LEWIS | ROBERTSON | BURNINGHAM

GRAND COUNTY, UTAH

PRELIMINARY FEASIBILITY STUDY FOR THE PROPOSED INCORPORATION OF KANE CREEK

JANUARY 2025

PREPARED BY:

LRB PUBLIC FINANCE ADVISORS

FORMERLY LEWIS YOUNG ROBERTSON & BURNINGHAM INC.

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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**

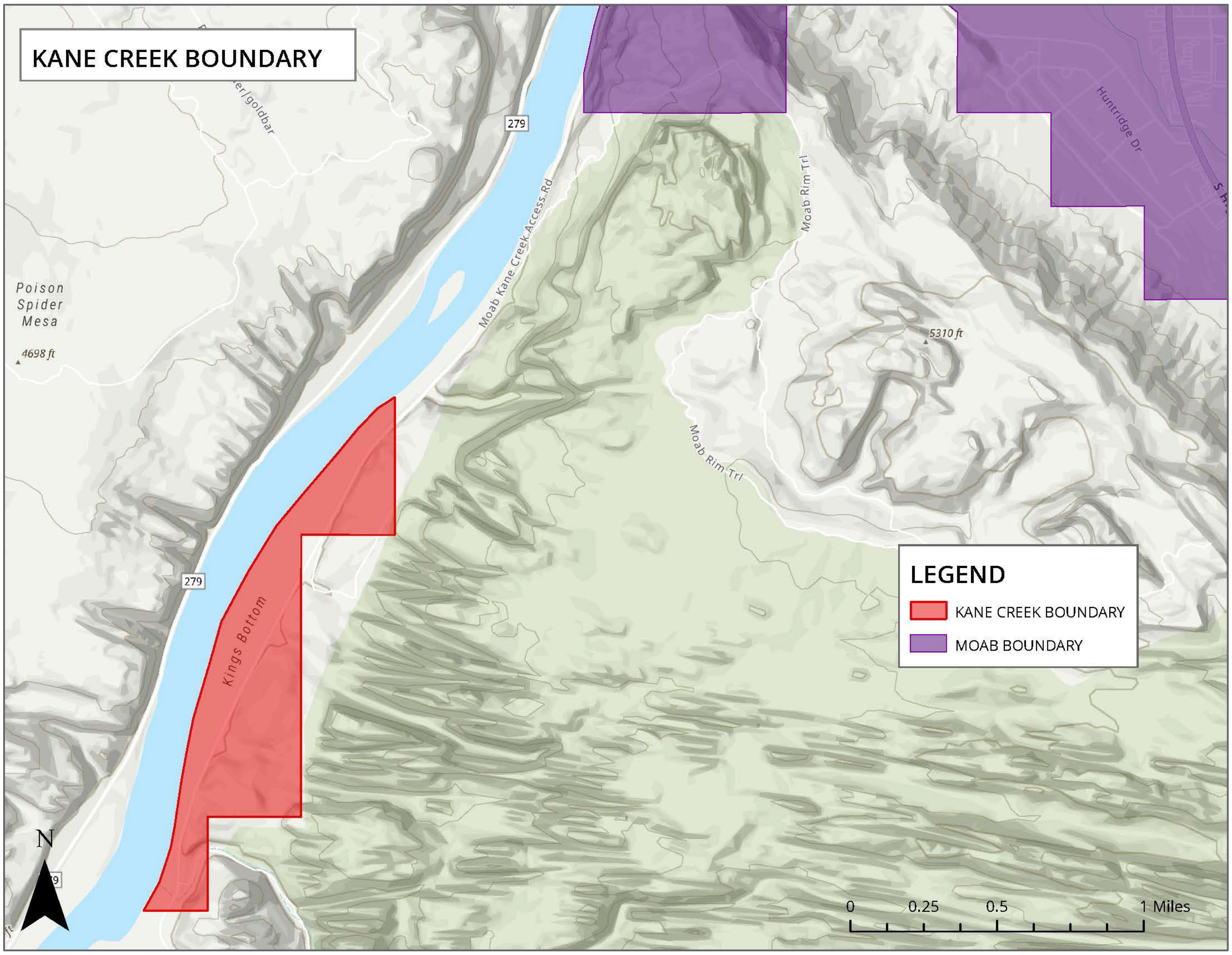
SECTION 2: POPULATION & POPULATION DENSITY

Utah Code §10-2a-504(3) requires the preliminary feasibility study to include:

> *an analysis of the likely population and population density within the proposed preliminary municipality area when all phases of the map or plat for the proposed preliminary municipality area are completed; and the population and population density of the area surrounding the proposed preliminary municipality area on the day on which the feasibility request was submitted.*

The preliminary incorporation boundary for the Study Area is illustrated in **Figure 2.1** and includes unincorporated areas of Grand County known as Kane Creek.

FIGURE 2.1: STUDY AREA BOUNDARY



POPULATION

Appendix A includes map illustrations detailing the three phases of development within the Study Area. Section §10-2a-504(3)(a)(i) requires the preliminary feasibility study to include an analysis of the likely population within the preliminary municipality area when all phases of the map are completed. The total estimated population of Kane Creek upon phase completion is calculated at 1,105 persons. This calculation was determined by the Utah Population Committee (UPC) as detailed in **Appendix B**. Using the buildout proforma given by the Sponsors (see **Appendix C**), the UPC assumed that single family homes units are owner-occupied and other residential structures are considered renter occupied. The UPC's methodology then assumes 99% occupancy for owner-occupied units and 97% occupancy for renter-occupied units. The projected occupied units are then multiplied by Grand County's persons per occupied housing unit (HU) at 2.37. **Table 2.1** displays the calculated population and households in the Study Area using the UPC's methodology and buildout proforma. The likely population within the Study Area is calculated at 1,105 people.

TABLE 2.1: KANE CREEK LIKELY POPULATION BY PHASE COMPLETION

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Phase 1						
Population[1]	**180**	**281**	**217**	**55**	**-**	**733**
Owner Occupied Units[2]	10	20	20	-	-	50
Renter Occupied Units[3]	68	102	74	24	-	268
Total Residential Units	**78**	**122**	**94**	**24**	**-**	**318**
Phase 2						
Population	**-**	**42**	**111**	**111**	**65**	**330**
Owner Occupied Units	-	6	24	24	15	69
Renter Occupied Units	-	12	24	24	13	73
Total Residential Units	**-**	**18**	**48**	**48**	**28**	**142**
Phase 3						
Population	-	14	14	14	-	**42**
Owner Occupied Units	-	6	6	6	-	18
Renter Occupied Units						-
Total Residential Units	**-**	**6**	**6**	**6**	**-**	**18**
					Total Projected Population	**1,105**
					Total Projected Residential Units	**478**

Note 1: Assumes persons per occupied housing unit at 2.37
Note 2: Assumes 99 percent occupancy
Note 3: Assumes 97 percent occupancy

POPULATION DENSITY

The UPC determined Kane Creek's population density upon plan competition is 4,009 persons per square mile, thus complying with Utah statute that requires the proposed area has an average population density of more than seven people per square mile.[1] The estimated 2024 populations and population density of surrounding communities within the County are shown below.

TABLE 2.2: POPULATION AND POPULATION DENSITY FOR SURROUNDING AREAS

	ESTIMATED POPULATION	LAND AREA (SQUARE MILES)	POPULATION PER SQUARE MILE
Castle Valley[1]	415	8.8	47.2
Moab[1]	5,395	4.8	1,123.7
Kane Creek[2]	**1,105**	**0.3**	**4,009.0**

Note 1: Estimated population on the day on which the feasibility request was submitted.
Note 2: Estimated population upon plan completion.

[1] Utah Code 10-2a-502(2)(e)(ii)

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

Utah Code §10-2a-504(3) requires the preliminary feasibility study to include:

> *an analysis of the following, determined as if, at the time of the analysis, the proposed preliminary municipality area is incorporated as a town with a population of 100 people; and, the initial and projected five-year demographics and tax base within the boundaries of the proposed preliminary municipality area and the surrounding area, including household size and income, commercial and industrial development, and public facilities.*

DEMOGRAPHICS

LRB assumed Kane Creek's year one population is 180 people. The projected demographics are calculated using the UPC's methodology and buildout proforma found in **Table 2.1**.

POPULATION PROJECTIONS

For purposes of calculating the surrounding area's initial and five-year projected population and HUs, the average annual growth rate (AAGR) of historic redistricting Census data from 2010 and 2020 was calculated for each community. The AAGR was then applied to the most recent Census data (2022) and onward. The initial and five-year demographic projections are illustrated in **Table 3.3.**

TABLE 3.1: GROWTH RATE DETERMINATION

	2010		2020		AAGR 2010-2020	
	POPULATION	HU	POPULATION	HU	POPULATION	HU
Grand County	9,225	4,816	9,669	5,192	0.5%	0.8%
Castle Valley	319	291	347	289	0.8%	-0.1%
Moab	5,046	2,366	5,366	2,622	0.6%	1.0%
Unincorporated Grand County	3,860	2,159	3,956	2,281	0.2%	0.6%

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

TABLE 3.2: GRAND COUNTY HISTORIC POPULATION FIGURES

	2019	2020	2021	2022	2023	2024[1]
Grand County	9,640	9,669	9,630	9,680	9,726	9,780
Castle Valley	365	347	398	409	412	415
Moab	5,268	5,366	5,329	5,329	5,362	5,395
Unincorporated Grand County	4,007	3,956	3,903	3,942	3,952	3,970

Note 1: Estimated 2024 population using growth rates calculated in Table 3.1.
Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (DP05) (SUB-IP-EST2023-POP-49)

TABLE 3.3: GRAND COUNTY INITIAL AND 5-YEAR POPULATION FIGURES

	2025	2026	2027	2028	2029	2030
Grand County	9,936	10,172	10,566	10,965	11,203	11,225
Castle Valley	419	423	427	431	435	439
Moab	5,428	5,461	5,495	5,529	5,563	5,597
Unincorporated Grand County	3,989	4,008	4,027	4,046	4,065	4,084

The population projected in year one aligns with §10-2a-504(3)(a)(ii), which requires this analysis assumes the proposed preliminary municipality area is incorporated as a town with a population of 100 people. Five-year population projections for the Study Area are based on the UPC's methodology and buildout proforma found in **Table 2.1**.

TABLE 3.4: KANE CREEK INITIAL AND 5-YEAR POPULATION FIGURES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Kane Creek Population	**180**	**517**	**860**	**1,040**	**1,105**
Households	78	224	372	450	478
Projected New Homes (See Table 2.1)	78	146	148	78	28
Persons per Household	2.30	2.31	2.31	2.31	2.31

HOUSEHOLD SIZE

The number of households was estimated starting with 2022 occupied households as the base units. The AAGR calculated in **Table 3.1** was then applied to the base to estimate current units and the persons per household (PPH) for this analysis.

TABLE 3.5: INITIAL AND PROJECTED CALCULATED PERSONS PER HOUSEHOLD (PPH)

	2025		2026		2027		2028		2029		2030	
	HU	PPH	HU	PPH	HU	PPH	HU	PPH	HU	PPH	HU	PPH
Grand County	4,434	2.22	4,467	2.25	4,501	2.33	4,535	2.40	4,569	2.43	4,603	2.44
Castle Valley	209	2.00	209	2.02	209	2.04	209	2.06	209	2.08	209	2.10
Moab	2,356	2.30	2,380	2.29	2,405	2.28	2,430	2.28	2,455	2.27	2,480	2.26
Unincorporated Grand County	1,872	2.13	1,882	2.13	1,892	2.13	1,902	2.13	1,912	2.13	1,923	2.12
Kane Creek	**NA**	**NA**	**78**	**2.30**	**224**	**2.31**	**372**	**2.31**	**450**	**2.31**	**478**	**2.31**

Note: PPH figures are calculated based on total population and **occupied** housing units which differ from Census reported average household size based on household population.
Source: U.S. Census Bureau, American Community Survey 5-Year Estimates

INCOME

Utilizing Census tract-level data [2], the Study Area's median household income is estimated at $54,385 as of 2022.

TABLE 3.6: HISTORIC MEDIAN INCOME

	2019	2020	2021	2022	2023[1]	2024[1]	2010 – 2020 AAGR
Grand County	$51,557	$56,639	$51,433	$59,171	$61,055	$63,000	3.0%
Castle Valley	$53,125	$53,542	$46,667	$43,438	$44,535	$45,659	4.1%
Moab	$51,168	$46,875	$42,083	$52,385	$53,265	$54,160	3.5%
Kane Creek	**NA**	**$51,750**	**$53,319**	**$54,385**	**$55,473**	**$56,583**	**2.0%[2]**

Note 1: Applied growth 2010 – 2020 growth rate to determine estimates.
Note 2: 10-year AAGR not available. Two percent growth is applied instead.
Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (B19019)

TABLE 3.7: INITIAL & PROJECTED MEDIAN INCOME

	2025	2026	2027	2028	2029	2030
Grand County	$65,006	$67,077	$69,213	$71,417	$73,692	$76,039
Castle Valley	$46,812	$47,994	$49,206	$50,448	$51,722	$53,027
Moab	$55,070	$55,995	$56,936	$57,892	$58,865	$59,854
Kane Creek	**$57,714**	**$58,868**	**$60,046**	**$61,247**	**$62,472**	**$63,721**

[2] Applicable Census tracts include: 3.02

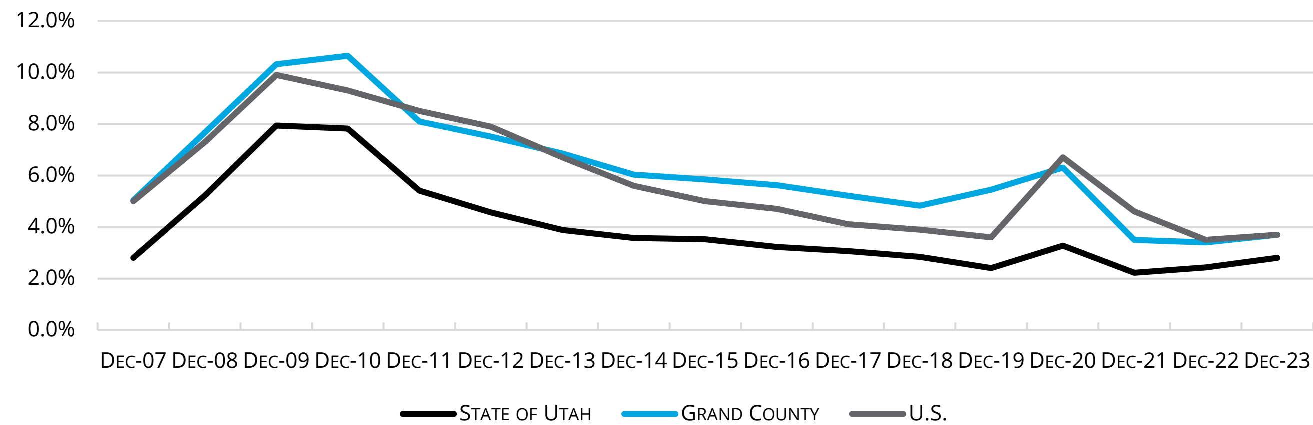
TAX BASE

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

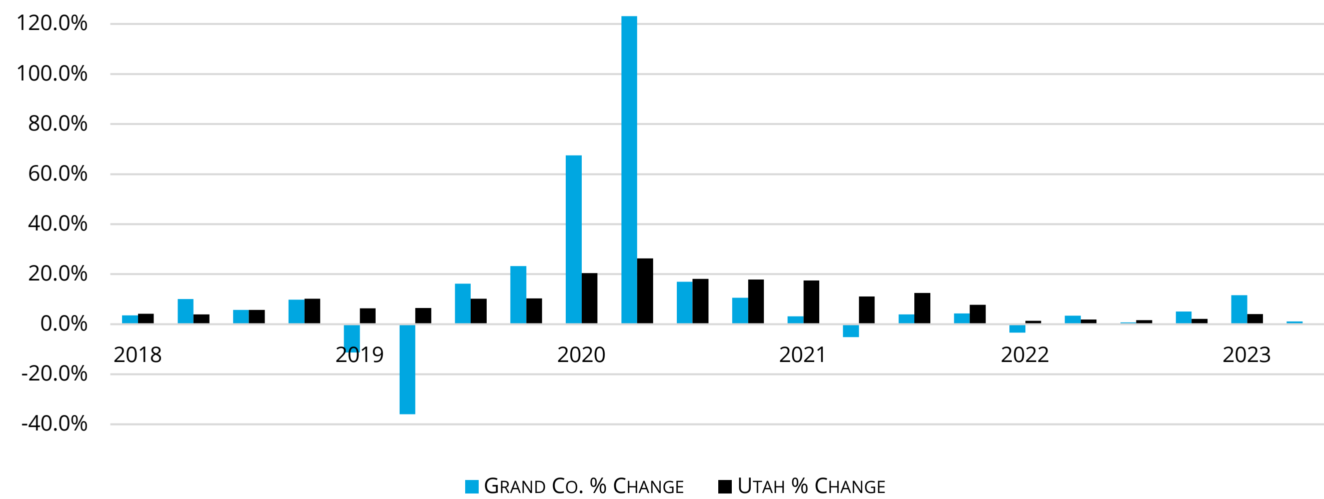
Grand County is located in southeast Utah. The unemployment rate for the County averaged 4.5 percent in October 2024. Unemployment peaked in 2010 at an average of 10.6 percent (see **Figure 3.1**) according to seasonally adjusted data provided by the Utah Department of Workforce Services. Notable shifts in employment occurred between April 2020 and April 2021 as Grand County experienced a 55.7 percent increase in non-farm jobs. More generally, from 2021 to 2022, the County experienced large increases in professional and business services, financial activities, and education and health services, with a total employment change of 7.9 percent. Over the same period, information jobs declined by 16.6 percent and construction jobs decreased by 6.1 percent.

FIGURE 3.1: HISTORIC GRAND COUNTY SEASONALLY ADJUSTED UNEMPLOYMENT RATES



A comparison of quarterly taxable sales trends for the County and State illustrates the percent change from 2018 to 2022 as shown in **Figure 3.2**. Between 2020 and 2021, Q2 experienced an increase of 123.2 percent in taxable sales in the County.

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



Historic taxable value figures for Grand County show an AAGR of 13.4 percent from 2019 through 2023. It is important to note that the values below include redevelopment agency values, which will be excluded in the projection of future taxable values.

TABLE 3.8: GRAND COUNTY HISTORIC TAXABLE VALUE

	2019	2020	2021	2022	2023	5 YR. AAGR
Real: Land	$540,307,662	$549,418,430	$582,216,743	$597,424,760	$918,455,520	14.2%
Real: Buildings	$949,834,446	$1,032,580,981	$1,215,890,742	$1,482,058,500	$1,823,731,780	17.7%
Personal	$59,068,599	$60,530,248	$63,068,182	$79,797,432	$100,706,311	14.3%
Centrally Assessed	$446,623,367	$443,408,536	$488,032,700	$537,994,602	$460,142,417	0.7%
TOTAL	**$1,995,834,074**	**$2,085,938,195**	**$2,349,208,367**	**$2,697,275,294**	**$3,303,036,028**	**13.4%**
Motor Vehicle	$12,473,299	$11,496,469	$16,579,539	$15,220,486	$15,117,179	4.9%
Source: Utah State Tax Commission						

STUDY AREA ECONOMY

Study Area is comprised of eight (8) parcels[3] with a taxable value of $3,330,000. The Study Area represents 0.1 percent of the total County taxable value. Based on a review of current property information within the Study Area, the property type of three of the eight parcels is commercial improved. The remaining parcels are vacant land.

TABLE 3.9: ESTIMATE OF STUDY AREA TAXABLE VALUE

CURRENT KANE CREEK TAXABLE VALUE	**$3,330,000**
Study Area Taxable Value as % of County Taxable Value	0.10%

Appendix A includes map illustrations detailing the future development within the Study Area. Phase 1, located along the river, includes 67,000 square footage of commercial space, 48 affordable housing units, and 270 residential units. Phase 2, centrally located along the east side of the Study Area border, proposes 142 residential units. The final phase proposes the development of 18 residential units.

[3] Parcels considered for this analysis are all those within the Study Area boundary except for roadways.

PROJECTIONS OF COUNTY TAX BASE

Grand County does not have a separate Municipal Service Fund accounting for the cost of services provided to unincorporated county. As a result, this study analyzes the County's General Fund. Using Utah State Tax Commission data for Grand County, projected taxable value estimates are shown below. **Table 3.11** details the current and projected values based on a five percent growth rate.

TABLE 3.10: HISTORIC GRAND COUNTY TAXABLE VALUE

	2019	2020	2021	2022	2023	2024
Certified Tax Rate Value	$1,845,296,400	$1,933,334,163	$2,179,315,399	$2,461,104,261	$3,093,282,013	$3,414,404,774
Source: Utah State Tax Commission						

TABLE 3.11: INITIAL AND 5-YEAR PROJECTED GRAND COUNTY TAXABLE VALUE

	2025	2026	2027	2028	2029	2030
Certified Tax Rate Value	$3,585,125,013	$3,764,381,263	$3,952,600,327	$4,150,230,343	$4,357,741,860	$4,575,628,953

Future sales tax growth projections are based on a general growth estimate of five percent. Historic data from financial reports showed an AAGR of 8.9 percent from 2019 – 2024.

TABLE 3.12: HISTORIC GRAND COUNTY SALES TAX REVENUE

	2019	2020	2021	2022	2023	2024
GF Sales Tax Revenue	$1,070,752	$1,085,126	$1,525,926	$1,573,919	$1,678,984	$1,678,984

TABLE 3.13: INITIAL AND PROJECTED GRAND COUNTY SALES TAX REVENUE

	2025	2026	2027	2028	2029	2030
GF Sales Tax Revenue	$1,762,933	$1,851,080	$1,943,634	$2,040,816	$2,142,856	$2,249,999

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 fund general government services. In addition, future sales tax revenues will supplement the General Fund to support the community's needs. Taxable value growth projections are shown below for the Study Area.

TABLE 3.14: STUDY AREA TAXABLE VALUE

	PROJECTED				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Assessed Value	$3,330,000	$3,330,000	$93,360,000	$238,000,000	$411,900,000
Prior Year New Growth	$0	$90,030,000	$144,640,000	$173,900,000	$90,000,000
TOTAL TAXABLE VALUE	**$3,330,000**	**$93,360,000**	**$238,000,000**	**$411,900,000**	**$501,900,000**

New growth calculations in the table above are based on the future construction provided in **Appendix C.** Assumptions regarding home values and price per square foot are provided in the **Table 3.15**.

TABLE 3.15: STUDY AREA TAXABLE VALUE NEW GROWTH

	PROJECTED				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RESIDENTIAL DEVELOPMENT					
New Workforce Units[1]	24	24	-	-	-
New Condos/Twin Homes[2]	44	90	98	48	13
New Single-Family Detached[3]	10	32	50	30	15
Total Residential New Growth	**$61,800,000**	**$139,140,000**	**$168,900,000**	**$90,000,000**	**$33,450,000**
COMMERCIAL DEVELOPMENT					
New Commercial SF[4]	15,000	22,000	20,000	-	-
New Overnight Accommodation SF[5]	10,000	-	-	-	-
Total Commercial New Growth	**$28,230,000**	**$5,500,000**	**$5,000,000**	**$0**	**$0**
TOTAL NEW GROWTH	**$90,030,000**	**$144,640,000**	**$173,900,000**	**$90,000,000**	**$33,450,000**

Note 1: Assumes $100,000 per unit.
Note 2: Assumes $1.5M per unit.
Note 3: Assumes $2.4M per unit.
Note 4: Assumes $250 per commercial SF.
Note 5: Assumes $2,448 per room SF.

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. LRB assumed an AAGR of five percent for the population and point of sales projections. Population revenues are distributed to local entities based on the ratio of their population to the State's population. Retail point of sale revenues was calculated using estimated commercial square footage, while online point of sale revenues was calculated using sales tax data from Grand County and E-Commerce figures from the US Census Bureau. 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 sales methodologies further and **Section 7** outlines the challenges presented by the data utilized to calculate sales tax revenues.

TABLE 3.16: STUDY AREA ESTIMATED SALES TAX REVENUE

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Population Distribution	$28,003	$83,128	$142,705	$178,314	$195,616
Point of Sale Distribution	$55,042	$114,711	$175,472	$194,490	$207,446
TOTAL ESTIMATED SALES TAX	**$83,044**	**$197,839**	**$318,177**	**$372,805**	**$403,062**

PUBLIC FACILITIES

There are presently no public facilities within the Study Area boundaries, except for utility-related infrastructure. There are various networks surrounding the proposed municipality including Moonflower Canyon and Moab Rim Trail.

SECTION 4: INITIAL & FIVE-YEAR COST PROJECTIONS

Utah Code §10-2a-504(3) requires the preliminary feasibility study to include:

> *an analysis of the following, determined as if, at the time of the analysis, the proposed preliminary municipality area is incorporated as a town with a population of 100 people; and, subject to Subsection (3)(b), the initial and five-year projected cost of providing municipal services to the proposed preliminary municipality area, 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.[4] This analysis assumes that several municipal services provided by the County, Special Districts, and private companies will continue to be provided regardless of the incorporation. 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: Kane Springs Water Company, Grand County Water Conservancy District, Grand County Special Service Water District
- Sewer: Kane Springs Improvement District
- Fire: Moab Valley Fire Protection District
- Parks and Recreation: Grand County Cemetery Maintenance District, Grand County Recreation Service District, Grand County General Fund (there are currently no park facilities within the Study Area)
- Solid Waste: Solid Waste Special Service District #1

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 and Animal Control
- Roads

COUNTY COST ESTIMATES

Expenditures related to County services were calculated using calendar year (CY) financial reports detailing General Fund actuals from CY 2019 – 2023, updated based on proposed CY 2024 budget information and recommendations from the County Clerk/Auditor. For the purposes of this analysis, the tables below combine the County's projected expenditures into the general categories specified in the financial report.

[4] Utah Code 10-2a-205(4)(b)(i)

TABLE 4.1: COUNTY SCENARIO: HISTORIC AND PRESENT EXPENDITURES

	2019	2020	2021	2022	2023	2024
General Government	$3,963,843	$3,755,185	$3,616,673	$4,783,217	$5,839,944	$5,851,384
Public Safety	$6,101,488	$6,052,999	$7,360,218	$8,768,057	$10,899,656	$11,443,361
Public Works	$627,040	$687,573	$685,216	$806,141	$1,015,386	$951,864
Public Health	$186,392	$185,281	$184,508	$190,261	$191,414	$194,098
Community	$1,171,635	$1,054,926	$1,287,305	$1,462,157	$1,788,957	$1,771,406
Intergovernmental	$505,561	$677,206	$167,217	$298,909	$367,565	$332,621
Transfers Out	$786,712	$637,315	$5,676,874	$3,323,558	$7,333,223	$601,421
TOTAL	**$13,342,671**	**$13,050,485**	**$18,978,011**	**$19,632,300**	**$27,436,145**	**$21,146,155**

Between 2019 and 2024, the County's GF expenditures grew at an AAGR of 9.6 percent. The five-year projections are based on an analysis of the historic AAGR for each budget line item, which are then applied to account for inflation and anticipated growth.[5] **Table 4.2** illustrates the County's estimated expenditures if they are fixed, meaning the General Fund expenditures will not be reduced and the County tax rate will remain the same if there is an incorporation.

TABLE 4.2: COUNTY SCENARIO: INITIAL AND 5-YEAR PROJECTED EXPENDITURES

	2025	2026	2027	2028	2029	2030
General Government	$7,053,662	$7,403,026	$7,777,097	$8,177,918	$8,607,712	$9,068,907
Public Safety	$11,051,304	$11,563,122	$12,104,921	$12,678,697	$13,286,600	$13,930,940
Public Works	$997,229	$1,045,143	$1,095,761	$1,149,254	$1,205,802	$1,265,598
Public Health	$196,143	$198,229	$200,357	$202,527	$204,741	$206,999
Community	$1,845,277	$1,923,489	$2,006,353	$2,094,208	$2,187,419	$2,286,383
Intergovernmental	$342,600	$352,878	$363,464	$374,368	$385,599	$397,167
Transfers Out	$619,286	$638,937	$660,553	$684,331	$710,486	$739,257
TOTAL	**$22,105,500**	**$23,124,822**	**$24,208,506**	**$25,361,303**	**$26,588,358**	**$27,895,250**

STUDY AREA COST ESTIMATES (ASSUMING TOWN INCORPORATION)

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

- Per capita expenditures within the General Fund applicable to unincorporated areas
- Per capita expenditures of comparable cities
- Expenditures per center lane mile of comparable cities
- Average total expenditures per mile based on County estimates

INCORPORATION COST

A one-time cost due to incorporation is included in the analysis for when the population of the Study Area is expected to reach over 99 people.[6] **Table 2.1** shows the Town's population exceeding 99 people in 2026. These expenses include the estimated election cost, assuming the incorporation goes to a vote, and the LRB contract cost. According to a discussion with the County Clerk/Auditor, the County administers Caste Valley's elections in addition to unincorporated areas. To determine the estimated election cost for the Study Area, LRB calculated the per capita cost based on Castle Valley's FY 2024 election expense. After applying an inflationary increase of

[5] §10-2a-504(3)(b)(iii)
[6] §10-2a-510(1)

three percent, the election cost per capita for Castle Valley is $30. Applying this cost to the Kane Creek 2026 population of 180 results in an election cost of $5,411.

GENERAL GOVERNMENT SERVICES

Grand County does not have a separate Municipal Service Fund accounting for the cost of services provided to unincorporated county. As a result, this study analyzes the County's General Fund. Based on discussions with the County, expenditures related to assessor, surveyor, and county maintenance are County-level provided services and will remain regardless of incorporation. Assessor, surveyor, and county maintenance expenditures account for approximately 25 percent of total general government expenditures in 2024. A per capita rate removing assessor, surveyor, and county maintenance was calculated to determine Kane Creek's estimated general government expenditures. This figure was extended to 2030 at a three percent annual growth rate and applied to the projected Study Area population.

TABLE 4.3: KANE CREEK GENERAL GOVERNMENT SERVICES 5-YEAR PROJECTED COSTS

		PROJECTED				
	INITIAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
GF Government Services Cost per Capita[1]	$541	$557	$574	$591	$608	$627
Kane Creek Population	-	180	517	860	1,040	1,105
TOTAL GENERAL GOVERNMENT COSTS	**$0**	**$100,106**	**$296,469**	**$507,744**	**$632,942**	**$692,715**

Note 1: Does not include costs related to assessor, surveyor, and county maintenance.

As the Kane Creek population increases to 1,105 people at the end of the five-year period, general government costs also increase. LRB gathered FY 2024 budget information for Green River and Monticello cities to determine the average expense for general government services for municipalities with near or over 1,000 people. After removing budgetary line items determined to be one-time expenses or irrelevant to maintaining the present LOS, the FY 2024 general government expense for Green River was $1.3M and $562,700 for Monticello. The projected 2030 cost determined in **Table 4.3** of $692,715 falls between the Green River and Monticello's average cost. LRB also gathered FY 2024 budget data for communities with under 1,000 people including Bluff, Boulder, Castle Valley, Clawson, Hanksville and Leeds. The average general government expense for municipalities under 1,000 people is roughly $126,800 and the average per capita rate is $433. Kane Creek's initial per capita rate exceeds the per capita rate of $433.

LAW ENFORCEMENT AND ANIMAL CONTROL

LRB gathered budget data from nine comparable Cities in Utah based upon population and geography. Of these nine comparable cities, four communities (Green River, Hanksville, Leeds, and Monticello) provide services related to law enforcement. A per capita rate using these four communities was calculated to determine the proposed Town's law enforcement expense. This figure was extended to 2030 at a three percent annual growth rate and applied to the projected Study Area population.

TABLE 4.4: LAW ENFORCEMENT PER CAPITA COST ALLOCATION

		PROJECTED				
	INITIAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Comp. Public Safety Cost per Capita	$68	$70	$72	$74	$76	$79
Kane Creek Population	-	180	517	860	1,040	1,105
TOTAL LAW ENFORCEMENT COSTS	**$0**	**$12,567**	**$37,217**	**$63,740**	**$79,457**	**$86,960**

Budgetary line items determined to be one-time expenses or irrelevant to maintaining the present level of service were removed from the estimation of this expense. Comparative communities include Green River, Hanksville, Leeds, and Monticello.

ROADS

Of the eight total miles of Kane Creek Road 114, the County currently maintains the 1.34 miles that are in the Study Area. According to the County (see **Appendix D**), this road would remain a County Class B road, and the Town would not incur any cost nor gain any Class C revenue from Kane Creek Road 114. The remaining roads, as well as future roads in Kane Creek are, or will be, privately owned and maintained. According to the Sponsor, an estimate of two miles of private roads will be constructed. To quantify the financial impacts to the taxpayers of the proposed town, this analysis includes potential roads costs, assuming the Town constructs 0.4 miles of roads per year, totaling 2 road miles at the end of the five-year horizon.

TABLE 4.5: KANE CREEK PROJECTED WEIGHTED MILEAGE

	PROJECTED				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Kane Creek Mileage	0.40	0.80	1.20	1.60	2.00
UDOT Multiplier*	5	5	5	5	5
TOTAL WEIGHTED MILEAGE	**2.00**	**4.00**	**6.00**	**8.00**	**10.00**
*Based on Class B and C Roads Apportionment Formula (Utah Code 72-2-108)					

Data on comparable towns were gathered to determine a typical operations and maintenance cost per weighted mile. The data included in the analysis comprises weighted mileage and FY 2024 budgeted roads expenditures. The average cost per weighted mile is estimated at $1,552.

TABLE 4.6: COMPARABLE TOWN'S ROAD COSTS

	WEIGHTED MILEAGE (FY24)	ROADS EXPENSE FY24	EXPENSE PER WEIGHTED MILE
Bluff	58.60	$10,020	$171
Boulder	35.65	$47,703	$1,338
Castle Dale	71.14	$152,961	$2,150
Castle Valley	46.26	$94,405	$2,041
Clawson	14.53	$1,000	$69
Green River	48.01	$33,070	$689
Hanksville	14.70	$1,700	$116
Leeds	52.58	$92,202	$1,754
Monticello	84.50	$476,502	$5,639
		Average Expense per Weighted Mile	**$1,552**
Source: State Road GIS Shapefile, UDOT B&C Road Fund Information, Mileage and Annual Summary Reports, Utah State Auditor, Local and State Government Budget Reports			

In comparison, LRB gathered 2024 budget information from Grand County's Class B Roads Fund[7] to determine the average cost per weighted mile for the County. The County's cost per weighted mile is estimated at $1,181, which is lower than the average cost per weighted mile of $1,552 calculated in **Table 4.6**. The figure calculated in **Table 4.6** is utilized to project potential road costs in **Table 4.7** and is extended to 2030 at a three percent annual growth rate and applied to the projected Study Area weighted mileage.

[7] Discussions with County staff indicate the Class B Roads Fund is used to service unincorporated County.

TABLE 4.7: KANE CREEK ROADS EXPENSE 5-YEAR PROJECTED COSTS

	PROJECTED				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Cost per Weighted Mile	$1,552	$1,598	$1,646	$1,696	$1,747
Kane Creek Weighted Miles	2.00	4.00	6.00	8.00	10.00
TOTAL ESTIMATED ROADS COST	**$3,104**	**$6,393**	**$9,878**	**$13,565**	**$17,465**

Table 4.8 summarizes the expenditures forecasted for the proposed Study Area. This scenario includes 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 developer during Phase I of development.

TABLE 4.8: KANE CREEK 5-YEAR PROJECTED EXPENDITURES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Incorporation Costs	$29,651	$0	$0	$0	$0
General Government	$100,106	$296,469	$507,744	$632,942	$692,715
Law Enforcement & Animal Control	$12,567	$37,217	$63,740	$79,457	$86,960
Roads	$3,104	$6,393	$9,878	$13,565	$17,465
TOTAL OPERATING EXPENSE	**$145,427**	**$340,080**	**$581,362**	**$725,964**	**$797,140**

SECTION 5: INITIAL & FIVE-YEAR PROJECTED REVENUE

Utah Code §10-2a-504(3) requires the preliminary feasibility study to include:

> *an analysis of the following, determined as if, at the time of the analysis, the proposed preliminary municipality area is incorporated as a town with a population of 100 people; and, assuming the same tax categories and tax rates as imposed by the county and all other current service providers at the time during which the feasibility consultant prepares the feasibility study, the initial and five-year projected revenue for the proposed preliminary municipality area.*

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 CY financial reports detailing General Fund actuals from CY 2019 – 2023, updated based on proposed CY 2024 budget information and recommendations from the County Clerk/Auditor. 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. The projections below are based on an analysis of the historic AAGR for each budget line item, as well as insight from County staff. Between 2019 and 2024, the County's GF revenue grew at an AAGR of 9.6 percent.

Table 5.1: County GF Historic and Current Revenues

	2019	2020	2021	2022	2023	2024
Taxes	$5,873,055	$7,258,038	$8,534,910	$10,023,474	$10,316,515	$10,488,913
Licenses and Permits	$374,760	$353,773	$446,013	$420,245	$383,200	$327,500
Intergovernmental	$1,959,301	$3,637,593	$3,229,419	$1,947,044	$7,331,708	$1,060,658
Charges for Services	$411,132	$614,176	$657,054	$625,865	$781,529	$978,565
Fines and Forfeitures	$505,274	$314,887	$391,616	$353,182	$348,490	$351,000
Interest Income	$168,386	$63,449	$69,389	$413,383	$986,227	$87,533
Miscellaneous	$647,246	$540,708	$756,903	$862,278	$1,038,739	$792,342
Transfers In	$3,454,052	$2,664,874	$6,578,469	$6,794,693	$6,250,780	$7,054,646
Total	**$13,393,206**	**$15,447,498**	**$20,663,773**	**$21,440,164**	**$27,437,188**	**$21,141,157**

Table 5.2 includes property tax projected tied to new growth at five percent. While County General Fund expenditures exceed revenues from 2025 through 2027, an additional levy is not modeled in this analysis due to revenues beginning to exceed expense beginning in 2028. This trend is consistent with historical General Fund budget data, demonstrating revenues exceeding expense by an average of 5.4 percent from 2019 – 2024.

Table 5.2: County Scenario Initial & 5-year Projected Revenues

	2025	2026	2027	2028	2029	2030
Taxes	$10,926,157	$11,383,994	$11,863,425	$12,365,505	$12,891,339	$13,442,085
Licenses and Permits	$335,875	$344,504	$353,394	$362,554	$371,991	$381,715
Intergovernmental	$1,091,968	$1,125,617	$1,161,816	$1,200,795	$1,242,806	$1,288,128
Charges for Services	$1,040,222	$1,107,981	$1,182,451	$1,264,301	$1,354,268	$1,453,160
Fines and Forfeitures	$351,000	$351,000	$351,000	$351,000	$351,000	$351,000
Interest Income	$96,286	$105,915	$116,506	$128,157	$140,973	$155,070

	2025	2026	2027	2028	2029	2030
Miscellaneous	$811,144	$831,132	$852,395	$875,024	$899,120	$924,793
Transfers In	$6,852,725	$7,512,990	$8,238,246	$9,034,946	$9,910,186	$10,871,766
TOTAL	**$21,505,376**	**$22,763,133**	**$24,119,234**	**$25,582,283**	**$27,161,683**	**$28,867,717**

STUDY AREA REVENUES (ASSUMING TOWN INCORPORATES)

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

- Property tax based on assessed value and new growth
- State Sales Tax allocation based on population and point of sale
- 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

The property tax revenue calculation is based on the assessed value of the Study Area and applying the projected County levy for general operations. With that said, Grand County does not have a separate Municipal Service Fund accounting for the cost of services provided to unincorporated county. Based on discussions with the County, expenditures related to assessor, surveyor, and county maintenance are provided for all County residents. These county-wide services' expenditures account for approximately 25 percent of total general government expenditures. LRB applied a LOS adjustment for revenues generated from the County equivalent tax rate to be more reflective of the services currently provided to unincorporated county.

New growth calculations in the table above are based on the future construction provided in **Appendix C.** Assumptions regarding home values and price per square foot are provided in the **Table 3.16**.

TABLE 5.3: STUDY AREA TAXABLE VALUE 5-YEAR PROJECTED REVENUES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Assessed Value	$3,330,000	$3,330,000	$93,360,000	$238,000,000	$411,900,000
New Growth	$0	$90,030,000	$144,640,000	$173,900,000	$90,000,000
TOTAL TAXABLE VALUE	**$3,330,000**	**$93,360,000**	**$238,000,000**	**$411,900,000**	**$501,900,000**
County GF Levy	0.001416	0.001416	0.001416	0.001416	0.001416
Tax Revenue from GF Levy	**$4,717**	**$132,244**	**$337,126**	**$583,454**	**$710,939**
LOS Adjustment	*75%*	*75%*	*75%*	*75%*	*75%*
ADJUSTED TAX REVENUE	**$3,538**	**$99,183**	**$252,844**	**$437,591**	**$533,204**

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. Future sales tax growth projections are based on a general growth estimate of five percent.

Population revenues are distributed to local entities based on the ratio of their population to the State's population as a whole. The State population distribution pool in **Table 5.4** represents an average between the applicable current and prior fiscal year to estimate State's sale tax for the calendar year. The calculated average was then multiplied by 50 percent to distribute the total sales tax collections based on population.

TABLE 5.4: RATIO OF POPULATION DISTRIBUTION 5-YEAR PROJECTED REVENUES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
State Population Distribution Pool	559,948,216	587,945,627	617,342,909	648,210,054	680,620,557
Growth Rate	5.00%	5.00%	5.00%	5.00%	5.00%
State Population	3,595,100	3,656,244	3,718,428	3,781,670	3,845,987
Distributed per Capita	$155.75	$160.81	$166.02	$171.41	$176.97
Study Area Estimated Population	180	517	860	1,040	1,105
POPULATION DISTRIBUTION	**$28,003**	**$83,128**	**$142,705**	**$178,314**	**$195,616**

Point of sale revenues were calculated using estimated retail and hotel square footage. Retail point of sale revenues assume a starting commercial sales per square footage figure of $300 and is extended to 2030 at a five percent annual growth rate. Hotel point of sale revenues assume a daily rate of $150 per room with an occupancy adjustment of 70 percent. Online point of sale revenues is calculated using taxable sales revenue from Grand County and are adjusted based on E-Commerce figures from the US Census Bureau. During the third quarter of 2024, E-Commerce sales accounted for 15.6 percent of total store and non-store sales.[8]

TABLE 5.5: POINT OF SALE DISTRIBUTION 5-YEAR PROJECTED REVENUES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RETAIL					
Sales Tax per SF[1]	$315.00	$330.75	$347.29	$364.65	$382.88
Total Commercial SF	15,000	37,000	57,000	57,000	57,000
Subtotal Retail Sales	**$4,725,000**	**$12,237,750**	**$19,795,388**	**$20,785,157**	**$21,824,415**
HOTEL					
Daily Rate	$154.50	$159.14	$163.91	$168.83	$173.89
Hotel Rate Increase	3%	3%	3%	3%	3%
Hotel Rooms	102	102	102	102	102
Occupancy	70%	70%	70%	70%	70%
Subtotal Hotel Sales	**$4,026,425**	**$4,147,217**	**$4,271,634**	**$4,399,783**	**$4,531,776**
ONLINE					
Grand County Taxable Sales	$810,957,533	$851,505,410	$894,080,680	$938,784,714	$985,723,950
% E-Commerce	16%	16%	16%	16%	16%
Grand County E-Commerce Sales	$126,432,067	$132,753,670	$139,391,354	$146,360,921	$153,678,967
Grand County Population	10,072	10,466	10,865	11,103	11,225
Grand County Per Capita E-Commerce	$12,553	$12,685	$12,829	$13,182	$13,690
Kane Creek Population	180	517	860	1,040	1,105
Subtotal Online Sales	**$2,256,938**	**$6,557,288**	**$11,027,294**	**$13,713,151**	**$15,132,997**
Point of Sale Allocation	**0.50%**	**0.50%**	**0.50%**	**0.50%**	**0.50%**
TOTAL POINT OF SALE REVENUE	**$55,042**	**$114,711**	**$175,472**	**$194,490**	**$207,446**
Note 1: Assumes commercial sales per SF of $300. Figure is extended to future years at a five percent growth rate.					

TABLE 5.6: TOTAL SALES TAX 5-YEAR PROJECTED REVENUES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Population Distribution (**Table 5.4**)	$28,003	$83,128	$142,705	$178,314	$195,616
Retail Point of Sale (**Table 5.5**)	$55,042	$114,711	$175,472	$194,490	$207,446
TOTAL ESTIMATED SALES TAX	**$83,044**	**$197,839**	**$318,177**	**$372,805**	**$403,062**

[8] US Census Bureau. (2024, November). Quarterly Retail E-Commerce Sales. Retrieved from https://www.census.gov/retail/ecommerce.html

CLASS C ROAD FUND

Of the eight total miles of Kane Creek Road 114, the County currently maintains the 1.34 miles that are in the Study Area. According to the County (see **Appendix D**), this road would remain a County Class B road, and the Town would not incur any cost nor gain any Class C revenue from Kane Creek Road 114. The remaining roads in Kane Creek are privately owned and maintained. This analysis assumes that the Town will construct a total of two miles of roads by the end of five-year horizon.

TABLE 5.7: KANE CREEK PROJECTED WEIGHTED MILEAGE

	PROJECTED				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Kane Creek Mileage	0.40	0.80	1.20	1.60	2.00
UDOT Multiplier*	5	5	5	5	5
TOTAL WEIGHTED MILEAGE	**2.00**	**4.00**	**6.00**	**8.00**	**10.00**

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

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

TABLE 5.8: CLASS B&C ROADS HISTORIC AAGR

	2019	2020	2021	2022	2023	2024[1]	2025[1]	2019 – 2023 AAGR
Total Distribution Pool	179,188,729	177,562,815	194,764,526	203,134,579	216,853,217	227,446,713	238,557,711	**4.89%**
Lane Miles Pool	89,594,365	88,781,407	97,382,263	101,567,289	108,426,609	113,723,356	119,278,856	**4.89%**
Statewide Weighted Miles	121,813	122,842	124,521	125,318	126,997	128,328	129,672	**1.05%**

Note 1: Estimated using 2019 – 2023 AAGR.
Source: UDOT B&C Road Fund Information, Mileage and Annual Summary Reports

Utilizing **Table 5.8**'s calculated weighted mileage for the Study Area and methodology delineated in Utah State Code, the Study Area's distribution can be calculated.

TABLE 5.9: CLASS B&C ROADS INITIAL AND 5-YEAR PROJECTED REVENUES

	PROJECTED				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Distribution Pool	250,211,493	262,434,574	275,254,764	288,701,234	302,804,577
Lane Miles Pool	125,105,747	131,217,287	137,627,382	144,350,617	151,402,288
Statewide Weighted Miles	131,030	132,403	133,790	135,191	136,607
Distribution Per Weighted Mile	955	991	1,029	1,068	1,108
Estimated Weighted Miles	2.00	4.00	6.00	8.00	10.00
Lane Mile Distribution	**$1,910**	**$3,964**	**$6,172**	**$8,542**	**$11,083**
State Population	3,595,100	3,656,244	3,718,428	3,781,670	3,845,987
State Distribution per Capita	$34.80	$35.89	$37.01	$38.17	$39.37
Study Area Population	180	517	860	1,040	1,105
Population Distribution	**$6,256**	**$18,552**	**$31,814**	**$39,709**	**$43,514**
TOTAL STUDY AREA DISTRIBUTION	**$8,166**	**$22,517**	**$37,986**	**$48,251**	**$54,597**

LICENSES & PERMITS

Reflecting that business licenses and building permit fees, likely expected for the Study Area upon consideration of planned development, are charged at a rate that is proportional to the costs to the incorporated Town to issue them, licenses & permits revenue in this study are tied directly to estimated costs for planning and zoning. For this study, half of the estimated costs for planning and zoning are considered attributable to managing licenses and permits, thus expected licenses & permits revenue is equal to that value. LRB isolated the planning and zoning costs from the total general government expense calculated in **Table 4.2** to determine the license and permit revenues.

TABLE 5.10: LICENSES & PERMITS 5-YEAR PROJECTED REVENUES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
LICENSES & PERMITS REVENUE	$8,236	$24,392	$41,774	$52,074	$56,992

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 taxes, grants, and weed control fees. These alternate revenue mechanisms will be explored in greater detail in **Section 7**.

Table 5.11 summarizes the revenues forecasted for the proposed Study Area. This allows the proposed Town's fund balance to increase overtime and produce interest revenues.

TABLE 5.11: KANE CREEK 5-YEAR PROJECTED REVENUES

	PROJECTED				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Property Tax[1]	$3,538	$99,183	$252,844	$437,591	$533,204
Sales & Use Tax	$83,044	$197,839	$318,177	$372,805	$403,062
Class C Roads	$8,166	$22,517	$37,986	$48,251	$54,597
Licenses & Permits	$8,236	$24,392	$41,774	$52,074	$56,992
Interest Earnings	$0	$0	$0	$462	$3,241
TOTAL OPERATING REVENUES	**$102,984**	**$343,930**	**$650,781**	**$911,183**	**$1,051,096**

Note 1: Property tax revenue generated in Kane Creek assuming equivalent County rate. Property tax revenue is then adjusted by 75%.

SECTION 6: RISKS & OPPORTUNITIES

Utah Code §10-2a-504(3) requires the preliminary feasibility study to include:

> *an analysis of the following, determined as if, at the time of the analysis, the proposed preliminary municipality area is incorporated as a town with a population of 100 people; and, the risks and opportunities that might affect the actual costs described in Subsection (3)(a)(ii)(B) or the revenues described in Subsection (3)(a)(ii)(C) of the proposed preliminary municipality area.*

RISKS

Discussions with the County pointed to concern towards the impacts on infrastructure regardless of incorporation. The County Clerk/Auditor and Roads Department noted that Kane Springs Road is commonly used for recreation purposes and noted that road width improvements are most likely necessary to continue providing adequate recreation access. This study does not contemplate costs related to future CIP, as capital improvements that are not currently being provided by the County through the GF are not included in the current LOS. Should the Town 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. The County also acknowledged the potential fiscal impacts on storm water mitigation and emergency management from developing on a floodplain.

Roads within the boundary would most likely be privately funded and maintained. Therefore, expenses associated with roads would be the responsibility of the applicable Homeowner Association (HOA). In **Appendix D**, stakeholders pointed to the possible cost burden to residents as a result of HOA fees. While the Study illustrates potential costs if the proposed Town decides to maintain the new roads, actual road expenses will vary and be determined based on the contracts established by the newly incorporated town.

Several variables influence the Study Area's taxable assessed value and taxable sales revenues including new growth calculations based on future residential and commercial construction and general assumptions regarding home values and price per square foot. This analysis does not include a market feasibility study to determine whether the proposed commercial square footage is supportable. The lack of a market feasibility analysis presents a certain risk in that the study assumes the planned development will occur upon incorporation. Additionally, the financial feasibility of this study may be jeopardized if cost assumptions for home values and price per square foot are reduced.

As Kane Creek does not presently generate retail point of sale revenue, the fiscal sustainability of the Study Area is contingent upon proposed commercial and industrial development. In the event that this development does not transpire or proceeds at slower rates than modeled in this study, it is likely that total revenues would not offset total expenditures. Additionally, inflationary pressure will affect the Study Area, as well as the GF. 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. Incorporation may increase local authority to meet the requests and needs of residents.

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-504(3) requires the preliminary feasibility study to include:

> *an analysis of the following, determined as if, at the time of the analysis, the proposed preliminary municipality area is incorporated as a town with a population of 100 people; and, new revenue sources that may be available to the proposed preliminary municipality area that are not available before the area incorporates, including an analysis of the amount of revenues the proposed preliminary municipality area might obtain from those revenue sources.*

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.[9] To receive revenue from a transient room tax levy, Kane Creek 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 by temporarily lodging, a transient room tax may be a new revenue source the Town could contemplate.

FRANCHISE TAX - MUNCIPAL ENERGY SALES AND USE TAX

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

DEBT FINANCING

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

GRANTS

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

IMPACT FEES

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

FEES FOR SERVICES

The newly incorporated area will have the ability to adopt necessary fees related to services provided. This study has followed the statutory requirement to maintain the same level of service currently provided to residents based on the expenditures and revenue sources utilized within the 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.

[9] Utah State Tax Commission. (2023, Nov 3). Transient Room Taxes. Retrieved from https://tax.utah.gov/sales/transientroom

HOA FEES

Homeowner Association (HOA) fees or Property Owners Association (POA) fees may serve as a funding source for road maintenance and other services. To quantify the financial impacts to the taxpayers of the proposed town, this analysis includes potential roads costs, and all other government expenses, assuming the Town is responsible for covering these expenses. However, HOA or POA fees may be utilized for these services.

SECTION 8: FISCAL IMPACTS & PROJECTED TAX BURDEN

Utah Code §10-2a-504(3) requires the preliminary feasibility study to include:

> *an analysis of the following, determined as if, at the time of the analysis, the proposed preliminary municipality area is incorporated as a town with a population of 100 people: the projected tax burden per household of any new taxes that may be levied within the proposed preliminary municipality area within five years after incorporation as a town; and the fiscal impact of the proposed preliminary municipality area's incorporation as a town on unincorporated areas, other municipalities, special districts, special service districts, and other governmental entities in the county.*

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

FISCAL IMPACTS & TAX BURDEN ON THE COUNTY

A comparison of projected revenues and expenditures produces a surplus beginning in year three based on the County's projected 2025 rate of .001416, as shown in **Table 8.1**. The baseline tax impact to a primary residence in Grand County valued at $750,000[10] is $584.

Table 8.1: Fiscal Impacts on Grand County

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues					
County Rate	**0.001416**	**0.001416**	**0.001416**	**0.001416**	**0.001416**
Taxes	$11,383,994	$11,863,425	$12,365,505	$12,891,339	$13,442,085
Licenses and Permits	$344,504	$353,394	$362,554	$371,991	$381,715
Intergovernmental Revenues	$1,125,617	$1,161,816	$1,200,795	$1,242,806	$1,288,128
Charges for Services	$1,107,981	$1,182,451	$1,264,301	$1,354,268	$1,453,160
Fines and Forfeitures	$351,000	$351,000	$351,000	$351,000	$351,000
Interest Income	$105,915	$116,506	$128,157	$140,973	$155,070
Miscellaneous	$831,132	$852,395	$875,024	$899,120	$924,793
Transfers In	$7,512,990	$8,238,246	$9,034,946	$9,910,186	$10,871,766
Total Revenues	**$22,763,133**	**$24,119,234**	**$25,582,283**	**$27,161,683**	**$28,867,717**
Expenditures					
General Government	$7,403,026	$7,777,097	$8,177,918	$8,607,712	$9,068,907
Public Safety	$11,563,122	$12,104,921	$12,678,697	$13,286,600	$13,930,940
Public Works	$1,045,143	$1,095,761	$1,149,254	$1,205,802	$1,265,598
Public Health	$198,229	$200,357	$202,527	$204,741	$206,999
Community	$1,923,489	$2,006,353	$2,094,208	$2,187,419	$2,286,383
Intergovernmental	$352,878	$363,464	$374,368	$385,599	$397,167
Transfers Out	$638,937	$660,553	$684,331	$710,486	$739,257
Total Expenditures	**$23,124,822**	**$24,208,506**	**$25,361,303**	**$26,588,358**	**$27,895,250**
Net Revenues (Expense)	**($361,689)**	**($89,272)**	**$220,979**	**$573,324**	**$972,468**
County Taxable Value	$3,764,381,263	$3,952,600,327	$4,150,230,343	$4,357,741,860	$4,575,628,953
Total County Rate	**0.001416**	**0.001416**	**0.001416**	**0.001416**	**0.001416**
Baseline Impact on County Median Home ($750K)	**$584**	**$584**	**$584**	**$584**	**$584**

[10] Rocket Homes. (2024, Dec 6). Grand County Housing Market Report . Retrieved from https://www.rockethomes.com/real-estate-https://www.rockethomes.com/real-estate-trends/ut/grand-county

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

In the event of incorporation, the County would likely experience a loss of revenue, modeled here as equivalent to the projected revenue for the Study Area, resulting in the need for an additional property tax increase in year one over the baseline County levy. This increase represents lost revenue for municipal services, as well as revenues gained through the Sheriff's Department. The contract revenue is estimated at $12,567 in year one. The net impact of the Town incorporation is a loss of $90,417 in revenues in 2026, as illustrated in **Table 8.2.** This potential lost revenue is based upon the development scenario considered within this study for an incorporated town. However, this development scenario would likely not transpire if the Study Area were to remain unincorporated. As a result, it is unlikely that the GF 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, it is probable the County's GF would experience a decrease in expenses following the incorporation of the town.

TABLE 8.2: IMPACT TO COUNTY GF

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Potential Lost Revenue	($102,984)	($343,930)	($650,781)	($911,183)	($1,051,096)
Contract Revenue	$12,567	$37,217	$63,740	$79,457	$86,960
NET IMPACT TO COUNTY GF	**($90,417)**	**($306,713)**	**($587,041)**	**($831,726)**	**($964,136)**
Tax Impact	0.000024	0.000078	0.000141	0.000191	0.000211
County Levy (If Kane Creek Incorporates)	0.001441	0.001494	0.001558	0.001607	0.001627
Estimated Impact on Median Home ($750K)	$594	$616	$643	$663	$671
Baseline Impact on Median Home ($750K)	$584	$584	$584	$584	$584
TAX INCREASE FROM BASELINE	**$10**	**$32**	**$58**	**$79**	**$87**

FISCAL IMPACTS & TAX BURDEN ON STUDY AREA

The following section analyzes the fiscal impacts of a Town incorporation, which includes the incorporation costs outlined in §10-2a-510 and assumes the developers will construct a government office building during Phase I of development.

The results in **Table 8.3** assume the incorporated Town will assess a proportionate County tax rate necessary to maintain municipal services described in previous sections. A review of projected revenues under the proportionate County levy relative to proposed expenses illustrates a deficit in year one. Incorporation costs and delayed development contribute to the escalated costs in the first years of incorporation. Beginning in year two, revenues exceed expenditures within the Town and no additional Kane Creek rate is necessary to provide sufficient funding for the Study Area. <u>The annual revenue margin is at an average of 15.4 percent over the five-year window of this study, meeting the requirement outlined in UCA §10-2a-504(4) to allow the process of incorporation to proceed.</u>

TABLE 8.3: KANE CREEK FISCAL IMPACT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	AVERAGE
REVENUES						
PROPORTIONATE COUNTY RATE	**0.001416**	**0.001416**	**0.001416**	**0.001416**	**0.001416**	
Property Tax	$3,538	$99,183	$252,844	$437,591	$533,204	$265,272
Sales & Use Tax	$83,044	$197,839	$318,177	$372,805	$403,062	$274,985
Class C Roads	$8,166	$22,517	$37,986	$48,251	$54,597	$34,303
Licenses & Permits	$8,236	$24,392	$41,774	$52,074	$56,992	$36,694
Interest Earnings	$0	$0	$0	$462	$3,241	$741
Total Revenues	**$102,984**	**$343,930**	**$650,781**	**$911,183**	**$1,051,096**	**$611,995**
EXPENDITURES						
Incorporation Costs	$29,651	$0	$0	$0	$0	$5,930
General Government	$100,106	$296,469	$507,744	$632,942	$692,715	$445,995
Law Enforcement	$12,567	$37,217	$63,740	$79,457	$86,960	$55,988
Roads	$3,104	$6,393	$9,878	$13,565	$17,465	$10,081
Total Expenditures	**$145,427**	**$340,080**	**$581,362**	**$725,964**	**$797,140**	**$517,995**
NET (REVENUE MINUS EXPENSE)	**($42,443)**	**$3,850**	**$69,419**	**$185,219**	**$253,956**	**$94,000**
					REVENUE (EXPENSE) MARGIN*	**15.4%**

*Margin calculated by dividing net revenue by total revenues.

In year one, matching the County's proportionate tax rate is not sufficient to meet the expenditures within the Town and an additional Kane Creek rate is necessary to provide sufficient funding for the Study Area. The 2026 Town rate (.014162) is the sum of the County GF proportionate rate (.001416) and the Kane Creek rate (.012746). The tax impact within the Study Area is estimated at $5,842 for a primary residence valued at $750K in year one. This represents an increase of $5,258 above the projected County levy of $584, assuming the property tax levy remains unchanged following incorporation.

TABLE 8.4: KANE CREEK TAX BURDEN

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
EQUIVALENT 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**
Estimated Certified Tax Value	$3,330,000	$93,360,000	$238,000,000	$411,900,000	$501,900,000
Estimated Town Impact (Median Home $750K)	$5,842	$584	$584	$584	$584
County Baseline Impact (Median Home $750K)	$584	$584	$584	$584	$584
NET IMPACT	**$5,258**	**$0**	**$0**	**$0**	**$0**

*Kane Creek levy calculated based on estimated assessed value and 75% adjustment.
** Based on the sum of the "Combined County Rate" plus the "Additional Levy to Balance Budget".

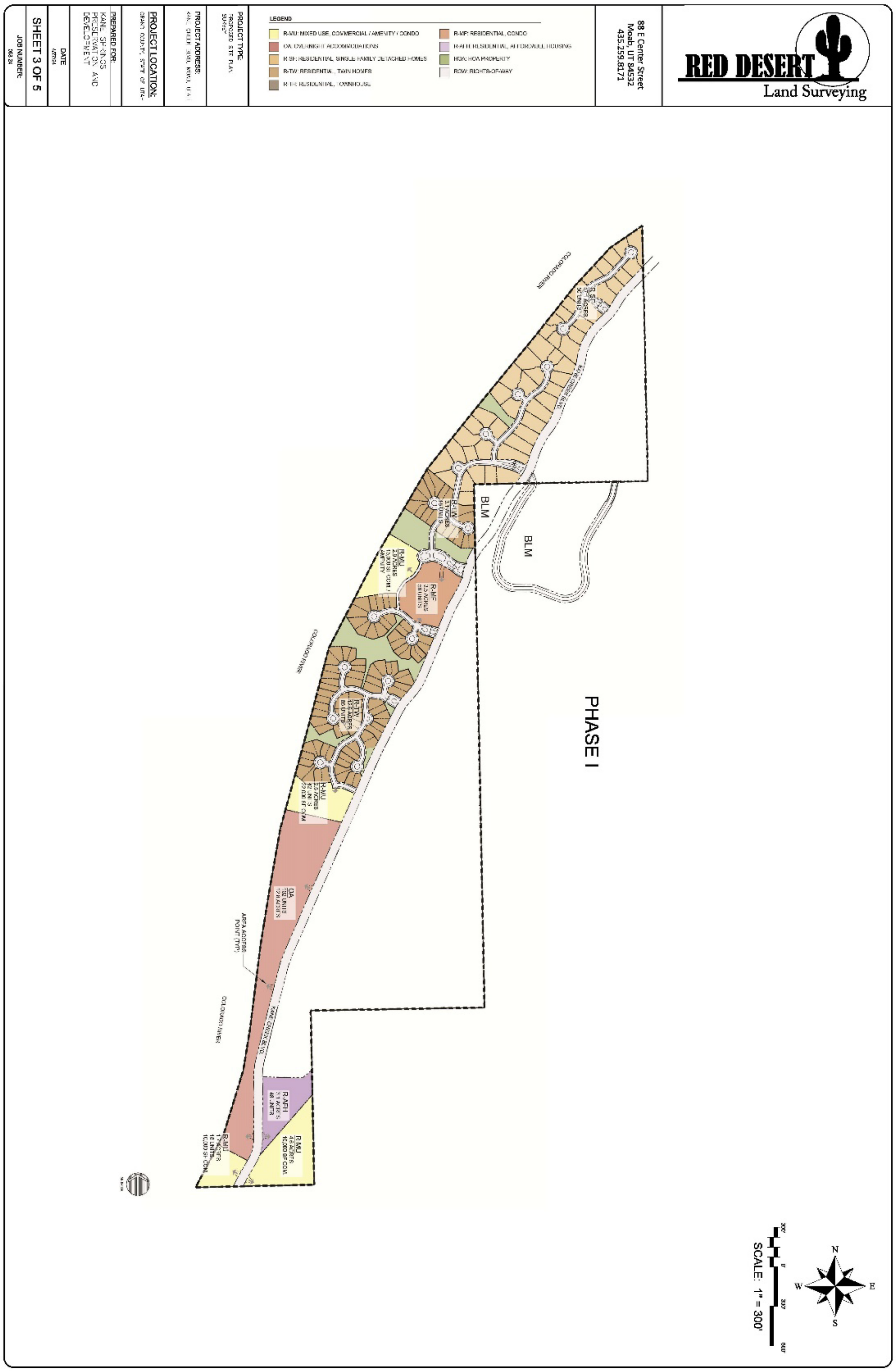
SECTION 9: WATER AVAILABILITY

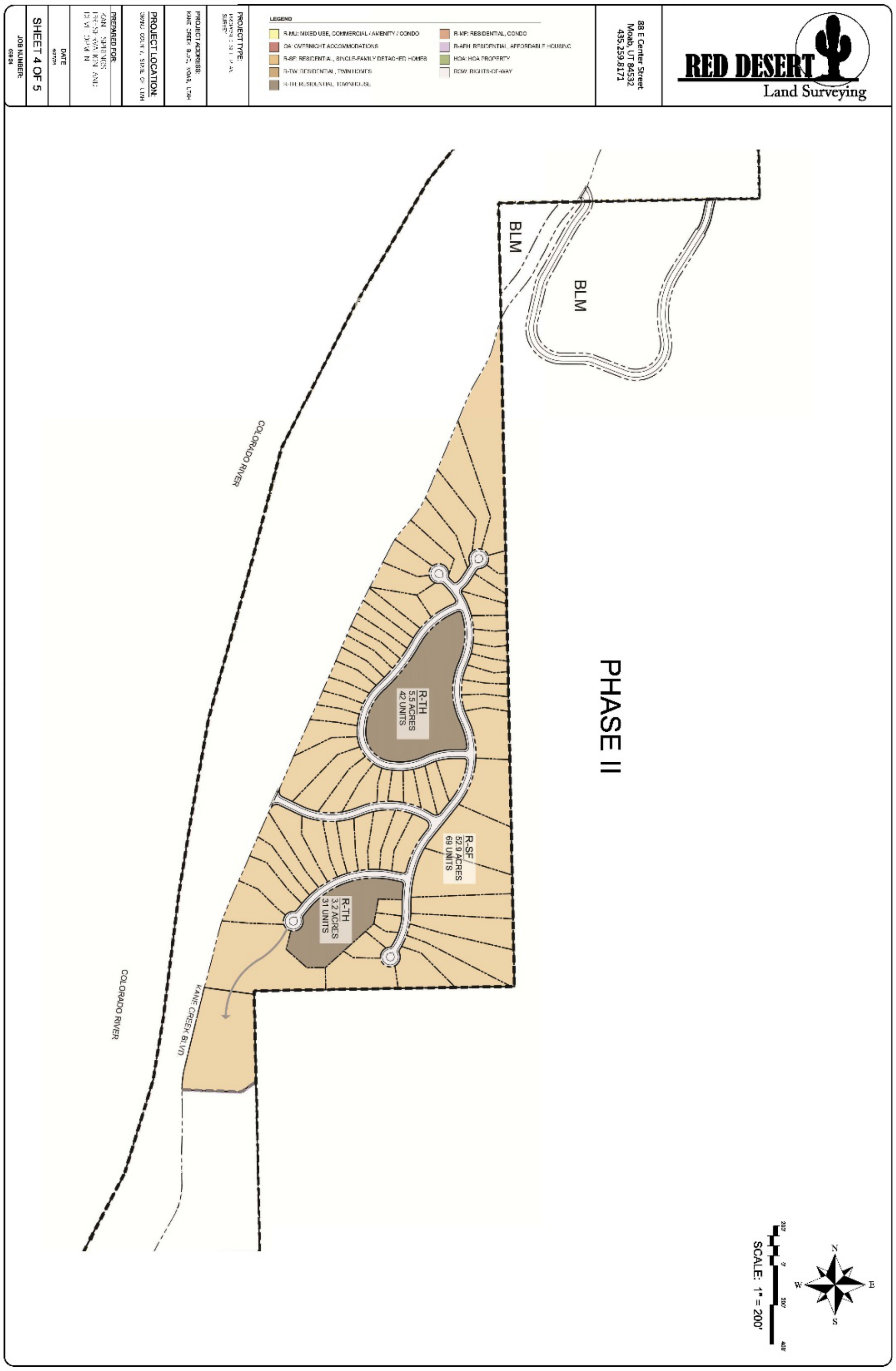
Utah Code §10-2a-504(3) requires the preliminary feasibility study to include:

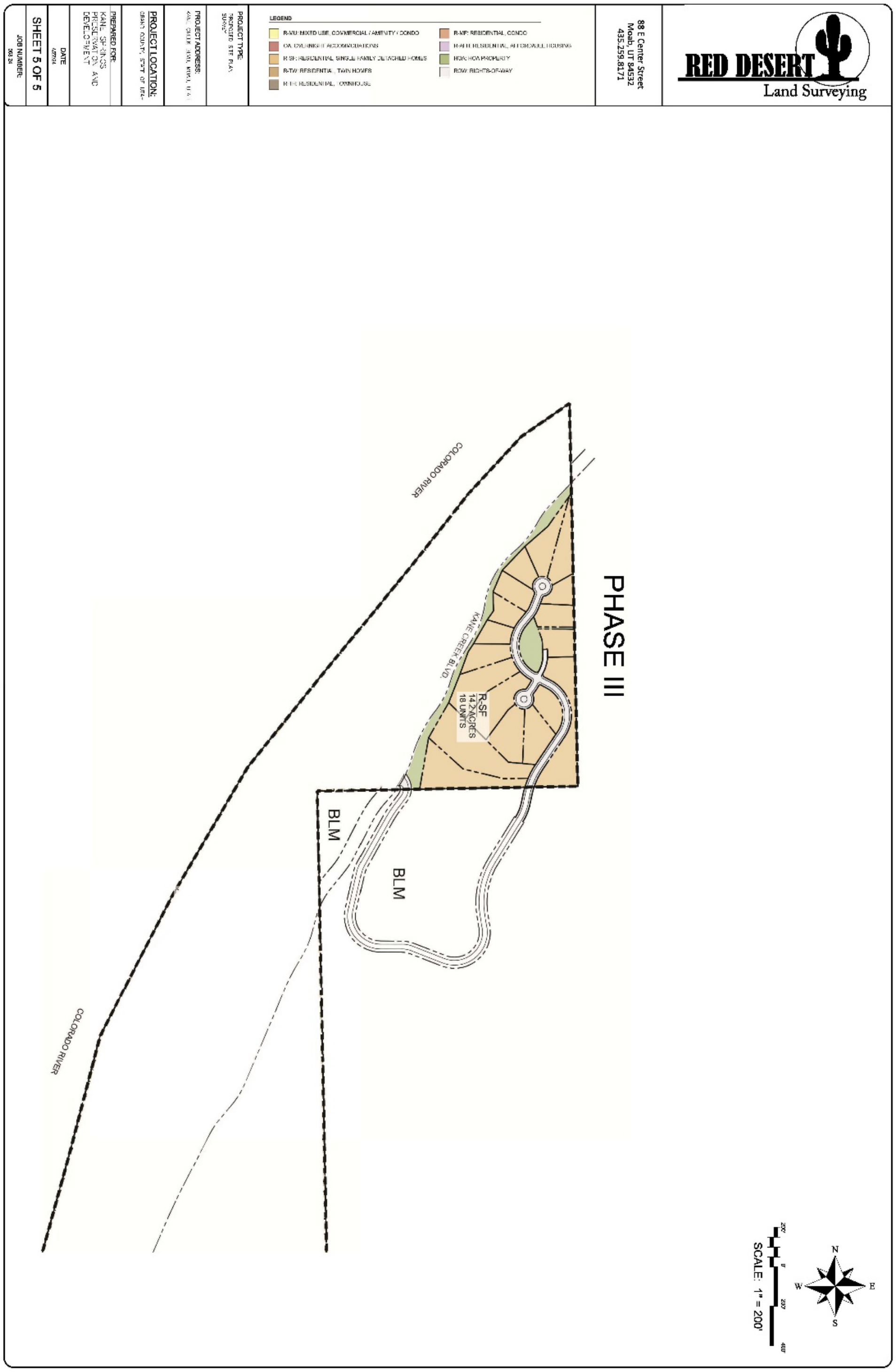
> *an analysis regarding whether sufficient water will be available to support the proposed preliminary municipality area when the development of the area is complete.*

Kane Springs Water Company will serve as the municipal water supply upon incorporation. The company presently has approximately 422-acre feet of water rights. Water sources include five wells and the ability to pull directly from the Colorado River. The developer estimates that the proposed development will likely need 200-acre feet, resulting in sufficient water supply to support the proposed preliminary municipality area when the development of the area is complete.

APPENDIX A: PHASE DEVELOPMENT MAPS




RED DESERT
Land Surveying
88 E Center Street
Moab, UT 84532
435.259.8171
LEGEND
PROJECT TYPE:
PROJECT ADDRESS:
PROJECT LOCATION:
PREPARED FOR:
DATE
SHEET 4 OF 5
JOB NUMBER
BLM
BLM
PHASE II
COLORADO RIVER
COLORADO RIVER
R-TH
5.5 ACRES
42 UNITS
R-SF
52.9 ACRES
69 UNITS
R-TH
3.2 ACRES
31 UNITS
KANE CREEK BLVD
SCALE: 1" = 200'


RED DESERT
Land Surveying
88 E Center Street
Moab, UT 84532
435.259.8171
SHEET 5 OF 5
PHASE III
R-SF
14.2 ACRES
18 UNITS
KANE CREEK BLVD.
COLORADO RIVER
BLM
BLM
COLORADO RIVER
SCALE: 1" = 200'

Kem C. Gardner
POLICY INSTITUTE
THE UNIVERSITY OF UTAH
DAVID ECCLES SCHOOL OF BUSINESS

Memorandum

June 24, 2024
To: Jordan Schwanke, 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: Kane Creek Preliminary Municipal Feasibility Review

Introduction
This review follows the feasibility request for the preliminary municipality of Kane Creek, in Grand County, Utah. This memo determines whether Kane Creek meets the population, density, and contiguity requirements for preliminary incorporation (defined in Utah Code 10-2a-503).

The Utah Population Committee (UPC) analysis indicates that Kane Creek meets the preliminary incorporation requirements.

Table 1: Initial Feasibility Requirements for West Hills Incorporation

Criteria	Meets Criteria?	Requirement by Statute	West Hills Details
Population	Yes	Population must be equal to or greater than 100 when all phases of the plan are completed.	Population estimate upon plan completion: 1,105
Population Density	Yes	Density must be seven people per square mile or higher	Population density estimate upon plan completion: 4,009 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-502.

Table 2: Kane Creek Population Estimate

Phase	Population Estimate
Phase 1	733
Phase 2	330
Phase 3	42
Total	**1105**

Methodology
Housing Unit Method

The UPC uses the housing unit method of estimation to determine the population of places seeking to incorporate. For preliminary municipal incorporations where the population of the defined area is zero, estimates of housing units are taken as given from the description of the preliminary municipality.

The method assumes that single family homes and other residential structures with less than 12 units are owner-occupied. Residential structures with 12 or more units are considered renter occupied. The method assumes 99% occupancy for owner-occupied units and 97% occupancy for renter-occupied units. Occupied units are then multiplied by county-level persons per household (2.37 for Grand County) from the 2020 census to determine household population.

APPENDIX C: BUILDOUT PROFORMA

Property Section		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Phase 1 - Lower Riverside Land								
RM-U	Mixed Use, Commercial / Amenity		15,000	22,000	20,000			57,000
OA	Hotel - Commercial Space		10,000					10,000
	Total Commercial Sq Ft	0	25,000	22,000	20,000	0	0	67,000
OA	Overnight Accommodations		102					102
R-AFH	Residential, Affordable Housing (Rental)		24	24				48
	Total Units - OA & Long-Term Rental	0	126	24	0	0	0	150
R-MU	Condos in Mixed Use Locations			24	36			60
RM-F	Central Amenity Area - Condos		24	24	8			56
R-SF	Residential, Single-Family Detached		10	20	20			50
R-TW	Residential, Twin Homes		20	30	30	24		104
	Total Phase 1 For Sale Units	0	54	98	94	24	0	270
Phase 2 - Main Upper Land								
R-SF	Residential, Single-Family Detached			6	24	24	15	69
R-TH	Residential, Townhouse Attached			12	24	24	13	73
	Total Phase 2 For Sale Units	0	0	18	48	48	28	142
Phase 3 - North Upper Land								
R-SF	Residential, Single-Family Detached			6	6	6		18
	Total Phase 3 For Sale Units	0	0	6	6	6	0	18
All Phases - Total For Sale Units		**0**	**54**	**122**	**148**	**78**	**28**	**430**
All Phases - Total All Residential Unit Types		**0**	**78**	**146**	**148**	**78**	**28**	**478**

Assumptions

Schedule is based on closing and delivery for all built product, R-SF is based on expected build completion by buyers (18 month build cycle)
Commercial / Mixed Use - Developed in three locations shown on plan, moving from North to South end of development
Hotel Completed by end of Year 2
Residential Affordable Product built in (2) 24 unit phases.
Central Amenity Condos are first product out of the ground, mix of 8 and 12 unit buildings
Upper Land units - deferred offering until 18-24 months from Lower Land launch
Assume incorporation four years from first Certificate of Occupancy at month 18 after launch / Time to full incorporation from Preliminary Municipality at approx. 5.5 years
Gross initial sales prices for Property Taxes: Condos at $800K-$1.2M, Twinhomes & Townhomes at $1.8-$2.2M, Residential Lots from $1.5M-$2.5M (Home Values at $3-$5M)

LAND USE TABULATIONS BY PHASE

PHASE #	KEY	LAND USE	LAND AREA	COMM. SF*	OVERNIGHT ACCOMMODATION UNITS†	SINGLE FAMILY DETACHED UNITS	TWIN HOME UNITS	TOWNHOUSE UNITS	CONDO UNITS	TOTAL FOR-SALE DWELLING UNITS	AFFORDABLE HOUSING UNITS	TOTAL ALL DWELLING UNITS	Density (Dwelling Units per Acre)
1	R-MU	Mixed Use, Commercial/Amenity/Condo §	11.8 acres	57,000 sf					60 Units	60 Units		60 Units	
	OA	Overnight Accommodations	12.8 acres	10,000 sf	102 OA Units					0 Units		0 Units	
	R-SF	Residential, Single-Family Detached Homes	17.1 acres			50 Units				50 Units		50 Units	
	R-TW	Residential, Twin Homes	15.7 acres				104 Units			104 Units		104 Units	
	R-MF	Residential, Condo	3.5 acres						56 Units	56 Units		56 Units	
	R-AFH	Residential, Affordable Housing	3.1 acres							0 Units	48 Units	48 Units	
	HOA	HOA Property	6.0 acres							0 Units		0 Units	
	ROW	Rights-of-Way	9.9 acres							0 Units		0 Units	
sub-totals			79.9 acres	67,000 sf	102 OA Units	50 Units	104 Units	0 Units	116 Units	270 Units	48 Units	318 Units	4.0 DU/AC
2	R-SF	Residential, Single-Family Detached Homes	52.9 acres			69 Units				69 Units		69 Units	
	R-TH	Residential, Townhouse	8.7 acres					73 Units		73 Units		73 Units	
	HOA	HOA Property	0.0 acres							0 Units		0 Units	
	ROW	Rights-of-Way	5.9 acres							0 Units		0 Units	
sub-totals			67.5 acres	0 sf	0 OA Units	69 Units	0 Units	73 Units	0 Units	142 Units	0 Units	142 Units	2.1 DU/AC
3	R-SF	Residential, Single-Family Detached Homes	14.2 acres			18 Units				18 Units		18 Units	
	HOA	HOA Property	1.9 acres							0 Units		0 Units	
	ROW	Rights-of-Way	1.7 acres							0 Units		0 Units	
sub-totals			17.8 acres	0 sf	0 OA Units	18 Units	0 Units	0 Units	0 Units	18 Units	0 Units	18 Units	1.0 DU/AC
Kane Creek Blvd	ROW	Rights-of-Way	11.2 acres									0 Units	
sub-totals			11.2 acres	0 sf	0 OA Units						0 Units	0 Units	
TOTALS			176.4 acres	67,000 sf	102 OA Units	137 Units	104 Units	73 Units	116 Units	430 Units	48 Units	478 Units	2.7 DU/AC

* Commercial lot layouts subject to site plan approval. Includes future amenity site.
† Overnight accommodation unit counts incorporated for purposes of calculating utility and infrastructure requirements.
§ MIXED USE refers to a commercial building with upper story residential

AREA SCHEDULE - UNIT TYPE

KEY	LAND USE	LAND AREA	TOTAL DWELLING UNITS
R-MU	Mixed Use, Commercial/Amenity/Condo §	11.8 acres	60
R-SF	Residential, Single-Family Detached Homes	84.2 acres	137
R-TW	Residential, Twin Homes	15.7 acres	104
R-TH	Residential, Townhouse	8.7 acres	73
R-MF	Residential, Condo	3.5 acres	56
R-AFH	Residential, Affordable Housing	3.1 acres	48
TOTALS		127.0 acres	478 DU

dtj DESIGN

KANE CREEK PRESERVATION & DEVELOPMENT
MASTER PLAN
KANE CREEK PRESERVATION & DEVELOPMENT LLC
GRAND COUNTY, UT

MASTER PLAN TABULATIONS

2

APPENDIX D: STAKEHOLDER FEEDBACK

Section §10-2a-504(3)(c) outlines the stakeholders that were consulted and received the draft of the preliminary feasibility study on December 11, 2024 to review and provide comment to the draft. The following appendix includes feedback from Grand County during the draft phase of the study. LRB's response to each item is in red.

Grand County stakeholders have reviewed the PRELIMINARY FEASIBILITY STUDY FOR THE PROPOSED INCORPORATION OF KANE CREEK, prepared by LRB Public Finance Advisors and dated December 2024 (hereinafter "the STUDY"). Below is the review.

1. The STUDY assumes the 1.34 miles of paved road, Route #114 - Kane Creek Boulevard (STUDY erroneously gives the name Canyon Road), would become a Class C road upon incorporation. This is not accurate, as an important collector road in the Grand County road system, this road would remain a County Class B road as permitted by Utah statute 17-50-305. Exclusion of this road substantially changes all the analysis and results presented in the STUDY, especially the predicted Class C road revenues.
LRB Response: The Study has removed the 1.34 miles of paved roads, assuming it would remain County maintained. Any revenue or cost related to Kane Creek Road 114 has been removed from the analysis.

2. The STUDY ignores all proposed new roads stating that these roads would be privately maintained. Presumably funding for this road maintenance will come from Property Owners Association (POA) fees. I think it important to consider that POA fees are essentially a property tax burden, and the POA and Town boundaries will be one and the same. The real cost to maintain all of the new circulation roads could be a significant cost burden to a limited population. If the purpose of the STUDY is to demonstrate the necessary property tax revenue, ignoring all the road maintenance costs as a private cost may not give an accurate picture.
LRB Response: The County property tax levy does not include the maintenance for private roads. For purposes of determining feasibility and in following Section 10-2a-504(3)(a)(ii)(B), expense related to private roads is not required. With that said, to illustrate potential costs to new roads, LRB has included a calculation (see Table 4.5 - 4.7) of road expense assuming new roads would be maintained by the new Town, although it is likely that new road costs would be incurred by residents via HOA fees. While adding these potential costs does not jeopardize the financial feasibility, the risk section will include this concern.

3. The STUDY develops a road operations maintenance unit cost by pulling from nine comparable towns. The unit costs from these nine towns varied widely (from $69/mile to $5,639/mile) and all the towns have 2 to 12 times the amount of mileage that the STUDY is based on. The actual road operation expenditures could vary widely from the STUDY estimate.
LRB Response: The average cost per mile from comparable towns ($1,552) is higher than the average cost per mile from the County's Class B road expense ($1,181). LRB will include the County's calculation for reference and language to clarify that we are using the higher cost estimate.

4. The STUDY does not account for the large up-front cost required to establish a road maintenance department. Initial equipment purchase could be $500,000 to $1,000,000 plus. The extremely small mileage amount does not offer any economy of scale.
LRB Response: A municipality at this size, especially during development and with all new roads, would be highly unlikely to have an in-house roads maintenance department. The Sponsor indicated the new Town would likely rely on a third party civil engineering contractor to assess and recommend needed repairs and the Town would then contract the work out for repairs.

5. Page 15 of the STUDY under the heading ROADS: paragraph under table 4.5 3rd sentence says " Canyon Road 114" and in table 4.6. This should be Kane Creek Road 114.
LRB Response: The Study has removed all references to Canyon Road 114 and has replaced it with Kane Creek Road 114.

6. Page 15 of the STUDY paragraph under Table 4.5 sentence 4 talks about maintenance expenses and types of maintenance. I suggest adding asphalt patching, rock fall removal, snow removal, flood cleanup and repair, culvert cleaning and repair, mowing roadside vegetation and signage repair/replacement.
LRB Response: The maintenance expense of Kane Creek Road 114 is no longer included in the Study, as item #1 stated that this road will remain a County Class B road.