



State of Utah

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Governor

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Lieutenant Governor

Office of the Lieutenant Governor

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Local Entity Specialist

February 5, 2025

NOTICE OF PROPOSED PRELIMINARY
MUNICIPALITY AND PUBLIC HEARING

The Office of the Lieutenant Governor oversees the creation of new cities and towns in a process known as incorporation. An individual filed a request with our office to create a preliminary municipality on Kane Creek. On September 12, 2024, the Office of the Lieutenant Governor commissioned LRB Public Finance Advisors to conduct a feasibility study to determine if the proposed area is financially viable. On January 10, 2025, the feasibility consultants released the results of the study which found that “**the five-year average revenue margin is at 22.7 percent, allowing the incorporation process to proceed**”. Pursuant to Utah Code §10-2a-506(1) the incorporation process will now proceed to the public hearing phase.

The public hearing regarding the proposed preliminary municipality on Kane Creek will be held at the following location and time:

Date: March 5, 2025

Time: 6:30 P.M.

**Location: Star Hall
159 E. Center St.
Moab, UT 84532**

The purpose of the public hearing is to allow the feasibility consultants to present the results of the feasibility study to residents and property owners, allow members of the public to express their views about the proposed incorporation and the established boundaries, and to permit the public to ask the feasibility consultants questions about the study. Attached to this notice is the summary of the feasibility study. A full copy of the study is available at <https://ltgovernor.utah.gov/incorporations/> as well as the Office of the Lieutenant Governor, 350 North State Street, Suite 220, Salt Lake City, Utah 84103.

Additionally, if you would like to submit a question to ask LRB Public Finance Advisors during the public hearing, we invite you to submit those questions in advance at the following link:

<https://ltgovernor.utah.gov/incorporations/>

According to Utah Code §10-2a-507, any time within one year after the completion of the public hearing, owners of the property who filed the feasibility request under Utah Code §10-2a-502 may proceed with the incorporation process by filing a petition for incorporation of the proposed preliminary municipality.

If you would like to contact the Contact Sponsor of the proposed preliminary municipality on Kane Creek, please call Jason Boal or Wade Budge at Snell & Wilmer at 801-257-1900 or email jboal@swlaw.com, representatives of the Contact Sponsor.

If you have any questions regarding this notice, please contact the Office of the Lieutenant Governor.

Phone: 801-538-1041

Mailing address: 350 North State Street, Suite 220, Salt Lake City, Utah 84103

Email: incorporations@utah.gov

Regards,

Jordan Schwanke

Local Entity Specialist

Office of the Lieutenant Governor

SECTION 1: EXECUTIVE SUMMARY

LRB Public Finance Advisors was retained by the Office of the Lieutenant Governor (OLG) to complete a preliminary feasibility study related to incorporation of an unincorporated area within Grand County (County) as outlined in Section §10-2a-504. The purpose of the Executive Summary is to fulfill the requirements established in Section §10-2a-504(2)(c)(iii) which requires the feasibility consultant to submit a completed feasibility study, including a one-page summary of the results. This document corrects a previous error found on page 21 regarding the calculation of interest earnings.

The purpose of this study is to compare the fiscal impact to the residents of Kane Creek (Town or Study Area) if the County continues to provide services through the General Fund (GF) or if a newly incorporated Town provides services at a similar quality and level of service. Assuming the incorporated Town assesses a proportionate County tax rate necessary to maintain municipal services, the results shown below include the applicable incorporation costs as outlined in Section §10-2a-510 and assumes the cost for a general government office and public works facility will be paid by the developers during Phase I. **The five-year average revenue margin is at 15.4 percent, allowing the incorporation process to proceed.**

TABLE 1.1: FISCAL IMPACT TO STUDY AREA SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	AVERAGE
Total Revenue	\$102,984	\$343,930	\$650,781	\$911,183	\$1,051,096	\$611,995
Total Expense	\$145,427	\$340,080	\$581,362	\$725,964	\$797,140	\$517,995
NET REVENUE (EXPENSE)	(\$45,846)	\$434	\$65,991	\$185,219	\$253,956	\$94,000
					Revenue Margin	15.4%

Matching the County's proportionate tax rate is sufficient to meet the expenditures within the Town in years two through five, and an additional Kane Creek rate is necessary to provide sufficient funding for the Study Area in year one.

TABLE 1.2: TAX IMPACT TO STUDY AREA SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PROPORTIONATE COUNTY RATE	0.001416	0.001416	0.001416	0.001416	0.001416
Additional Levy to Balance Budget	0.012746	0.000000	0.000000	0.000000	0.000000
TOTAL TOWN RATE (COUNTY & TOWN LEVY)	0.014162	0.001416	0.001416	0.001416	0.001416
NET IMPACT ON MEDIAN HOME (\$750K)	\$5,258	\$0	\$0	\$0	\$0

Table 1.3 shows that in the event of incorporation, the tax impact for a median home (valued at \$750,000) in the remaining Grand County in year five is \$694, representing an increase of \$110 above the baseline tax impact of \$584. This assumes that the proposed development occurs but remains within the County. However, it is probable the County's GF would experience a decrease in expenses following the incorporation of the town.

TABLE 1.3: COUNTY PROVIDED SERVICES TAX IMPACT SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
COUNTY RATE	0.001416	0.001416	0.001416	0.001416	0.001416
Tax Impact	0.000024	0.000078	0.000141	0.000191	0.000211
TOTAL COUNTY LEVY (IF KANE CREEK INCORPORATES)	0.001441	0.001494	0.001558	0.001607	0.001627
TAX INCREASE FROM BASELINE ON MEDIAN HOME (\$750K)	\$10	\$32	\$58	\$79	\$87

