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SANPETE
COUNTY,
UTAH

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FEASIBILITY STUDY FOR THE
PROPOSED INCORPORATION
OF HERITAGE HILLS

PREPARED BY:

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TABLE OF CONTENTS

DEFINITIONS	3
SECTION 1: EXECUTIVE SUMMARY	4
SECTION 2: POPULATION & POPULATION DENSITY.....	5
POPULATION	6
POPULATION DENSITY.....	6
SECTION 3: CURRENT & FIVE-YEAR PROJECTIONS OF DEMOGRAPHICS & TAX BASE	7
DEMOGRAPHICS.....	7
TAX BASE	9
SECTION 4: CURRENT & FIVE-YEAR COST PROJECTIONS	14
GENERAL METHODOLOGY	14
COUNTY COST ESTIMATES	14
STUDY AREA COST ESTIMATES (ASSUMING INCORPORATION)	15
SECTION 5: PRESENT & FIVE-YEAR REVENUE PROJECTIONS	20
GENERAL METHODOLOGY	20
COUNTY REVENUES.....	20
STUDY AREA REVENUES (ASSUMING TOWN INCORPORATION)	20
SECTION 6: RISKS & OPPORTUNITIES.....	26
RISKS.....	26
OPPORTUNITIES	27
SECTION 7: ANALYSIS OF NEW REVENUE SOURCES	28
PROPERTY TAX REVENUE	28
TRANSPORTATION UTILITY FEES	28
TRANSIENT ROOM TAX	28
FRANCHISE TAX - MUNICIPAL ENERGY SALES AND USE TAX.....	28
DEBT FINANCING.....	28
GRANTS.....	28
IMPACT FEES.....	28
FEES FOR SERVICES.....	29
SECTION 8: FISCAL IMPACTS & PROJECTED TAX BURDEN	30
FISCAL IMPACTS & TAX BURDEN ON THE COUNTY.....	30
FISCAL IMPACTS & TAX BURDEN ON THE STUDY AREA.....	30
SECTION 9: UPDATE TO THE MAP.....	33
APPENDIX A: COUNTY CLASSIFICATION TABLE.....	37
APPENDIX B: UPC DETERMINATION	38
APPENDIX C: MOU	41
APPENDIX D: STAKEHOLDER FEEDBACK.....	45



DEFINITIONS

AAGR:	Average Annual Growth Rate
ACS:	American Community Survey
CIP:	Capital Improvement Projects
CY:	Calendar Year
FY:	Fiscal Year
GF:	General Fund
HOA:	Homeowners Association
HU:	Housing Unit
LOS:	Level of Service
LRB:	LRB Public Finance Advisors
MOU:	Memorandum of Understanding
MSF:	Municipal Services Fund
OLG:	Office of the Lieutenant Governor
PPH:	Persons per Household
UPC:	Utah Population Committee



SECTION 1: EXECUTIVE SUMMARY

LRB Public Finance Advisors (LRB) was retained by the Office of the Lieutenant Governor (OLG) to complete a feasibility study related to incorporation of an unincorporated area within Sanpete County (the County).¹ The purpose of this study is to compare the fiscal impact to the residents of Heritage Hills (Town or Study Area) if the County continues to provide services through the General Fund (GF) or if the newly incorporated Town provides services at a similar quality and level of service (LOS) that are provided to the area at the time of the feasibility study.² This feasibility study is intended solely to satisfy the statutory requirements of Utah Code § 10-2a-205 and should not be construed as a guarantee of future financial performance.

The fiscal impacts in this analysis are measured based on two scenarios. Scenario 1 includes the cost of acquiring a government office building. Scenario 2 assumes continued availability of a no-cost governmental facility pursuant to the proposed memorandum of understanding (MOU). If that arrangement becomes unavailable, additional revenues or taxes may be required. The results of Scenario 2 show that the **five-year average revenue margin is 8.5 percent, allowing the incorporation process to proceed pursuant to the 5 percent threshold established in Utah Code § 10-2a-205(4).**

TABLE 1.1: SUMMARY OF RESULTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	AVERAGE
Scenario 1: Net Impact	\$6,425	(\$21,058)	(\$20,604)	(\$17,918)	(\$17,042)	(\$14,039)
Scenario 1 - Government Office: Revenue (Expense) Margin						(12.9%)
Scenario 2: Net Impact	\$6,425	\$7,840	\$8,508	\$11,322	\$12,368	\$9,293
Scenario 2 - No Government Office: Revenue (Expense) Margin						8.5%

Table 1.2 provides a summary of the tax impact to a median home (\$500,000) in the Study Area if incorporation occurs. The amounts shown represent the new tax needed to balance the Town's budget. In Scenario 1, additional taxes would be required. In Scenario 2, an additional municipal property tax rate is not needed.

TABLE 1.2: SUMMARY OF NET TAX IMPACT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Scenario 1: Government Office	\$0	\$227	\$217	\$185	\$173
Scenario 2: No Government Office	\$0	\$0	\$0	\$0	\$0

Because Sanpete County does not charge a separate municipal services tax rate, the County will not experience any impact in revenues from property taxes as new residents will continue to pay taxes to the County's GF if incorporation occurs. In the event of incorporation, the County would likely experience:

- A **revenue loss** for municipal services (modeled as the projected revenue for the Town) and
- A **revenue gain** through both the Sheriff's Department and elections.

It is probable that the County's GF will experience other decreases in expenses following the incorporation of the Town. Furthermore, the County would receive additional property tax revenues to the GF from the proposed residential development in the Study Area. Municipal services provided by Special Service Districts, Improvement Districts, and private companies will continue to be provided regardless of the incorporation.

¹ Utah Code § 10-2a-205(2)

² Utah Code § 10-2a-205(3)(b)(i)



POPULATION

The total estimated population of Heritage Hills at the time of the feasibility request was calculated at 223 persons as shown in **Table 2.1**. This was determined by the Utah Population Committee (UPC).⁴ Utilizing the 2020 Census population as the base, the UPC calculated the 2024 population based on Census block and building permit data. According to the UPC, a total of 13 single-family units were built within the unincorporated area after 2020 as of July 2024. Utilizing the number of new homes built and an average household (HH) size of 3.38 based on tract-level data, population growth can be calculated. It is estimated the Study Area increased 43 persons from 2020, resulting in a 2024 population of 223.

The UPC provided LRB with building permit data between July 1, 2024 and July 1, 2025 to determine the 2025 population. A total of one single-family unit was built within the study area boundary, resulting in a 2025 population of 227 when applying the described assumptions above.

TABLE 2.1: UPC HERITAGE HILLS POPULATION PROJECTION

	2020	2021	2022	2023	2024	2025
Building Permits		5	3	1	4	1
Projected Population	179	196	206	210	223	227
Households	39	44	47	48	52	53
Persons per Household	4.60	4.46	4.39	4.37	4.29	4.28

Source: Utah Population Committee

POPULATION DENSITY

The land area of the incorporation boundary for the Study Area is 1.49 square miles. Based on the land area, the UPC determined that the population density is 150 persons per square mile. **Table 2.2** shows the population density of Sanpete County communities and the Study Area using 2024 population projections.

TABLE 2.2: POPULATION AND POPULATION DENSITY FOR STUDY AREA AND SURROUNDING AREAS

MUNICIPALITY	POPULATION (2024)	LAND AREA (SQUARE MILES)	POPULATION PER SQUARE MILE
Centerfield	1,240	1.91	650
Ephraim	5,949	5.12	1,162
Fairview	1,342	1.26	1,065
Fayette	471	0.40	1,192
Fountain Green	1,521	1.25	1,219
Gunnison	3,562	4.79	744
Manti	3,594	3.22	1,116
Mayfield	384	0.90	427
Moroni	1,535	1.07	1,441
Mount Pleasant	3,805	2.93	1,300
Spring City	1,057	1.41	751
Sterling	281	0.32	870
Wales	355	0.40	896
Heritage Hills	223	1.49	150

Sources: U.S. Census Bureau, Annual Geographic Information Table (GEOINFO)
U.S. Census Bureau, 2010 and 2020 Census Redistricting Data (PL 94-171)
U.S. Census Bureau, American Community Survey 5-Year Estimates (DP05)
Utah Population Committee

⁴ See Appendix B



SECTION 3: CURRENT & 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

POPULATION PROJECTIONS

Population projections for the Study Area are based on assumptions relative to future residential construction within the Study Area. From 2020 – 2025, the average new homes built was calculated at 2.8 based on construction monitoring data provided by the UPC. LRB assumed that within the projected five-year window, two new homes will be built each year. The persons per household (PPH) calculated for 2025 from **Table 2.1** was then multiplied by total estimated housing units (HU) to determine the population. **Table 3.1** details the projections for residents within the Study Area.

TABLE 3.1: CURRENT AND PROJECTED DEMOGRAPHICS

	2026	2027	2028	2029	2030	2031
Projected New Homes	2	2	2	2	2	2
Projected Population	235	244	252	261	269	278
Households	55	57	59	61	63	65
Persons per Household	4.28	4.28	4.28	4.28	4.28	4.28

For purposes of calculating the current and five-year projected population and HUs of the surrounding areas, the average annual growth rate (AAGR) of historic redistricting Census data between 2010 and 2020 was calculated for each community.

TABLE 3.2: GROWTH RATE DETERMINATION

	2010		2020		AAGR 2010-2020	
	POPULATION	HU	POPULATION	HU	POPULATION	HU
Sanpete County	27,822	10,379	28,437	10,237	0.2%	-0.1%
Centerfield	1,367	432	1,341	445	-0.2%	0.3%
Ephraim	6,135	1,751	5,611	1,845	-0.9%	0.5%
Fairview	1,247	472	1,203	493	-0.4%	0.4%
Fayette	242	91	245	92	0.1%	0.1%
Fountain Green	1,071	370	1,197	385	1.1%	0.4%
Gunnison	3,285	631	3,509	662	0.7%	0.5%
Manti	3,276	1,138	3,429	1,193	0.5%	0.5%
Mayfield	496	215	556	241	1.1%	1.1%
Moroni	1,423	485	1,544	497	0.8%	0.2%
Mount Pleasant	3,260	1,135	3,655	1,210	1.2%	0.6%
Spring City	988	399	949	414	-0.4%	0.4%
Sterling	262	92	274	102	0.4%	1.0%
Wales	302	104	338	119	1.1%	1.4%
Unincorporated County	4,468	3,064	4,586	2,539	0.3%	-1.9%

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



The AAGR calculated in **Table 3.2** was then applied to the most recent five-year American Community Survey (ACS) Census data (2024) and onward. The current and five-year demographic projections are illustrated in **Table 3.3**.

TABLE 3.3: SANPETE COUNTY CURRENT AND PROJECTED FIVE-YEAR POPULATION

	2026	2027	2028	2029	2030	2031	AAGR
Sanpete County	30,100	30,185	30,271	30,359	30,446	30,537	0.2% ¹
Centerfield	1,236	1,234	1,232	1,230	1,228	1,226	-0.2%
Ephraim	5,844	5,792	5,741	5,690	5,639	5,589	-0.9%
Fairview	1,332	1,327	1,322	1,317	1,312	1,307	-0.4%
Fayette	473	474	475	476	477	478	0.1%
Fountain Green	1,555	1,572	1,590	1,608	1,626	1,644	1.1%
Gunnison	3,610	3,634	3,658	3,682	3,706	3,731	0.7%
Manti	3,627	3,644	3,661	3,678	3,695	3,712	0.5%
Mayfield	392	397	402	407	412	417	1.1%
Moroni	1,561	1,574	1,587	1,600	1,613	1,626	0.8%
Mount Pleasant	3,893	3,938	3,983	4,029	4,075	4,122	1.2%
Spring City	1,049	1,045	1,041	1,037	1,033	1,029	-0.4%
Sterling	283	284	285	286	287	288	0.4%
Wales	363	367	371	375	379	383	1.1%
Unincorporated County	4,647	4,659	4,671	4,683	4,695	4,707	0.3%
Heritage Hills	235	244	252	261	269	278	NA

¹ Sanpete County projected population was calculated by totaling each municipality (including unincorporated and Heritage Hills) population.

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

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

HOUSEHOLD SIZE

The number of households for the surrounding area was estimated starting with 2024 occupied HUs as the base units. The AAGR—calculated using historic redistricting Census data shown in **Table 3.2**—was then applied to the base units to estimate current and projected units and the PPH for this analysis.

TABLE 3.4: CURRENT AND PROJECTED FIVE-YEAR CALCULATED PERSONS PER HOUSEHOLD

	2026		2027		2028		2029		2030		2031		HU AAGR
	HU	PPH	HU	PPH	HU	PPH	HU	PPH	HU	PPH	HU	PPH	
Sanpete County	8,922	3.37	8,918	3.38	8,916	3.40	8,914	3.41	8,913	3.42	8,912	3.43	-0.02% ¹
Centerfield	314	3.93	315	3.92	316	3.90	317	3.88	318	3.87	318	3.85	0.3%
Ephraim	1,628	3.59	1,636	3.54	1,644	3.49	1,653	3.44	1,661	3.39	1,670	3.35	0.5%
Fairview	431	3.09	433	3.07	434	3.04	436	3.02	438	3.00	439	2.97	0.4%
Fayette	122	3.88	122	3.89	122	3.90	122	3.91	122	3.92	122	3.92	0.1%
Fountain Green	418	3.72	420	3.74	422	3.77	423	3.80	425	3.82	427	3.85	0.4%
Gunnison	563	6.41	565	6.43	568	6.44	571	6.45	573	6.47	576	6.48	0.5%
Manti	987	3.67	992	3.67	997	3.67	1,002	3.67	1,007	3.67	1,012	3.67	0.5%
Mayfield	155	2.52	157	2.53	159	2.53	160	2.54	162	2.54	164	2.55	1.1%
Moroni	387	4.04	387	4.06	388	4.09	389	4.11	390	4.14	391	4.16	0.2%
Mount Pleasant	1,200	3.24	1,207	3.26	1,215	3.28	1,223	3.30	1,230	3.31	1,238	3.33	0.6%
Spring City	371	2.82	373	2.80	375	2.78	376	2.75	378	2.73	380	2.71	0.4%
Sterling	76	3.70	77	3.67	78	3.65	79	3.62	80	3.60	81	3.57	1.0%
Wales	100	3.63	102	3.61	103	3.59	105	3.57	107	3.55	108	3.53	1.4%
Unincorporated County	2,122	2.19	2,083	2.24	2,044	2.28	2,006	2.33	1,970	2.38	1,933	2.44	-1.9%
Heritage Hills	55	4.28	57	4.28	59	4.28	61	4.28	63	4.28	65	4.28	NA

¹ Calculated AAGR is higher than the 2010 – 2020 growth rate of -0.1 percent due to the inclusion of growth from Heritage Hills.

Note: PPH figures are calculated based on total population and **occupied** housing units and thus differ from Census-reported average household sizes, which are based on total household population.

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

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



INCOME

Projected income was estimated starting with the most recent ACS data (2024) as the base units. The AAGR was calculated using ACS data from 2010 and 2020. To determine the Study Area’s median household income, LRB utilized Census tract-level data. The median household income for Census Tract 9721.01 is estimated at \$76,813 as of 2024. 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 could not be calculated. Therefore, we applied a three percent growth rate to project the median income in the Study Area.

TABLE 3.5: CURRENT AND PROJECTED FIVE-YEAR MEDIAN INCOME – HERITAGE HILLS AND SURROUNDING AREA

	2026	2027	2028	2029	2030	2031	AAGR
Sanpete County	\$74,047	\$76,112	\$78,235	\$80,417	\$82,660	\$84,966	2.8%
Centerfield	\$85,658	\$89,893	\$94,337	\$99,000	\$103,894	\$109,030	4.9%
Ephraim	\$74,637	\$79,047	\$83,718	\$88,664	\$93,903	\$99,452	5.9%
Fairview	\$70,349	\$72,387	\$74,485	\$76,643	\$78,865	\$81,150	2.9%
Fayette	\$86,041	\$91,650	\$97,623	\$103,987	\$110,765	\$117,985	6.5%
Fountain Green	\$79,476	\$82,917	\$86,507	\$90,252	\$94,159	\$98,235	4.3%
Gunnison	\$76,796	\$79,963	\$83,261	\$86,695	\$90,270	\$93,993	4.1%
Manti	\$61,203	\$60,509	\$59,824	\$59,146	\$58,475	\$57,813	-1.1%
Mayfield	\$85,374	\$88,196	\$91,110	\$94,121	\$97,231	\$100,444	3.3%
Moroni	\$73,223	\$77,223	\$81,442	\$85,891	\$90,584	\$95,533	5.5%
Mount Pleasant	\$72,678	\$74,634	\$76,642	\$78,704	\$80,821	\$82,995	2.7%
Spring City	\$73,239	\$74,255	\$75,284	\$76,328	\$77,386	\$78,459	1.4%
Sterling	\$68,189	\$69,123	\$70,069	\$71,029	\$72,001	\$72,987	1.4%
Wales	\$77,682	\$81,112	\$84,694	\$88,434	\$92,340	\$96,418	4.4%
Heritage Hills	\$75,799	\$78,073	\$80,415	\$82,828	\$85,313	\$87,872	3.0%

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

TAX BASE

The tax base of the region is important to consider in this incorporation study as growth in property values, taxable sales, and employment are valuable components when determining feasibility. The following paragraphs discuss the County’s regional economy.

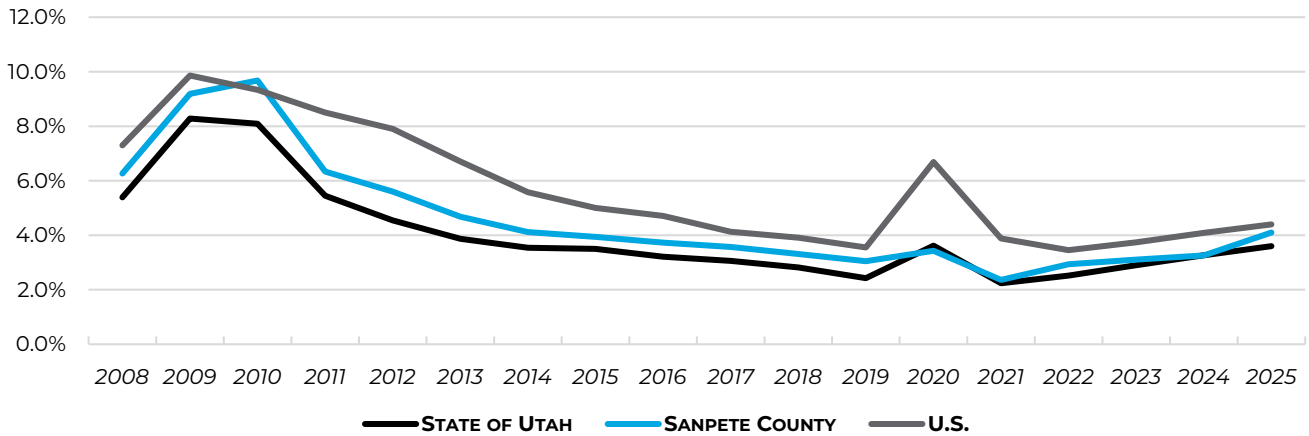
REGIONAL ECONOMY

Sanpete County is centrally located in the State of Utah. The unemployment rate for the County averaged 4.1 percent in December 2025. Unemployment peaked in 2010 at an average of 9.7 percent according to seasonally adjusted data provided by the Utah Department of Workforce Services.⁵

⁵ Source: U.S. Bureau of Labor Statistics and Utah Department of Workforce Services, Seasonally Adjusted Unemployment Rates



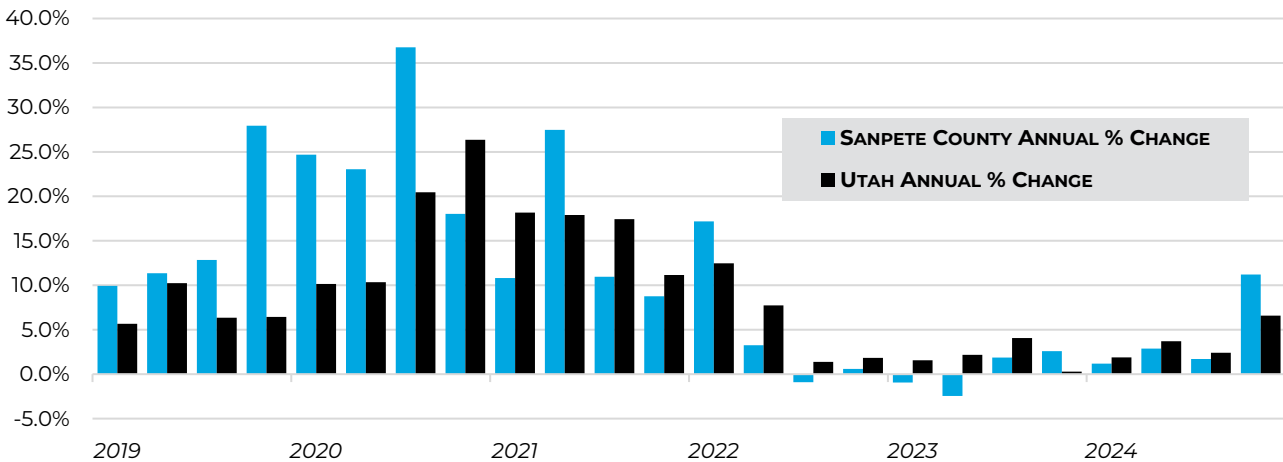
FIGURE 3.1: HISTORIC UNEMPLOYMENT RATES (SEASONALLY ADJUSTED, DECEMBER OF EACH YEAR)



Notable shifts in employment occurred between July 2017 and July 2018 as Sanpete County experienced a 10.4 percent increase in non-farm jobs. From 2023 to 2024, total employment decreased 0.9 percent, as financial activities jobs declined by 47.6 percent and information jobs decreased by 20.8 percent.⁶ Over the same period, The County experienced increases in mining, professional and business services, and government jobs.

A comparison of quarterly taxable sales trends for the County and State illustrates the percent change from 2019 to 2024, as shown in **Figure 3.2**.⁷ Notable shifts occurred between 2020 and 2021 with Q1 experiencing an increase of 36.8 percent in taxable sales in the County.

FIGURE 3.2: COMPARISON OF QUARTERLY TAXABLE SALES TRENDS



Historic taxable value figures for Sanpete County show an AAGR of 14.4 percent from 2021 through 2025. It is important to note that the values below include redevelopment agency values, which will be excluded in the projection of future taxable values.

⁶ Source: U.S. Bureau of Labor Statistics and Utah Department of Workforce Services, Nonfarm Employment

⁷ Source: Utah State Tax Commission Economic and Statistical Info, Taxable Sales Reports



TABLE 3.6: SANPETE COUNTY LIST OF FINAL VALUES BY PROPERTY TYPE

	2021	2022	2023	2024	2025	AAGR
Real: Land	\$500,045,832	\$592,512,388	\$689,577,622	\$750,420,645	\$891,928,534	15.6%
Real: Buildings	\$1,232,266,823	\$1,537,206,273	\$1,791,917,255	\$1,981,510,588	\$2,131,472,901	14.7%
Personal	\$50,087,911	\$62,797,471	\$105,199,519	\$107,193,290	\$108,502,310	21.3%
Centrally Assessed	\$126,188,532	\$165,772,177	\$101,608,156	\$119,344,679	\$136,992,451	2.1%
TOTAL	\$1,908,589,098	\$2,358,288,309	\$2,688,302,552	\$2,958,469,202	\$3,268,896,196	14.4%
Motor Vehicle	\$29,326,291	\$29,346,833	\$29,352,941	\$29,045,227	\$0	-100.0%

Source: Utah Certified Tax Rates

COMMERCIAL AND INDUSTRIAL DEVELOPMENT

The distribution of land uses within the Study Area is comprised primarily of residential development or agricultural/FAA designated land, with one parcel designated as commercial use. Manti-La Sal KOA Holiday is an RV park and campground; the parcel comprises 22.85 acres with a taxable value of \$734,075. Approximately 61 percent of the Study Area’s total acreage is designated under agricultural, or FAA, while residential development represents 85 percent of the Study Area’s total taxable value. Based on 2025 parcel data, the Study Area is comprised of 122 parcels with a taxable value of \$24,140,329.⁸ The Study Area represents 0.8 percent of the total County taxable value. The Study Area does not include industrial land intended for future development.

TABLE 3.7: DISTRIBUTION OF LAND USE TYPES WITHIN HERITAGE HILLS

PROPERTY TYPE	PARCEL COUNT	% OF PARCEL COUNT TOTAL	ACREAGE	% OF ACREAGE TOTAL	TAXABLE VALUE	% OF TAXABLE VALUE TOTAL
Agricultural/FAA	14	11%	655.8	61%	\$2,546,906	11%
Commercial	1	1%	22.9	2%	\$734,075	3%
Residential	103	84%	105.5	10%	\$20,417,526	85%
TOTALS	122	100%	1,066.7	100%	\$24,140,329	100%

Sources: Lieutenant Governor’s Office
Sanpete County Recorder

PROJECTIONS OF COUNTY TAX BASE

Sanpete County does not have a separate Municipal Services Fund (MSF) accounting for the cost of services provided to the unincorporated areas of the County. As a result, this study analyzes the County’s GF. Using Utah State Tax Commission data for Sanpete County, projected taxable value estimates are shown below. **Table 3.8** details the current and projected values based on a three percent growth rate.

TABLE 3.8: HISTORIC SANPETE COUNTY TAXABLE VALUE

	2020	2021	2022	2023	2024	2025
Certified Tax Rate Value	\$1,533,920,657	\$1,717,888,395	\$2,074,058,079	\$2,404,813,425	\$2,672,732,778	\$2,907,749,892

Source: Utah State Tax Commission

TABLE 3.9: CURRENT AND PROJECTED FIVE-YEAR SANPETE COUNTY TAXABLE VALUE

	2026	2027	2028	2029	2030	2031
Certified Tax Rate Value	\$2,994,982,389	\$3,084,831,860	\$3,177,376,816	\$3,272,698,121	\$3,370,879,064	\$3,472,005,436

With respect to sales tax, historic actuals from financial reports showed an AAGR of 8.4 percent from 2020–2024. Future sales tax growth projections in the County are thus based on a growth estimate of eight percent.

⁸ The parcels described in this section differ from the original parcel list submitted at the time the request for a feasibility study was certified. The updated parcel database removes parcels granted exclusion and factors in parcels granted inclusion based on the determinations made under Utah Code § 10-2a-204.5.



TABLE 3.10: HISTORIC SANPETE COUNTY SALES TAX REVENUE

	2020	2021	2022	2023	2024	APPROVED 2025
GF Sales Tax Revenue	\$2,522,508	\$2,944,687	\$3,281,917	\$3,365,801	\$3,482,345	\$3,431,500

Note: Sanpete County general fund sales tax revenue comprised of ¼% sales tax, local tax, and prop 1 tax revenue line items.

Source: Utah State Auditor, Local and State Government Budget Reports

TABLE 3.11: CURRENT AND PROJECTED FIVE-YEAR SANPETE COUNTY SALES TAX REVENUE

	PROPOSED 2026	2027	2028	2029	2030	2031
GF Sales Tax Revenue	\$3,613,298	\$3,916,640	\$4,245,447	\$4,601,858	\$4,988,191	\$5,406,957

PROJECTIONS OF STUDY AREA TAX 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, two new homes will be built each year at an average value of \$500,000.

TABLE 3.12: CURRENT AND PROJECTED FIVE-YEAR STUDY AREA TAXABLE VALUE NEW GROWTH

	ESTIMATE 2026	YEAR 1 2027	YEAR 2 2028	YEAR 3 2029	YEAR 4 2030	YEAR 5 2031
Assessed Value	\$24,140,329	\$24,415,329	\$24,965,329	\$25,515,329	\$26,065,329	\$26,615,329
New Growth ¹	\$275,000	\$550,000	\$550,000	\$550,000	\$550,000	\$550,000
TOTAL TAXABLE VALUE	\$24,415,329	\$24,965,329	\$25,515,329	\$26,065,329	\$26,615,329	\$27,165,329

¹ Assumes 45% primary residence exemption (taxable value of property will be 55% of the market value).

Sales tax revenues are distributed based on two methodologies: 1) the ratio of population; and 2) point of sale, or the location of the sale. 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.

While the Study Area has one property designated as commercial (Manti-La Sal KOA Holiday), Utah statute prohibits confidential data pertaining to addresses for a single taxpayer to be released publicly.⁹ Additionally, RV park and campground in general produce minimal sales tax revenue. This study does not attribute any point of sale revenue to this area.

Online point of sale revenue was calculated using sales tax data from Sanpete County and E-Commerce figures from the US Census Bureau. Future revenues are based on a growth estimate of eight percent based on the growth in taxable sales in the State and Sanpete County. The table below summarizes the total estimated sales tax revenue attributed to the Study Area. **Section 5** of this study discusses the population and point of sale methodologies further.

TABLE 3.13: PROJECTED FIVE-YEAR STUDY AREA ESTIMATED SALES TAX REVENUE

	CURRENT 2026	YEAR 1 2027	YEAR 2 2028	YEAR 3 2029	YEAR 4 2030	YEAR 5 2031
Population Distribution	\$36,156	\$39,791	\$43,739	\$48,022	\$52,669	\$57,707
Point of Sale (Online)	\$3,850	\$4,297	\$4,790	\$5,333	\$5,932	\$6,590
TOTAL SALES TAX	\$40,006	\$44,089	\$48,529	\$53,356	\$58,600	\$64,297

⁹ Utah Code § 59-1-403



PUBLIC FACILITIES

There are presently no public facilities within the Study Area boundaries.



SECTION 4: CURRENT & 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.¹⁰ This analysis assumes that several municipal services provided by the County, special districts, and private companies will continue to be provided regardless of incorporation status. However, actual service provision will be governed by the newly incorporated municipal governing body.

LRB assumes the following services will be provided by the various entities without any impact from incorporation or non-incorporation:

- Culinary and Secondary Water: Sanpete County Water Conservancy District (SCWCD) or Twin Oaks Local District
- Sewer: Private arrangements by individual property owners

The following services were assumed to be provided by the County through the General Fund or through the Town if incorporated:

- General Government Services (including administrative overhead and planning and zoning)
- Law Enforcement
- Fire Protection/EMS
- Roads

COUNTY COST ESTIMATES

Expenditures related to County services were calculated using fiscal year (FY)¹¹ budget reports detailing General Fund actuals from FY 2020–2024 and FY 2025 and 2026 budget estimates. For the purposes of this analysis, the tables below combine the County's projected expenditures into the general categories specified in the audited financial report.

TABLE 4.1: COUNTY SCENARIO – HISTORIC AND CURRENT GF EXPENDITURES

	2020	2021	2022	2023	2024	2025	2026
General Government	\$6,608,465	\$5,240,186	\$7,039,165	\$8,101,425	\$7,012,713	\$9,610,027	\$7,834,042
Public Safety	\$7,330,718	\$7,620,473	\$8,244,440	\$9,295,333	\$9,865,966	\$10,866,807	\$11,606,200

¹⁰ Utah Code § 10-2a-205(3)(b)(i)

¹¹ Note: The fiscal period for each county in Utah is on an annual period from January 1 to December 31 of the same year, whereas municipalities operate on a July 1 to June 30 period. The term 'fiscal year' is used for both county and municipality throughout this report for consistency based on the specific fiscal period.



	2020	2021	2022	2023	2024	2025	2026
Public Health	\$566,353	\$571,490	\$577,140	\$588,169	\$829,650	\$1,174,874	\$1,223,218
County Roads	\$1,003,562	\$563,494	\$1,040,113	\$1,390,459	\$551,807	\$1,245,039	\$538,816
Conservation and Economic Development	\$469,732	\$605,497	\$1,304,883	\$981,619	\$1,263,348	\$1,096,801	\$1,115,903
TOTAL	\$15,978,831	\$14,601,141	\$18,205,740	\$20,357,004	\$19,523,484	\$23,993,548	\$22,318,180

Source: Utah State Auditor, Local and State Government Budget Reports

Between 2020 and 2024, the County's GF expenditures grew at an AAGR of 5.1 percent. The five-year projections are based on an analysis of the historic AAGR for each budget line item, which is then applied to account for inflation and anticipated growth.¹² **Table 4.2** illustrates the County's estimated expenditures if they are fixed, meaning the GF expenditures will not be reduced because the County tax rate will remain the same if there is an incorporation.

TABLE 4.2: COUNTY SCENARIO – PROJECTED FIVE-YEAR GF EXPENDITURES

	2027	2028	2029	2030	2031
General Government	\$7,978,665	\$8,127,599	\$8,280,976	\$8,438,927	\$8,601,591
Public Safety	\$11,868,979	\$12,203,709	\$12,548,698	\$12,904,267	\$13,270,747
Public Health	\$1,233,417	\$1,244,052	\$1,255,143	\$1,266,710	\$1,278,775
County Roads	\$539,409	\$540,019	\$540,648	\$541,295	\$541,962
Conservation and Economic Development	\$1,125,346	\$1,135,218	\$1,145,540	\$1,156,334	\$1,167,624
TOTAL	\$22,745,816	\$23,250,597	\$23,771,004	\$24,307,533	\$24,860,699

STUDY AREA COST ESTIMATES (ASSUMING INCORPORATION)

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

- Per capita expenditures within the General Fund applicable to unincorporated areas
- Per capita and per mile expenditures of surrounding municipalities
- Existing and estimated contract estimates
- Average total expenditures per mile based on County Public Works Department and County Class B expenditures

INCORPORATION COSTS

Costs outlined in Utah Code § 10-2a-220 as a result of incorporation are included in the analysis. These expenses include the cost incurred by the County for holding an incorporation election and the LRB contract cost. These costs are distributed over five years as allowable under Utah Code § 10-2a-220(4)(b).

LRB also included an ongoing election expense Town incorporation, assuming elections will occur every other year under Town incorporation. According to the County Clerk, the current rate charged by the County for a municipality is \$4.00 per voter. Utilizing 2024 County precinct data¹³, the ratio of registered voters to the County's population as a whole was applied to the current and projected primary population of Heritage Hills.

Potential costs for building government offices in the Study Area were also estimated. The Sponsor of the proposed Town established a Memorandum of Understanding (MOU) plan to utilize Mount Pleasant City Hall at no cost for general government purposes (see **Appendix C**). For the purposes of this section, the additional cost of a government office is excluded, as it is assumed the proposed Town, if incorporated, will enter into an

¹² Utah Code § 10-2a-205(3)(b)(iii)

¹³ State of Utah. (2025, October). Historical Election Results. Retrieved from <https://vote.utah.gov/historical-election-results/>



MOU agreement for government offices. With that said, **Section 8** includes a scenario analysis related to additional expenses for building government offices to illustrate the potential costs if the building identified is no longer accessible for use.

GENERAL GOVERNMENT SERVICES

The County provides general government services through its General Fund because Sanpete County does not have a separate MSF accounting for the cost of services provided to the unincorporated areas of the County. Based on discussions with the County, **Table 4.3** identifies the categories within the General Fund's general government budget that were deemed County-level services and were removed to better isolate the services currently provided to unincorporated areas of the County.

TABLE 4.3: GENERAL GOVERNMENT PER CAPITA COSTS (WITH LOS ADJUSTMENT)

	FY 2026 BUDGET	PER CAPITA LOS	LOS ADJUSTMENT	ADJUSTED PER CAPITA
County Commission	\$255,677	\$8	100%	\$8
J.P. Court	\$195,945	\$7	0%	\$0
ARPA / LACTF Funding	\$0	\$0	0%	\$0
Data Processing	\$744,876	\$25	100%	\$25
Microfilm and Copy Machine	\$25,000	\$1	100%	\$1
DMV	\$82,401	\$3	0%	\$0
Auditor	\$362,091	\$12	100%	\$12
Clerk	\$307,791	\$10	100%	\$10
Treasurer	\$248,073	\$8	100%	\$8
Recorder	\$420,850	\$14	100%	\$14
Attorney	\$884,834	\$29	100%	\$29
Assessor	\$741,508	\$25	0%	\$0
Correction Legal Help	\$623,940	\$21	0%	\$0
Non-Departmental	\$518,000	\$17	0%	\$0
General Government Buildings	\$640,923	\$21	59% ¹	\$13
Elections	\$143,800	\$5	0% ²	\$0
Zoning	\$157,209	\$5	100%	\$5
Zoning/Sheriff Service/Grants, Etc.	\$1,481,127	\$49	0%	\$0
Building Inspections ³	\$502,488	\$17	100%	\$17
TOTAL GENERAL GOVERNMENT COST PER CAPITA				\$143

¹ Approximately 41 percent of general government buildings is attributed to courthouse maintenance, which is not applicable to the Study Area, and was removed from the analysis.

² Ongoing election expenses included under incorporation costs.

³ From a budgeting perspective, building inspections expenses are considered public safety expenses under the County's General Fund.

The per capita rate removing County-level services is calculated at \$143. The per capita cost is escalated annually by 4.5 percent¹⁴ and multiplied by the projected Study Area population to determine annual general government expenditures, as shown in **Table 4.4**.

TABLE 4.4: GENERAL GOVERNMENT SERVICES INITIAL AND PROJECTED FIVE-YEAR COSTS

	INITIAL	PROJECTED				
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Heritage Hills Population	235	244	252	261	269	278
Cost per Capita	\$143	\$149	\$156	\$163	\$170	\$178
TOTAL GENERAL GOVERNMENT COSTS	\$33,524	\$36,307	\$39,272	\$42,430	\$45,793	\$49,373

Source: Utah State Auditor, Local and State Government Budget Reports
U.S. Bureau of Labor Statistics, Consumer Price Index – West Region

¹⁴ Based on the U.S. Consumer Price Index (CPI) annual inflation rate over the past five years (May 2021 – April 2026). See https://www.bls.gov/regions/west/news-release/consumerpriceindex_west.htm



Without a separate MSF, the true cost of service provided to unincorporated areas is difficult to quantify. It is important to note that the remaining cost categories included in **Table 4.3** may still be overstated, as they represent services that will still be provided to the Study Area if it incorporates.

LAW ENFORCEMENT

The Sanpete County Sheriff’s Office currently provides unincorporated areas with police services. The Study Area would likely need to contract services with the Sanpete County Sheriff’s Office for law enforcement services. The Sheriff estimated the initial annual contract cost at approximately \$180,000. For comparison purposes, the Sheriff also provided current contract amounts for Fountain Green and Manti, which are approximately \$125,000 and \$250,000, respectively. Based on current population estimates, these contract amounts equate to per capita law enforcement costs of approximately \$80 for Fountain Green and \$69 for Manti, resulting in an average estimated per capita cost of approximately \$75 for FY 2026.

Assuming a contract cost of \$180,000, the per capita cost for the Study Area would be approximately \$765, which is significantly higher than the comparable per capita costs observed in neighboring communities. For the purposes of this study, and in order to comply with statutory requirements to maintain the same level of service currently provided to residents, law enforcement expenditures were projected using a service-level methodology rather than the preliminary contract estimate. The Sheriff confirmed the costs shown in **Table 4.5** are a reasonable estimate assuming coverage is for responding to calls for service only. Under this approach, the estimated per capita cost is escalated annually by 4.5 percent and multiplied by the projected Study Area population to determine annual law enforcement expenditures, as displayed in the table below.

TABLE 4.5: LAW ENFORCEMENT INITIAL AND PROJECTED FIVE-YEAR COSTS (LOS APPROACH)

	INITIAL	PROJECTED				
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Heritage Hills Population	235	244	252	261	269	278
Cost per Capita (Based on Fountain Green and Manti)	\$75	\$78	\$82	\$85	\$89	\$93
TOTAL LAW ENFORCEMENT (LEVEL OF SERVICE APPROACH)	\$17,560	\$19,018	\$20,571	\$22,225	\$23,987	\$25,862

Source: Utah State Auditor, Local and State Government Budget Reports
U.S. Bureau of Labor Statistics, Consumer Price Index – West Region

Section 6 identifies the risk associated with the potential differences between projected law enforcement costs, calculated based on maintaining the existing level of service, and the higher contract cost currently quoted by the Sheriff. While the Sheriff confirmed the costs shown above are a reasonable estimate assuming coverage is responding to service calls, actual contracted law enforcement costs may create further financial pressures that challenge financial feasibility of this Study.

FIRE PROTECTION

Sanpete County currently contracts with the Mount Pleasant City Fire Department to provide fire protection services to surrounding unincorporated areas, including the Heritage Hills area. **Table 4.6** provides the County’s historical payments to Mount Pleasant City for these services. If the Study Area incorporates, it would likely need to enter into a direct contract with the Mount Pleasant City Fire Department for continued fire protection services.

TABLE 4.6: HISTORIC COUNTY FIRE PROTECTION PAYMENT TO MOUNT PLEASANT

	2022	2023	2024	2025	2026
County Fire Protection Payment to Mount Pleasant	\$9,715	\$18,469	\$0	\$8,904	\$8,904

Source: Utah State Auditor, Local and State Government Budget Reports



At the time of the Study, neither Sanpete County nor Mount Pleasant City was able to quantify the specific portion of the historic contract payments attributable to the Heritage Hills area. In addition, Mount Pleasant City indicated that future contract costs for the Study Area could be higher than the level currently funded through the County arrangement, although supporting cost allocation details or service-level adjustments were not provided at the time of the analysis. For purposes of this study, and in order to comply with statutory requirements to maintain the same level of service currently provided to residents, LRB assumed FY 2026 fire protection expenditures equal to the County's current payment to Mount Pleasant City of \$8,904.

Section 6 discusses the potential financial risk associated with actual contracted fire protection costs exceeding the expenditures projected under the service-level methodology. If actual contract costs are materially higher than projected expenditures, the financial feasibility of incorporation could be adversely impacted.

ROADS

Of the 4.3 miles of Pine Creek Road classified as Class B roads and maintained by Sanpete County, approximately 1.8 miles is within the Heritage Hills boundary. This analysis assumes that the portion of Pine Creek Road within the Study Area boundary will become a municipal Class C road maintained by the new Town. The remaining roads in Heritage Hills are privately owned and maintained by the homeowners association (HOA). According to the Sponsor, there are 1.9 miles of paved roads and 2.2 miles of gravel road within the Study Area, resulting in 14.1 weighted miles. This analysis assumes that privately owned roads will continue to be privately maintained.

The Study Area's weighted mileage was first calculated using the allocation methodology delineated in Utah Code § 72-2-108, as shown in **Table 4.7**. The portion of Pine Creek Road within the Study Area boundary is paved.

TABLE 4.7: HERITAGE HILLS WEIGHTED MILEAGE

ROAD TYPE	MILEAGE	MULTIPLIER ¹	TOTAL
Paved	1.80	5	9.01
Unpaved	-	2	-
TOTAL			9.01

¹ Based on Class B and C Roads Apportionment Formula (Utah Code § 72-2-108)

LRB gathered FY 2026 budget information from Sanpete County's Public Works Department and Class B Roads funds to determine the average cost per weighted mile for the County. The County maintains 1,626.8 weighted miles of unincorporated roads. The County's cost per weighted mile is estimated at \$1,811. The cost per weighted mile is utilized to project road costs in **Table 4.8** and is escalated annually by 4.5 percent and multiplied to the projected Study Area weighted mileage.

TABLE 4.8: HERITAGE HILLS ROADS INITIAL AND PROJECTED FIVE-YEAR COSTS

	ESTIMATE	PROJECTED				
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Cost per Weighted Mile	\$1,811	\$1,892	\$1,977	\$2,066	\$2,159	\$2,256
Heritage Hills Weighted Miles	9.01	9.01	9.01	9.01	9.01	9.01
TOTAL ESTIMATED ROADS COST	\$16,311	\$17,045	\$17,812	\$18,613	\$19,451	\$20,326

Source: Utah State Auditor, Local and State Government Budget Reports
U.S. Bureau of Labor Statistics, Consumer Price Index – West Region

Table 4.9 summarizes the expenditures forecasted for the proposed Study Area. This scenario includes the applicable incorporation costs as outlined in Utah Code § 10-2a-220. **Section 8** includes a scenario analysis relative to the acquisition of a government office.



TABLE 4.9: HERITAGE HILLS PROJECTED FIVE-YEAR EXPENDITURES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Incorporation Costs	\$5,929	\$5,929	\$6,890	\$5,929	\$7,017
General Government	\$36,307	\$39,272	\$42,430	\$45,793	\$49,373
Law Enforcement	\$19,018	\$20,571	\$22,225	\$23,987	\$25,862
Fire Protection	\$9,305	\$9,723	\$10,161	\$10,618	\$11,096
Roads	\$17,045	\$17,812	\$18,613	\$19,451	\$20,326
TOTAL OPERATING EXPENSE	\$87,603	\$122,205	\$129,218	\$134,676	\$142,573



SECTION 5: PRESENT & FIVE-YEAR REVENUE PROJECTIONS

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 FY financial reports detailing General Fund actuals from FY 2020 – 2024, and budget estimates for FY 2025 and 2026. Additional allocation methodologies were utilized based on population, assessed value, and standard State allocation practices.

COUNTY REVENUES

The General Fund revenues were grouped into major categories from a budgeting perspective.¹⁵ Between 2020 and 2024, the County's GF revenue grew at an AAGR of 6.7 percent.

TABLE 5.1: COUNTY SCENARIO – HISTORIC GF REVENUES

	2020	2021	2022	2023	2024	2025	2026
Taxes	\$8,362,252	\$8,996,250	\$9,733,192	\$9,846,433	\$11,430,580	\$11,584,417	\$11,994,716
Licenses and Permits	\$626,852	\$886,237	\$811,816	\$773,530	\$1,312,087	\$1,023,500	\$1,114,209
Intergovernmental	\$5,481,028	\$5,662,966	\$7,276,312	\$5,207,092	\$3,348,586	\$3,481,099	\$3,407,551
Charges for Services	\$2,936,425	\$3,534,309	\$4,005,441	\$4,391,062	\$4,945,235	\$5,263,224	\$4,909,548
Fines and Forfeitures	\$181,168	\$212,715	\$242,068	\$219,406	\$267,687	\$206,000	\$206,000
Interest	\$127,390	\$134,612	\$215,533	\$831,189	\$1,153,454	\$350,000	\$500,000
Non-Departmental	\$31,056	\$48,500	\$137,967	\$218,561	\$532,478	\$207,891	\$186,157
Appropriated Use of Fund Balance	\$0	\$0	\$0	\$0	\$0	\$1,877,417	\$0
TOTAL	\$17,746,171	\$19,475,589	\$22,422,330	\$21,487,273	\$22,990,107	\$23,993,548	\$22,318,180

Source: Utah State Auditor, Local and State Government Budget Reports

The projections illustrated in **Table 5.2** are based on an analysis of the historic growth for each budget item. It is assumed that projected revenues exceed project expenditures, thus no additional levy is needed.

TABLE 5.2: COUNTY SCENARIO – PROJECTED FIVE-YEAR GF REVENUES

	2027	2028	2029	2030	2031
Taxes	\$12,337,365	\$12,690,272	\$13,053,743	\$13,428,094	\$13,813,653
Licenses and Permits	\$1,146,323	\$1,179,387	\$1,213,430	\$1,248,482	\$1,284,571
Intergovernmental	\$3,496,214	\$3,587,537	\$3,681,598	\$3,778,479	\$3,878,266
Charges for Services	\$5,028,970	\$5,151,975	\$5,278,671	\$5,409,167	\$5,543,578
Fines and Forfeitures	\$212,180	\$218,545	\$225,102	\$231,855	\$238,810
Interest	\$515,000	\$530,450	\$546,364	\$562,754	\$579,637
Non-Departmental	\$186,502	\$186,851	\$187,205	\$187,563	\$187,926
TOTAL	\$22,922,554	\$23,545,017	\$24,186,111	\$24,846,394	\$25,526,442

STUDY AREA REVENUES (ASSUMING TOWN INCORPORATION)

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

¹⁵ See Sanpete County Financial Statements for major category groupings.



- Property tax based on assessed value and new growth
- State Sales Tax allocation based on population and online sales
- State Class C Road Fund allocation based on lane miles and population
- License and permit revenues based on estimated expenses
- Interest earnings based on cumulative fund balance

PROPERTY TAX

Property tax revenue is based on the assessed value of the Study Area and applying the projected County levy for municipal services. However, Sanpete County does not have a separate MSF accounting for the cost of services provided to unincorporated areas of the county, and new residents will continue to pay taxes to the County's GF if incorporation occurs.

To determine a proportionate rate that is reflective of the services currently provided to unincorporated areas of the county, LRB identified counties that have a separate MSF accounting for the cost of services provided to unincorporated areas of the county. Based on its population and pursuant to Utah Code § 17-50-501, Sanpete County is classified as a fourth-class county.

Under the fourth class, Carbon and Wasatch counties each have a separate MSF; however, Wasatch County does not assess an MSF levy. Carbon County was selected as a benchmark due to similarities in county classification and the existence of a separately identifiable Municipal Services Fund structure. **Appendix A** includes a table that summarizes the classification applicable to each county, and whether a separate MSF and levy are present. Taxable value and property tax data for Carbon County's general operations and MSF were gathered to quantify a proportionate rate that is reflective of the services provided to unincorporated areas of the county.

Using the information provided in **Table 5.3**, the MSF levy represents roughly 55 percent of the County's total general operations. Assuming some functions of the General Fund are dedicated to municipal type services, **Table 5.4** applies an adjustment of 55 percent to Sanpete County's General Fund levy.

TABLE 5.3: PROPORTIONATE MSF RATE CALCULATION (CARBON COUNTY)

Carbon County General Operations Levy	0.002556
Carbon County Taxable Value	\$2,224,611,004
General Operations Revenue	\$5,686,106
Carbon County MSF Levy	0.002056
Carbon County MSF Taxable Value	\$1,249,039,275
MSF Calculated Revenue	\$2,568,025
COMBINED CALCULATED REVENUE	\$8,254,130
CALCULATED TAX LEVY	0.00371
PERCENT MSF LEVY OF CALCULATED LEVY	55%

Source: Utah State Tax Commission

TABLE 5.4: PROPORTIONATE COUNTY LEVY BASED ON CARBON COUNTY

	INITIAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
County GF Levy	0.001842	0.001842	0.001842	0.001842	0.001842	0.001842
Municipal Type Services Adjustment (see Table 5.3)	55%	55%	55%	55%	55%	55%
Proportionate County Levy	0.001021	0.001021	0.001021	0.001021	0.001021	0.001021

Table 5.5 calculates the property tax revenue using the adjusted property tax levy and new growth calculations provided in **Table 3.12**, resulting in property tax revenues for the proposed Study Area.

TABLE 5.5: STUDY AREA TAXABLE VALUE PROJECTED FIVE-YEAR REVENUES

	INITIAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Assessed Value	\$24,140,329	\$24,415,329	\$24,965,329	\$25,515,329	\$26,065,329	\$26,615,329
New Growth ¹	\$275,000	\$550,000	\$550,000	\$550,000	\$550,000	\$550,000
Total Taxable Value	\$24,415,329	\$24,965,329	\$25,515,329	\$26,065,329	\$26,615,329	\$27,165,329



	INITIAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Proportionate County Levy	0.001021	0.001021	0.001021	0.001021	0.001021	0.001021
TOTAL TAX REVENUE	\$24,926	\$25,487	\$26,049	\$26,610	\$27,172	\$27,733

¹ Assumes 45% primary residence exemption (taxable value of property will be 55% of the market value).

SALES TAX

Sales tax revenues are distributed based on two methodologies: 1) the ratio of population; and 2) point of sale, or the location of the sale. 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. **Table 5.6** summarizes the historic State population distribution pool. The State population distribution pool represents an average between the applicable current and prior FY to estimate State's sale tax for the calendar year (CY). The calculated average is multiplied by 50 percent to distribute the total sales tax collections based on population. Taxable sales have increased by an AAGR of 8.2 percent in the State from 2021 to 2025. In Sanpete County, sales tax revenues have also increased by an AAGR of 8.4 percent from 2020 – 2024.

TABLE 5.6: HISTORIC STATE POPULATION DISTRIBUTION POOL

	2021	2022	2023	2024	2025	2021 – 2025 AAGR
State Population Distribution Pool*	375,693,835	433,809,803	483,704,323	501,202,151	515,767,737	8.2%
Current Year	799,476,654	935,762,556	999,054,734	1,005,753,868	1,057,317,079	
Prior Year	703,298,687	799,476,654	935,762,556	999,054,734	1,005,753,868	

*Total distribution reported in fiscal years. LRB averaged the two fiscal years to estimate calendar year. Multiplied by 50% to obtain population pool.

Source: Utah State Tax Commission, Annual Reports

Future population revenues are based on a growth estimate of eight percent based on the growth in taxable sales in the State and Sanpete County.

TABLE 5.7: SALES TAX - RATIO OF POPULATION DISTRIBUTION INITIAL AND PROJECTED FIVE-YEAR REVENUES

	ESTIMATE	PROJECTED				
	2026	2027	2028	2029	2030	2031
State Population Distribution Pool	557,029,156	601,591,488	649,718,807	701,696,312	757,832,017	818,458,578
State Population	3,623,803	3,685,436	3,748,117	3,811,864	3,876,695	3,942,629
Distributed per Capita	\$153.71	\$163.23	\$173.35	\$184.08	\$195.48	\$207.59
Heritage Hills Population	235	244	252	261	269	278
POPULATION DISTRIBUTION	\$36,156	\$39,791	\$43,739	\$48,022	\$52,669	\$57,707

Online point of sale revenues is calculated using taxable sales revenue from Sanpete County and are adjusted based on E-Commerce figures from the US Census Bureau. During the fourth quarter of 2025, E-Commerce sales accounted for 16.6 percent of total store and non-store sales.¹⁶ Average online sales are calculated at \$3,298 per capita for the County in 2026. Point of sale revenue projections are based on a growth estimate of eight percent based on the growth in taxable sales in Sanpete County.

TABLE 5.8: SALES TAX - POINT OF SALE DISTRIBUTION PROJECTED FIVE-YEAR REVENUES

	ESTIMATE	PROJECTED				
	2026	2027	2028	2029	2030	2031
ONLINE						
Sanpete County Total Taxable Sales	592,393,629	639,785,119	690,967,929	746,245,363	805,944,992	870,420,592
Percent E-Commerce	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%

¹⁶ US Census Bureau. (2026, March). Quarterly Retail E-Commerce Sales. Retrieved from <https://www.census.gov/retail/ecommerce.html>



	ESTIMATE		PROJECTED			
	2026	2027	2028	2029	2030	2031
Sanpete County E-Commerce Sales	\$98,539,222	\$106,422,360	\$114,936,149	\$124,131,041	\$134,061,524	\$144,786,446
Sanpete County Population	30,100	30,185	30,271	30,359	30,446	30,537
Per Capita E-Commerce	\$3,274	\$3,526	\$3,797	\$4,089	\$4,403	\$4,741
Heritage Hills Population	235	244	252	261	269	278
Subtotal Online Sales	\$770,023	\$859,451	\$958,029	\$1,066,659	\$1,186,341	\$1,318,003
Point of Sale Allocation	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
TOTAL POINT OF SALE REVENUE	\$3,850	\$4,297	\$4,790	\$5,333	\$5,932	\$6,590

Source: Utah State Tax Commission, Annual Report
Retail Indicators Branch, U.S. Census Bureau

Table 5.9 combines the revenue generated between the two allocation strategies, with 50 percent assigned to point of sale and 50 percent to population.

TABLE 5.9: TOTAL SALES TAX PROJECTED FIVE-YEAR REVENUES

	INITIAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Population Distribution (see Table 5.7)	\$36,156	\$39,791	\$43,739	\$48,022	\$52,669	\$57,707
Retail Point of Sale (see Table 5.8)	\$3,850	\$4,297	\$4,790	\$5,333	\$5,932	\$6,590
TOTAL ESTIMATED SALES TAX	\$40,006	\$44,089	\$48,529	\$53,356	\$58,600	\$64,297

CLASS C ROAD FUND

The Study Area revenue forecast includes Class C Road Funds that are allocated based upon a 50/50 split between weighted lane miles and population. The State’s allocation methodology includes separate weightings for gravel roads and paved roads. **Table 5.10** depicts the growth rate calculated and subsequently applied to forecast key variables (statewide total distribution pool, lane miles, weighted miles). The total distribution pool has increased by an AAGR of 8.2 percent in the State from 2021 to 2025. In Sanpete County, the Class B Road Allotment increased by an AAGR of 18.6 percent from 2020 – 2024.¹⁷

TABLE 5.10: CLASS B&C ROADS HISTORIC AAGR

	2021	2022	2023	2024	2025	2021 - 2025 AAGR
Total Distribution Pool	194,764,526	203,134,579	216,853,217	225,525,092	266,548,927	8.2%
Lane Miles Pool	97,382,263	101,567,289	108,426,609	112,762,546	133,274,464	8.2%
Statewide Weighted Miles	124,521	125,318	126,997	127,549	128,252	0.7%

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

Utilizing the calculated weighted mileage for the Study Area and methodology delineated in Utah State Code, the Study Area’s distribution can be calculated.¹⁸ Future revenues are based on a growth estimate of eight percent based on the growth in the State shown in the table above.

TABLE 5.11: CLASS B&C ROADS INITIAL AND PROJECTED FIVE-YEAR REVENUES

	ESTIMATED		PROJECTED			
	2026	2027	2028	2029	2030	2031
Total Distribution Pool	287,872,842	310,902,669	335,774,882	362,636,873	391,647,823	422,979,649
Lane Miles Pool	143,936,421	155,451,334	167,887,441	181,318,437	195,823,911	211,489,824
Statewide Weighted Miles	129,203	130,160	131,124	132,096	133,074	134,060
Distribution Per Weighted Mile	1,114	1,194	1,280	1,373	1,472	1,578
Estimated Weighted Miles	9.01	9.01	9.01	9.01	9.01	9.01
Lane Mile Distribution	\$10,035	\$10,759	\$11,534	\$12,365	\$13,256	\$14,211

¹⁷ Source: Utah State Auditor, Local and State Government Budget Reports

¹⁸ See Table 4.7



	ESTIMATED	PROJECTED				
	2026	2027	2028	2029	2030	2031
State Population	3,623,803	3,685,436	3,748,117	3,811,864	3,876,695	3,942,629
State Distribution per Capita	\$39.72	\$42.18	\$44.79	\$47.57	\$50.51	\$53.64
Study Area Population	235	244	252	261	269	278
Population Distribution	\$9,343	\$10,282	\$11,302	\$12,409	\$13,610	\$14,911
TOTAL STUDY AREA DISTRIBUTION	\$19,378	\$21,041	\$22,836	\$24,774	\$26,865	\$29,122

Projected revenues are based on information available at the time of the study and on assumptions that aim to quantify existing service levels. Future sales tax distributions, Class C Road Fund allocations, and other state-shared revenues are subject to legislative appropriations and statutory formulas. Actual fiscal outcomes following incorporation may vary from the projected results.

LICENSES & PERMITS

It is likely the Study Area will collect business licenses and building permit fees based on the planned development. Generally, business licenses and building permit fees are charged at a rate that is proportional to the costs to the incorporated Town to issue them. Licenses and permits revenue in this study are therefore tied directly to estimated costs for zoning and building. Using the County's budget data from FY 2020 - 2025, the County's permit revenue is on average 62 percent of total planning and zoning expenses. **Table 5.12** isolates the planning and zoning costs from the total general government expense calculated in **Table 4.3** to determine the license and permit revenues and assumes the Study Area will recover 62 percent of the estimated costs in revenue.

TABLE 5.12: LICENSES & PERMITS PROJECTED FIVE-YEAR REVENUES

	2026	2027	2028	2029	2030	2031
Combined Zoning & Building Expense	\$5,155	\$5,503	\$5,867	\$6,248	\$6,646	\$7,063
% of Revenue to Expense	62%	62%	62%	62%	62%	62%
LICENSES & PERMITS REVENUE RECOVERED	\$3,196	\$3,412	\$3,637	\$3,874	\$4,121	\$4,379

INTEREST EARNINGS

Interest earnings are calculated based on a 1.50 percent interest rate on any fund balance carryover.

OTHER REVENUE CONSIDERATIONS

Additional types of revenue streams may be collected including transient room and franchise taxes, grants, debt financing, impact fees, and fees for services. These alternate revenue mechanisms will be explored in greater detail in **Section 7**.

Section 6 of this report includes language regarding risks and inherent uncertainties for incorporation studies. While this Study concludes that incorporation may be financially feasible under the assumptions and methodologies required by statute, actual fiscal outcomes following incorporation may vary materially from projected results.

Table 5.13 summarizes the revenues forecast for the proposed Study Area. This allows the proposed Town's fund balance to increase over time and produce interest revenues.

TABLE 5.13: HERITAGE HILLS PROJECTED FIVE-YEAR REVENUES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Property Tax (Proportional County Rate)	\$25,487	\$26,049	\$26,610	\$27,172	\$27,733
Sales & Use Tax	\$44,089	\$48,529	\$53,356	\$58,600	\$64,297
Class C Roads	\$21,041	\$22,836	\$24,774	\$26,865	\$29,122
Licenses & Permits	\$3,412	\$3,637	\$3,874	\$4,121	\$4,379



	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Interest Earnings	\$0	\$96	\$214	\$342	\$511
TOTAL OPERATING REVENUES	\$94,028	\$101,147	\$108,827	\$117,100	\$126,042



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

This feasibility study is intended to satisfy the requirements of Utah Code § 10-2a-205 and is based on information available at the time of preparation, including financial reports, demographic projections, service assumptions, and stakeholder input. Actual post-incorporation revenues, expenditures, service levels, economic conditions, and operational structures may differ materially from projections presented herein.

Recent incorporation experiences in Utah illustrate the inherent uncertainty associated with long-term municipal revenue and expenditure forecasting. Ogden Valley was incorporated after voters approved incorporation during the 2024 election. However, city officials have indicated that actual post-incorporation revenues and expenditures have differed from feasibility projections.¹⁹ In addition, timing issues associated with municipal certification may also influence the ability to charge taxes.²⁰ Ogden Valley's experience highlights a significant limitation of incorporation feasibility studies. Under Utah Statute, feasibility studies are prepared using the assumption that the proposed municipality will maintain the same level and quality of services currently provided to residents. As a result, projected revenues and expenditures are based on information available at the time of the study and on assumptions that aim to quantify existing service levels. Actual post-incorporation financial conditions may differ from projected amounts due to changes in levels of service, development activity, taxable sales trends, allocation formulas, or broader economic conditions that cannot be fully known during the feasibility study process. While this Study concludes that incorporation may be financially feasible under the assumptions and methodologies required by statute, actual fiscal outcomes following incorporation may vary materially from projected results. This feasibility study is intended solely to satisfy the statutory requirements of Utah Code § 10-2a-205 and should not be construed as a guarantee of future financial performance.

Conversely, there have also been numerous successful incorporations in Utah in recent years, including Bluff (2018), Brighton (2020), and Lake Point (2022). These examples illustrate that, while incorporation involves fiscal and operational risks, newly incorporated municipalities can successfully establish governance and municipal service structures.

Without a separate MSF, the true cost of service provided to unincorporated areas in Sanpete County is difficult to quantify. In **Section 4** of this report, a per capita rate removing "county-wide" activities was calculated to determine the County's average general government cost. To better isolate the services currently provided to unincorporated areas of the County, "county-wide" services were removed from the general government cost. However, it is important to note that the remaining cost categories under general government may still be overstated, as they represent services that will still be provided to the Study Area if it incorporates.

¹⁹ Vandenack, T. (2026, May 8). *Ogden Valley wrestling with funding shortfall, specter of 519% tax hike*. KSL.com. <https://www.ksl.com/article/51495151/ogden-valley-wrestling-with-funding-shortfall-specter-of-519-tax-hike>

²⁰ Jayswal, P. (2026, May 16). *Utah's newest cities can't charge taxes this year because of a calendar snafu*. The Salt Lake Tribune. <https://www.sltrib.com/news/2026/05/16/ogden-valley-city-spring-lake-cant/>



Public safety estimates in this study are based on maintaining the current level of service using existing cost allocations. However, actual contract costs proposed by service providers may differ materially from these estimates. Recent contract estimates received exceed the modeled costs, indicating potential factors not fully reflected in the level-of-service methodology. As highlighted in the paragraph above, the incorporation could face higher-than-estimated public safety expenditures, which may affect long-term financial sustainability, service levels, or the need for additional revenues.

Stakeholders pointed to concern about the fiscal impacts of maintaining road infrastructure for Pine Creek Road. While the Study illustrates potential costs if the proposed Town maintains the new roads, actual road expenses will vary and be determined based on the contracts established by the newly incorporated Town. In general, the study does not contemplate costs related to future capital improvement projects (CIP), as capital improvements that are not currently being provided by the County are not included in the current LOS. Developing a detailed master plan is critical to understanding the nature and extent of future capital improvement needs. Should the Study Area incorporate, the Town could complete a master plan that identifies future CIP. These additional costs can be mitigated by grants, tax or rate increases, or impact fees. Additionally, the impact of increased traffic to roads resulting from development activity will occur regardless of incorporation.

Inflationary pressure will affect the Study Area, as well as the County's General Fund. The impact of inflation may be more pronounced within the Study Area.

OPPORTUNITIES

Opportunities in the Study Area post-incorporation may include self-governance, ability to develop public facilities, zoning and land-use authority, more local representation, and more direct control over the future of the area. For instance, for governance of various taxing categories that are created within the Study Area that are dispersed throughout the County without incorporation, incorporation would provide for greater local control and the ability to locally retain those tax revenues. The proposed municipality could then allocate these funds to address local needs and priorities, rather than having them distributed to other parts of the County.

Specific goals related to population growth, economic growth and development, business licensing, 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.



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;

PROPERTY TAX REVENUE

Upon incorporation, the municipality would have independent authority to levy property taxes subject to Truth in Taxation requirements under Utah law. This study assumes only a proportionate municipal-type levy equivalent to services currently provided by the County. However, the municipality could increase or decrease future tax levies based on service levels, capital needs, or policy decisions adopted by the municipal governing body.

TRANSPORTATION UTILITY FEES

The municipality may consider implementing transportation utility fees to fund roadway maintenance and transportation infrastructure. TUF revenues may provide an alternative funding source that reduces reliance on property taxes for road-related expenditures.

TRANSIENT ROOM TAX

Temporary lodging (i.e., hotel, motel, inn, tourist home, trailer court, or campground) used for less than thirty days are subject to both sales and transient room tax.²¹ To receive revenue from a transient room tax levy, Heritage Hills may impose up to one percent tax on temporary lodging upon incorporation. Depending on whether some of the proposed commercial development in the Study Area will be comprised of temporary lodging, a transient room tax may be a new revenue source the Town could contemplate.

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) 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.

²¹ Utah State Tax Commission. Transient Room Taxes. Retrieved from <https://tax.utah.gov/sales/transientroom>



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 GF. 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. In the event of a revenue shortfall, the newly incorporated city can modify the building fee schedule and business license fee schedule to recoup the full cost needed for planning, engineering, zoning, and licensing expense related to these services.



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;
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 financial impact to new residents in Heritage Hills if the County continues to provide services or if the newly incorporated Town provides services. This analysis assumes the proposed incorporation will only impact the County, as discussions with existing service providers confirmed services will continue to be provided regardless of the incorporation. The following section details the impact to the new residents in the Study Area, as well as to the County.

FISCAL IMPACTS & TAX BURDEN ON THE COUNTY

Property taxes are not included as Sanpete County does not charge a separate municipal services tax rate. As a result, the County will not experience any impact in revenues from property taxes.

In the event of incorporation, the County would likely experience a loss of revenue, modeled here as the projected revenue for the Study Area. The net impact of the Town incorporation is a loss of \$48,679 in revenues in year one, as illustrated in **Table 8.1**. This represents lost revenue for municipal services, as well as revenues gained through the Sheriff's Office and elections.

TABLE 8.1: PROJECTED COUNTY-PROVIDED SERVICES TAX IMPACT SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Potential Lost Revenue	(\$68,541)	(\$75,098)	(\$82,217)	(\$89,928)	(\$98,309)
Contract Revenue	\$19,862	\$20,571	\$23,186	\$23,987	\$26,951
NET IMPACT TO COUNTY GF	(\$48,679)	(\$54,527)	(\$59,031)	(\$65,941)	(\$71,359)
Tax Impact from Lost Revenue	0.000016	0.000017	0.000018	0.000020	0.000021
Estimated Impact on Median Home (\$475K)	\$4	\$5	\$5	\$5	\$6

It is unlikely that any levy would need to be raised to the extent modeled here to account for lost revenue from the Study Area in the event of incorporation. It is possible that the newly incorporated town may contract for additional services with the County (e.g., engineering, planning, and building permitting), resulting in additional contract revenues flowing to the County. Furthermore, the County would receive additional property tax revenues to the GF from proposed residential development in the Study Area.

FISCAL IMPACTS & TAX BURDEN ON THE STUDY AREA

The following section analyzes two scenarios related to the fiscal impacts of a Town incorporation, assuming a proportionate County tax rate is modeled in years one through five.

1. **SCENARIO 1 – GOVERNMENT OFFICE:** This scenario includes the applicable incorporation costs as outlined in Utah Code § 10-2a-220. In addition, expenditures include a one-time expense of \$315,000 for a government office that is amortized over a 15-year period; this arrangement includes a four percent interest rate and a two percent cost of issuance addition.



2. **SCENARIO 2 – NO GOVERNMENT OFFICE:** This scenario includes incorporation costs as outlined in Utah Code § 10-2a-220, without the additional expense related to a new government building.

The findings of Scenario 1 show the proposed Town will likely not result in at least a five percent budget surplus. Scenario 2 results in an annual revenue margin at an average of 8.5 percent over the five-year window of this study, meeting the requirement outlined in Utah Code § 10-2a-205(4) that allows the process of incorporation to proceed.

SCENARIO 1 – GOVERNMENT OFFICE

Scenario 1 illustrates the potential costs if the Town acquires a government office building. Assuming the newly incorporated Town assesses a proportionate County tax rate, the projected revenues minus expenditures produce a deficit as shown in **Table 8.2**. The revenue margin is at an average of negative 12.9 percent over the five-year window of this study. As with the County scenario, a proportional tax rate of .001021 is modeled in year 1 through year 5.

TABLE 8.2: SCENARIO 1 - PROJECTED HERITAGE HILLS FISCAL IMPACT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	AVERAGE
REVENUES						
PROPORTIONATE COUNTY RATE	0.001021	0.001021	0.001021	0.001021	0.001021	
Property Tax	\$25,487	\$26,049	\$26,610	\$27,172	\$27,733	\$26,610
Sales & Use Tax	\$44,089	\$48,529	\$53,356	\$58,600	\$64,297	\$53,774
Class C Roads	\$21,041	\$22,836	\$24,774	\$26,865	\$29,122	\$24,928
Licenses & Permits	\$3,412	\$3,637	\$3,874	\$4,121	\$4,379	\$3,884
Interest Earnings	\$0	\$96	\$0	\$0	\$0	\$19
Total Revenues	\$94,028	\$101,147	\$108,613	\$116,758	\$125,531	\$109,216
EXPENDITURES						
Incorporation Costs	\$5,929	\$34,827	\$35,788	\$34,827	\$35,916	\$29,457
General Government	\$36,307	\$39,272	\$42,430	\$45,793	\$49,373	\$42,635
Law Enforcement	\$19,018	\$20,571	\$22,225	\$23,987	\$25,862	\$22,333
Fire Protection	\$9,305	\$9,723	\$10,161	\$10,618	\$11,096	\$10,181
Roads	\$17,045	\$17,812	\$18,613	\$19,451	\$20,326	\$18,649
Total Expenditures	\$87,603	\$122,205	\$129,218	\$134,676	\$142,573	\$123,255
NET (REVENUE MINUS EXPENSE)	\$6,425	(\$21,058)	(\$20,604)	(\$17,918)	(\$17,042)	(\$14,039)
REVENUE (EXPENSE) MARGIN*						(12.9%)

*Margin calculated by dividing average net revenue by total average revenues.

An additional Heritage Hills rate above the proportionate County rate of 0.001021 would be necessary to provide sufficient funding for the Study Area in years 2 through 5. 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. For example, the year 2 Town rate (.001846) is the sum of the County equivalent rate (.001021) and the Heritage Hills rate (.000825). The tax impact within the Study Area is estimated at \$508 for a primary residence valued at \$500,000 in year 2. This represents an increase of \$227 above the projected County levy of \$281. One-time government building costs and incorporation costs outlined in Utah Code § 10-2a-220 contribute to the escalated cost in this scenario. The one-time government building cost of \$315,000 is amortized over a 15-year period; this arrangement includes a four percent interest rate and a two percent cost of issuance.

TABLE 8.3: SCENARIO 1 - PROJECTED HERITAGE HILLS TAX BURDEN

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PROPORTIONATE COUNTY RATE*	0.001021	0.001021	0.001021	0.001021	0.001021
Additional Levy to Balance Budget	0.000000	0.000825	0.000790	0.000673	0.000627
TOTAL TOWN RATE	0.001021	0.001846	0.001811	0.001694	0.001648



	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Estimated Certified Tax Value	\$24,965,329	\$25,515,329	\$26,065,329	\$26,615,329	\$27,165,329
Estimated Town Impact (Median Home \$500K)	\$281	\$508	\$498	\$466	\$453
Baseline Impact (Median Home \$500K)	\$281	\$281	\$281	\$281	\$281
NET IMPACT	\$0	\$227	\$217	\$185	\$173

SCENARIO 2 - NO GOVERNMENT OFFICE

This scenario includes incorporation costs as outlined in Utah Code § 10-2a-220, without the additional expense related to a new government office as the Town established an MOU to utilize a building for general government purposes. Assuming the newly incorporated Town assesses a proportionate County tax rate, **the revenue margin is at an average of 8.5 percent over the five-year window of this study.** As with the County scenario, the tax rate of .001021 is modeled in year 1 through year 5.

TABLE 8.4: SCENARIO 2 - PROJECTED HERITAGE HILLS FISCAL IMPACT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	AVERAGE
REVENUES						
PROPORTIONATE COUNTY RATE	0.001021	0.001021	0.001021	0.001021	0.001021	
Property Tax	\$25,487	\$26,049	\$26,610	\$27,172	\$27,733	\$26,610
Sales & Use Tax	\$44,089	\$48,529	\$53,356	\$58,600	\$64,297	\$53,774
Class C Roads	\$21,041	\$22,836	\$24,774	\$26,865	\$29,122	\$24,928
Licenses & Permits	\$3,412	\$3,637	\$3,874	\$4,121	\$4,379	\$3,884
Interest Earnings	\$0	\$96	\$214	\$342	\$511	\$233
Total Revenues	\$94,028	\$101,147	\$108,827	\$117,100	\$126,042	\$109,429
EXPENDITURES						
Incorporation Costs	\$5,929	\$5,929	\$6,890	\$5,929	\$7,017	\$6,339
General Government	\$36,307	\$39,272	\$42,430	\$45,793	\$49,373	\$42,635
Law Enforcement	\$19,018	\$20,571	\$22,225	\$23,987	\$25,862	\$22,333
Fire Protection	\$9,305	\$9,723	\$10,161	\$10,618	\$11,096	\$10,181
Roads	\$17,045	\$17,812	\$18,613	\$19,451	\$20,326	\$18,649
Total Expenditures	\$87,603	\$93,307	\$100,319	\$105,778	\$113,675	\$100,136
NET (REVENUE MINUS EXPENSE)	\$6,425	\$7,840	\$8,508	\$11,322	\$12,368	\$9,293
REVENUE (EXPENSE) MARGIN*						8.5%

*Margin calculated by dividing average net revenue by total average revenues.

Matching the County's equivalent rate is sufficient to meet the expenditures within the Town and an additional Heritage Hills rate is not needed to balance the budget and provide sufficient funding for the Study Area.

TABLE 8.5: SCENARIO 2 - PROJECTED HERITAGE HILLS TAX BURDEN

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PROPORTIONATE COUNTY RATE*	0.001021	0.001021	0.001021	0.001021	0.001021
Additional Levy to Balance Budget	0.000000	0.000000	0.000000	0.000000	0.000000
TOTAL TOWN RATE	0.001021	0.001021	0.001021	0.001021	0.001021
Estimated Certified Tax Value	\$24,965,329	\$25,515,329	\$26,065,329	\$26,615,329	\$27,165,329
Estimated Town Impact (Median Home \$500K)	\$281	\$281	\$281	\$281	\$281
Baseline Impact (Median Home \$500K)	\$281	\$281	\$281	\$281	\$281
NET IMPACT	\$0	\$0	\$0	\$0	\$0



SECTION 9: UPDATE TO THE MAP

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

if the county clerk excludes property from, or includes property in, the proposed municipality under Section 10-2a-204.5, an update to the map and legal description described in Subsection 10-2a-202(3)(c).

Pursuant to Utah Code § 10-2a-204.5, the first public hearing regarding the Heritage Hills Incorporation was held on October 29, 2025. Within 30 days after the first public hearing, a specified landowner may request that the county clerk exclude all or part of the specified landowner's land from the area proposed for incorporation. Also, within 30 days after the first public hearing, any owner of land within the proposed incorporation boundary may also request that the county clerk include all or part of the owner's land in the area proposed for incorporation.

The county clerk, with the OLG's reaffirmation, **excluded** the land of the following three parcels based on the criteria set forth in Utah Code § 10-2a-204.5(3):

1. Parcel 32665
2. Parcel 32666
3. Parcel 00026317X3

The county clerk, with the OLG's reaffirmation, **included** the land of the following four parcels based on the criteria set forth in Utah Code § 10-2a-204.5(4):

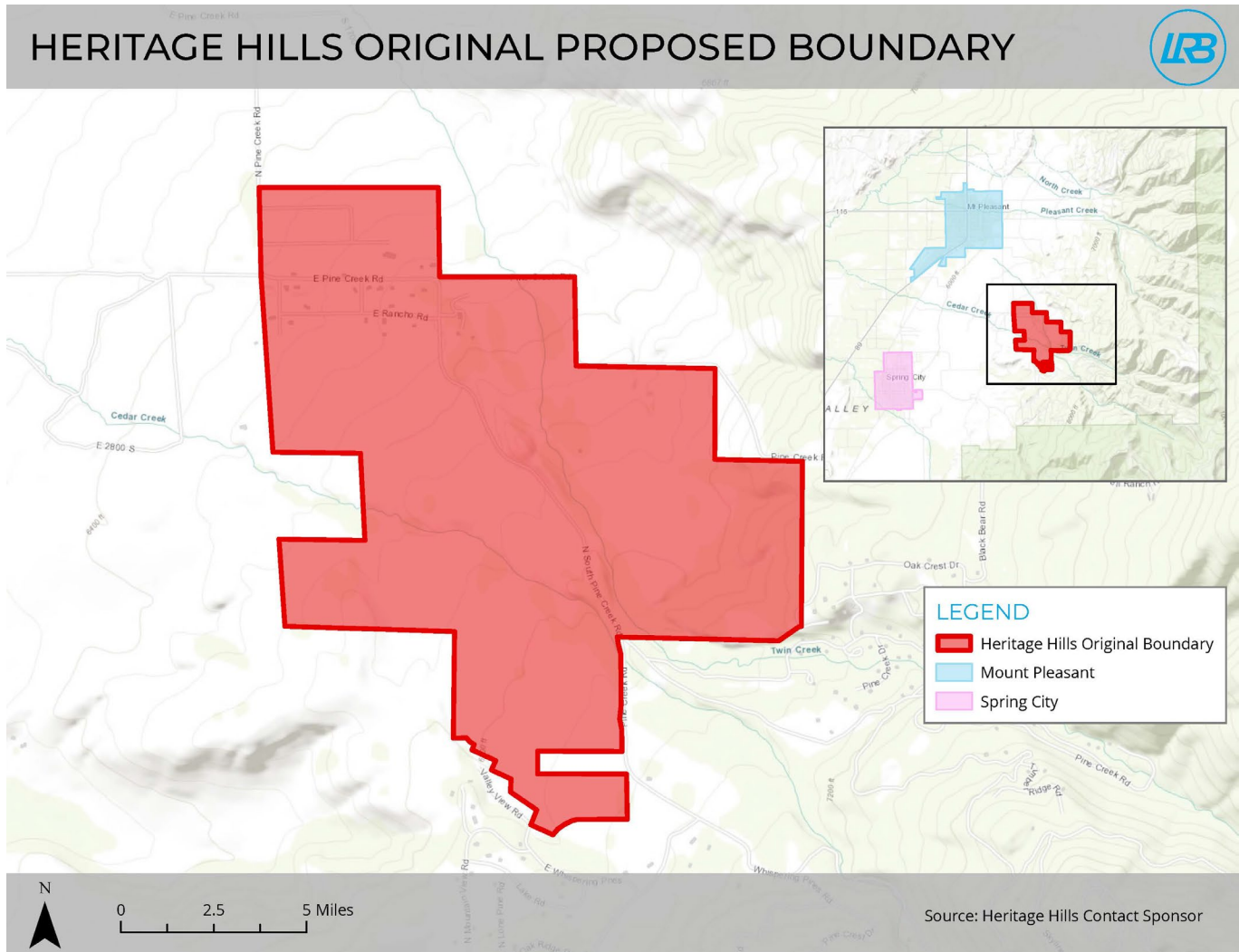
1. Parcel 00026317X2
2. Parcel 00026624X1
3. Parcel 26617
4. Parcel 000026329X



ORIGINAL BOUNDARY

Figure 9.1 illustrates the proposed boundary that was established at the time of the amended feasibility request.²²

FIGURE 9.1: STUDY AREA PROPOSED BOUNDARY

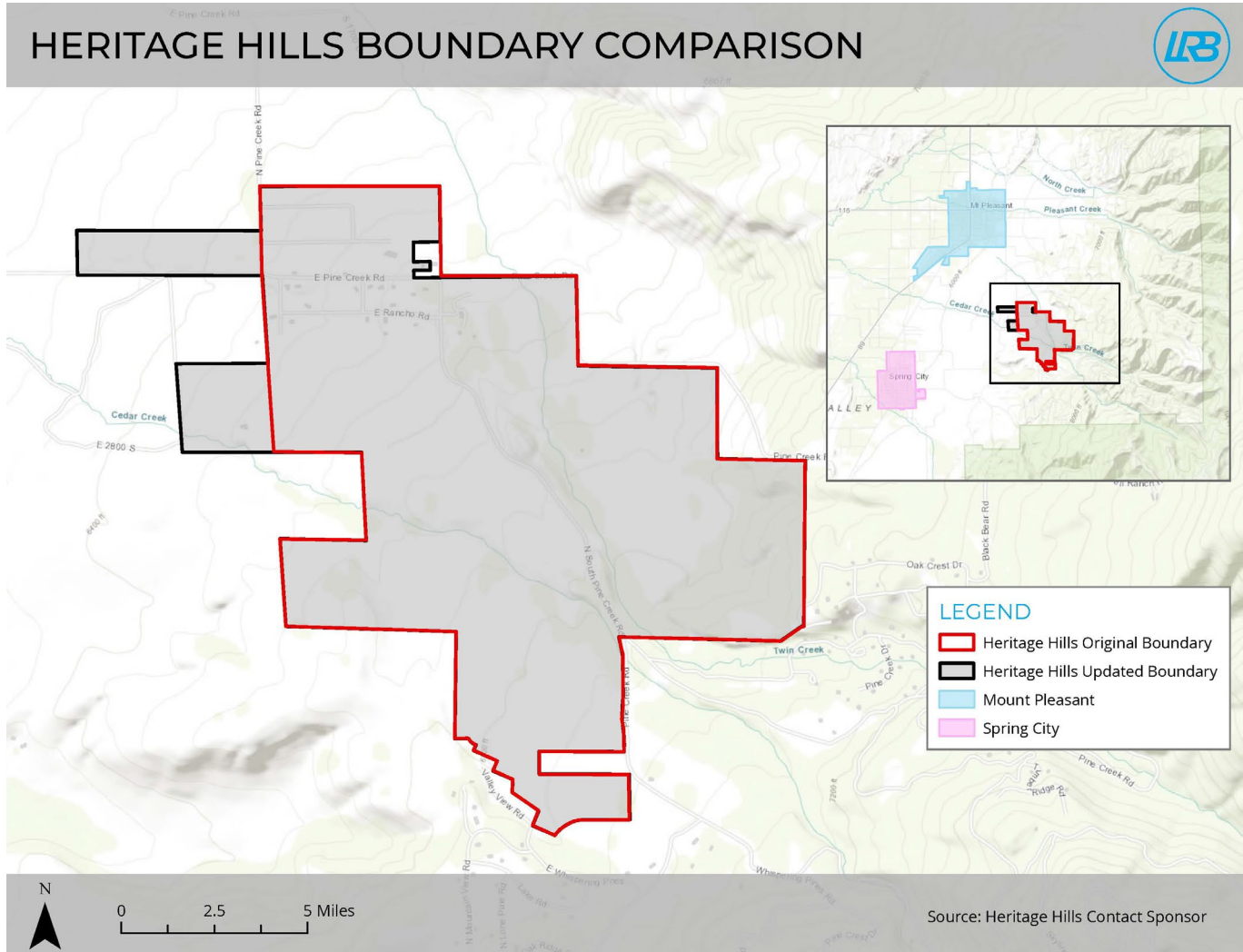


²² The original request for feasibility study filed on March 12, 2025, was rejected by the OLG. The Heritage Hills sponsors filed an amended request for feasibility study on August 11, 2025, to meet the requirements of Utah Code § 10-2a-202. The proposed boundary illustrated in Figure 9.1 reflects the boundary presented in the amended request for a feasibility study.

UPDATE TO THE MAP

The County Recorder, with the OLG's reaffirmation, **excluded** the land of the three parcels based on the criteria set forth in Utah Code § 10-2a-204.5(3) and **included** the land of the following four parcels based on the criteria set forth in Utah Code § 10-2a-204.5(4). The sponsor revised the map as a result of the determinations. The revised map is shown in **Figure 9.2**.

FIGURE 9.2: UPDATE TO THE MAP



UPDATE TO THE LEGAL DESCRIPTION

BEGINNING AT A POINT LOCATED ON THE SE CORNER OF SECTION 14, THE NW CORNER OF SECTION 24 (COMMON CORNER OF SECTIONS 13, 14, 23, & 24), OF TOWNSHIP 15 SOUTH, RANGE 4 EAST, OF THE SALT LAKE BASE AND MERIDIAN; THENCE N89°51'38"W ALONG THE SOUTH SECTION LINE OF SECTION 14, 2739.80 FEET; THENCE N00°56'19"W 662.96 FEET; THENCE S89°52'07"E 2733.86 FEET TO THE WEST SECTION LINE OF SECTION 13; THENCE N01°43'16"W ALONG SAID LINE, 656.48 FEET; THENCE N89°49'49"E 1334.82 FEET; THENCE N89°49'49"E 1327.49 FEET; THENCE S00°49'28"E 827.50 FEET; THENCE S89°12'25"W 399.32 FEET; THENCE S00°47'45"E 291.97 FEET; THENCE N88°31'29"E 244.53 FEET; THENCE S00°58'12"E 129.54 FEET; THENCE S89°14'14"W 244.94 FEET; THENCE S00°48'28"E 110.00 FEET; THENCE N89°13'56"E 399.59 FEET; THENCE N89°17'20"E 2007.31 FEET; THENCE S01°14'40"E 1333.60 FEET; THENCE S89°55'36"E 658.50 FEET; THENCE S88°36'50"E 1402.96 FEET; THENCE S00°13'38"E 1342.36 FEET; THENCE S88°35'33"E 1301.29 FEET; THENCE S01°24'07"W 1340.89 FEET; THENCE S00°33'04"E 1108.65 FEET; THENCE S80°26'56"W 29.66 FEET; THENCE S55°26'56"W 386.15 FEET; THENCE N88°31'32"W ALONG THE SOUTH SECTION LINE OF SECTION 19 OF RANGE 5 EAST, 2276.32 FEET TO THE SECTION CORNER OF SECTIONS 19 & 30 OF RANGE 5 EAST AND SECTIONS 24 & 25 OF RANGE 4 EAST; THENCE N88°08'09"W 119.93 FEET; THENCE S11°54'05"E 236.41 FEET; THENCE SOUTHERLY ALONG THE ARC OF A 460.10 FOOT RADIUS CURVE TO THE RIGHT A DISTANCE OF 87.67 FEET, THROUGH A CENTRAL ANGLE OF 10°55'04", (LONG CHORD BEARS: S06°26'24"E 87.54 FEET); THENCE S00°58'48"E 494.13 FEET; THENCE SOUTHERLY ALONG THE ARC OF A 1050.00 FOOT RADIUS CURVE TO THE RIGHT A DISTANCE OF 91.87 FEET, THROUGH A CENTRAL ANGLE OF 05°00'47", (LONG CHORD BEARS: S01°31'35"W 91.84 FEET); THENCE S04°01'59"W 230.67 FEET; THENCE SOUTHERLY ALONG THE ARC OF A 650.00 FOOT RADIUS CURVE TO THE LEFT A DISTANCE OF 125.96 FEET, THROUGH A CENTRAL ANGLE OF 11°06'11", (LONG CHORD BEARS: S01°31'06"E 125.76 FEET); THENCE S07°04'11"E 163.13 FEET; THENCE SOUTHERLY ALONG THE ARC OF A 1149.95 FOOT RADIUS CURVE TO THE RIGHT A DISTANCE OF 158.03 FEET, THROUGH A CENTRAL ANGLE OF 07°52'26", (LONG CHORD BEARS: S03°07'58"E 157.91 FEET); THENCE S00°47'38"W 123.63 FEET; THENCE N89°47'33"W 1259.85 FEET; THENCE S00°36'43"E 333.79 FEET; THENCE S89°47'28"E 1331.67 FEET; THENCE S00°57'49"E ALONG THE EAST SECTION LINE OF SECTION 25, 674.49 FEET; THENCE N89°45'57"W 654.89 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF A NON-TANGENT CURVE TO THE LEFT A DISTANCE OF 533.03 FEET, HAVING A RADIUS OF 559.87 FEET AND A RADIAL BEARING OF S00°15'09"W, THROUGH A CENTRAL ANGLE OF 54°32'56" (LONG CHORD BEARS: S62°58'41"W 513.13 FEET); THENCE N66°50'17"W 360.00 FEET; THENCE N22°39'43"E 240.00 FEET; THENCE N55°15'17"W 480.00 FEET; THENCE N03°04'17"E 190.00 FEET; THENCE N66°25'11"W 319.98 FEET; THENCE N21°24'43"E 160.00 FEET; THENCE N66°05'33"W 379.99 FEET; THENCE N23°54'43"E 90.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF A NON-TANGENT CURVE TO THE RIGHT A DISTANCE OF 150.53 FEET, HAVING A RADIUS OF 175.30 FEET AND A RADIAL BEARING OF N15°54'58"E, THROUGH A CENTRAL ANGLE OF 49°12'07" (LONG CHORD BEARS: N49°28'59"W 145.95 FEET); THENCE S89°09'26"W 202.92 FEET; THENCE N00°42'48"E 1586.24 FEET TO THE SOUTH QUARTER (1/4) CORNER OF SECTION 24; THENCE N88°11'00"W ALONG THE QUARTER SECTION LINE, 2526.13 FEET TO THE SOUTHWEST CORNER OF SECTION 24; THENCE N03°51'16"W ALONG THE WEST SECTION LINE, 1303.42 FEET ; THENCE S88°39'13"E 1279.64 FEET; THENCE N03°05'30"W 1312.24 FEET; THENCE N89°07'03"W 1296.05 FEET TO THE WEST QUARTER CONRER OF SECTION 24; THENCE S89°07'27"W 1361.10 FEET; THENCE N04°00'14"W 1315.51 FEET; THENCE N89°38'01"E 1365.45 FEET TO THE EAST SECTION LINE OF SECTION 23; THENCE N03°50'40"W ALONG SAID LINE, 1303.16 FEET TO THE POINT OF BEGINNING.
CONTAINS 46,272,472 SQUARE FEET OR 1062.270 ACRES.



APPENDIX A: COUNTY CLASSIFICATION TABLE

TABLE A.1: COUNTY CLASSIFICATION

CLASSIFICATION	POPULATION RANGE	COUNTY	MUNICIPAL SERVICES FUND STATUS	MUNICIPAL SERVICES FUND LEVY
First Class	≥ 1,150,000	Salt Lake County	Yes	Yes
Second Class	260,000 - 1,149,999	Davis	Yes	Yes
		Utah	Yes	Yes (Multiple Service Areas)
		Weber	Yes	Yes
Third Class	40,000 - 259,999	Box Elder	Yes	Yes
		Cache	Yes	Doesn't assess levy
		Iron	Yes	Yes
		Summit	Yes	Yes
		Tooele	Yes	Yes
		Uintah	Yes	Doesn't assess levy
		Washington	Yes	Doesn't assess levy
Fourth Class	12,000 - 39,999	Beaver	No	NA
		Carbon	Yes	Yes
		Duchesne	No	NA
		Millard	No	NA
		San Juan	No	NA
		Sanpete	No	NA
		Sevier	No	NA
Wasatch	No	NA		
Fifth Class	5,000 - 11,999	Emery	No	NA
		Grand	No	NA
		Juab	No	NA
		Kane	No	NA
		Morgan	No	NA
		Piute	No	NA
Sixth Class	< 5,000	Daggett	No	NA
		Garfield	No	NA
		Rich	No	NA
		Wayne	No	NA

Source: Utah Association of Counties, County Classification Thresholds (Effective 2025)



APPENDIX B: UPC DETERMINATION



Memorandum



August 11, 2025

To: Jordan Schwanke, Entities Specialist, Office of the Lieutenant Governor
From: Eric Albers, Public Policy Analyst, Kem C. Gardner Policy Institute
CC: Mallory Bateman, Director of Demographic Research, Kem C. Gardner Policy Institute
Subject: Heritage Hills Incorporation Feasibility Review

Introduction

This review follows the incorporation request from Heritage Hills and determines whether the proposed municipality meets the population, density, and contiguity requirements for incorporation (defined in Utah Code 10-2a-201.5).

The Utah Population Committee (UPC) analysis indicates that Heritage Hills meets the incorporation requirements.

Table 1: Initial Feasibility Requirements for Heritage Hills Incorporation

Criteria	Meets Criteria?	Requirement by Statute	Details
Population	Yes	To incorporate as a town, the population must be at least 100.	July 1, 2024 Population Estimate: 223
Population Density	Yes	Density must be seven people per square mile or higher	July 1, 2024 Population Density Estimate: 150 persons per square mile
Contiguity	Yes	Area is contiguous, does not have a strip of land connecting geographically separate areas	The proposed boundary covers a contiguous area.

Population data source: U.S. Census Bureau, 2020 Census

Note: Requirements are summarized; Full statutory requirements are delineated in Utah Code 10-2a-201.5.

Methodology

Housing Unit Method

The UPC uses the housing unit method of estimation to determine the population of places seeking to incorporate. The first step approximates the 2020 Census population by aggregating the total population of Census blocks within the proposed boundary (see Geographic Notes for more information). From this starting population, annual growth is assumed to be tied to growth in new housing units. Building permit data are sourced from the Construction Monitor Database then geocoded and filtered down to those within the incorporation boundary. Single-family housing units are assumed to be completed and occupied six months after permitting. Each newly constructed housing unit is multiplied by persons per occupied housing unit at the tract level to determine household population growth.



Geographic Notes

Calculating the 2020 Census population for any new community requires aggregation of the population of Census blocks that fall within the boundary. The population of blocks that fall partially within the boundary are adjusted by the ratio of the number of housing units in that block that fall within the proposed boundary to the total number of housing units in the block.

Additional Note

It was determined that supplementing the data sources used in the February 2025 feasibility review with parcel data from Sanpete County improves the quality of our population estimate.





Town of Heritage Hills

Jeff Strange

Petition Sponsor

MEMORANDUM OF UNDERSTANDING (MOU)

This memorandum of understanding (MOU) is entered into on the 16 day of June 2026, by and between the petition sponsors of the proposed Town of Heritage Hills, hereinafter referred to as the "Town," and Mt Pleasant City, hereinafter referred to as the "Building Owner."

Recitals:

WHEREAS, the Town of Heritage Hills is a newly proposed incorporated municipality in Mount Pleasant, Utah, and is in need of a suitable venue for general purposes and public meetings; and

WHEREAS, the Building Owner is the owner of a property located at approximately 115 W Main St, Mt Pleasant City, known as "Mount Pleasant City Hall", which is ADA accessible and has an approximate capacity of 100 persons; and

WHEREAS, the Town intends to hold public meetings in "Mount Pleasant City Hall", initially one meeting per month in the evening, with the potential for additional meetings as approved by the Town council; and

WHEREAS, both parties desire to establish the terms and conditions for the use of "Mount Pleasant City Hall" by the Town for its meetings.



NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Town and the Building Owner (collectively referred to as the “Parties”) agree as follows:

USE OF THE BUILDING:

- 1.1. The Building Owner hereby grants the Town the right to use “Mount Pleasant City Hall” for its meetings. The Town shall initially use the building for one meeting per month in the evening, with the potential for additional meetings upon the Town Council approval.
- 1.2. The Town acknowledges that it holds all liability for any activities and events conducted within “Mount Pleasant City Hall” during its use.

TERM:

- 2.1. This MOU shall be in effect indefinitely. However, either party may terminate the MOU by providing written notice to the other party at least one year in advance of the desired termination date.

VENUE CAPACITY:

- 3.1. The Town agrees that if a larger venue is needed for any event or meeting, it will find an alternative location and will not exceed the maximum capacity of “Mount Pleasant City Hall.”

ADDITIONAL USAGE:

- 4.1. Any usage of “Mount Pleasant City Hall” by the Town beyond regular meetings must receive prior written approval from the Building Owner.

COMPLIANCE WITH LAWS:



5.1. The Town agrees to comply with all applicable Local, State, and Federal laws and regulations with utilizing "Mount Pleasant City Hall" for town purposes.

COST:

6.1. There shall be no cost or rental fee associated with the use of "Mount Pleasant City Hall" by the Town.

AMENDMENTS:

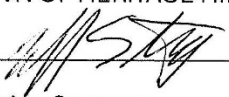
7.1. This MOU may be amended in writing by mutual consent of the Parties.

ENTIRE AGREEMENT:

8.1. This MOU constitutes the entire agreement between the Parties regarding the use of "Mount Pleasant City Hall" and supersedes all prior agreements or understandings, whether oral or written.

IN WITNESS WHEREOF, the Parties hereto have executed this MOU as of the date first above written.

TOWN OF HERITAGE HILLS

By: 

Petition Sponsor

Jeff Strange

Date: 6-15-26

BUILDING OWNER

By: Dave Oxman

Signature: 

Date: 6/16/26



APPENDIX D: STAKEHOLDER FEEDBACK

Utah Code § 10-2a-205(3)(c) outlines the stakeholders required to be consulted during the preparation of the feasibility study. Each required stakeholder was engaged throughout the study process and provided valuable information relevant to the analysis. The stakeholders engaged during the process includes Sanpete County, Mount Pleasant City, Sanpete Water Conservancy District, Twin Oaks Local District, Central Utah Health Department, as well as the Sponsor. The draft feasibility study was distributed to all stakeholders on May 21, 2026, for review and comment. No stakeholder submitted additional comments or requested modifications to the draft report.

