Balance Budget*	0.028630	0.003515	0.003191	0.003835	0.003541
TOTAL TOWN RATE**	0.030596	0.005526	0.005248	0.005943	0.005701

* Additional Riddermark levy calculated based on estimated assessed value

** Based on the sum of the "County Rate" plus the "Additional Levy to Balance Budget".

The tax impact within the Study Area is estimated at \$6,731 for a primary residence valued at \$400,000. This represents an increase of \$6,229 above the projected County levy of \$433. The difference between the County tax and the Town tax is the additional cost residents of the Study Area will pay to provide their own municipal services as an incorporated town. One-time government building costs, and incorporation costs outlined in UCA 10-2a-220 contribute to the escalated cost in 2024. The estimated impact decreases in 2025 as illustrated in TABLE 8.4. The one-time up-front cost may be mitigated by extending the cost over many years through alternative financing options.

TABLE 8.4: SCENARIO 1 – TAX BURDEN

	2024	2025	2026	2027	2028
TOTAL TOWN RATE (MSF & TOWN LEVY)	0.030596	0.005526	0.005248	0.005943	0.005701
Estimated Certified Tax Value	\$12,402,990	\$12,897,990	\$13,145,490	\$13,640,490	\$13,887,990
Estimated Town Impact Home (\$400K)	\$6,731	\$1,216	\$1,155	\$1,307	\$1,254
BASELINE IMPACT ON MEDIAN HOME (\$400K) *	\$433	\$442	\$453	\$464	\$475
Net Impact	\$6,299	\$773	\$702	\$844	\$779

* See Table 8.1

SCENARIO 2 – NO GOVERNMENT OFFICE

This scenario includes incorporation costs as outlined in UCA 10-2a-220, without the additional expense related to a new government office. Assuming an equivalent County tax rate, the projected revenues minus expenditures produce a deficit as shown in TABLE 8.5. Similar to Scenario 1, matching the County's equivalent rate is not sufficient and an additional Riddermark rate of .004442 in 2024 is necessary to provide sufficient funding for the Study Area. Thus, the 2024 Town rate is the sum of the County equivalent rate and the Riddermark rate, or .006408.

TABLE 8.5: SCENARIO 2 – FISCAL IMPACT

	2024	2025	2026	2027	2028
REVENUES					
EQUIVALENT COUNTY RATE	0.001966	0.002010	0.002057	0.002107	0.002161
Property Tax*	24,384	25,929	27,045	28,746	30,007
Sales & Use	23,206	25,273	27,946	30,413	33,584
Permits	12,306	6,153	12,306	6,153	12,306
Class C Roads	23,469	24,441	25,538	26,593	27,780
Fines & Forfeitures	1,747	1,834	1,926	2,022	2,123
Total Revenues	\$85,111	\$83,630	\$94,762	\$93,927	\$105,801
EXPENDITURES					
Incorporation Costs	21,500	-	-	-	-
General Government	68,209	71,620	75,201	78,961	82,909
Roads & Public Works	22,719	23,855	25,048	26,300	27,615
Fire Protection	5,783	6,072	6,376	6,695	7,029
Law Enforcement	22,000	23,100	24,255	25,468	26,741
Total Expenditures	\$140,211	\$128,970	\$136,705	\$146,242	\$154,972
Net (Revenue minus Expenditures)	(\$55,100)	(\$45,340)	(\$41,943)	(\$52,314)	(\$49,172)
Additional Levy to Balance Budget*	0.004442	0.003515	0.003191	0.003835	0.003541

	2024	2025	2026	2027	2028
TOTAL TOWN RATE**	0.006408	0.005526	0.005248	0.005943	0.005701

* Additional Riddermark levy calculated based on estimated assessed value

** Based on the sum of the "County Rate" plus the "Additional Levy to Balance Budget".

The tax burden within the Study Area under Scenario 2 is \$1,410 for a primary residence valued at \$400,000. This represents an increase of \$977 from the projected County levy of \$433. In year 2, the tax impact is \$1,216, or \$773 more than the County levy of \$442. The difference between the County tax and the Town tax in year 2 is the cost to residents of the Study Area to provide their own municipal services as an incorporated town.

TABLE 8.6: SCENARIO 2 – TAX BURDEN

	2024	2025	2026	2027	2028
TOTAL TOWN RATE (MSF & TOWN LEVY)	0.006408	0.005526	0.005248	0.005943	0.005701
Estimated Certified Tax Value	\$12,402,990	\$12,897,990	\$13,145,490	\$13,640,490	\$13,887,990
Estimated Town Impact Home (\$400K)	\$1,410	\$1,216	\$1,155	\$1,307	\$1,254
BASELINE IMPACT ON MEDIAN HOME (\$400K) *	\$433	\$442	\$453	\$464	\$475
Net Impact	\$977	\$773	\$702	\$844	\$779

* See Table 8.1