WASATCH COUNTY, UTAH

FEASIBILITY STUDY FOR THE PROPOSED INCORPORATION OF WASATCH HIGHLANDS PRELIMINARY MUNICIPALITY

SEPTEMBER 2026

PREPARED BY:

LRB PUBLIC FINANCE ADVISORS

FORMERLY LEWIS YOUNG ROBERTSON & BURNINGHAM INC.

TABLE OF CONTENTS

DEFINITIONS

AAGR:	Average Annual Growth Rate
ACS:	American Community Survey
CIP:	Capital Improvement Plan
CY:	Calendar Year
FY:	Fiscal Year
EMS:	Emergency Medical Services
GF:	General Fund
HOA:	Homeowners Association
HU:	Housing Unit
IMWC:	Independence Mutual Water Company
JSSD:	Jordanelle Special Service District
LOS:	Level of Service
LRB:	LRB Public Finance Advisors
MSF:	Municipal Services Fund
OLG:	Office of the Lieutenant Governor
PPH:	Persons per Household
SSD:	Special Service District
UPC:	Utah Population Committee
WCFPSSD:	Wasatch County Fire Protection Special Service District
WCSSD #21:	Wasatch County Special Service District No. 21
WUI:	Wildlife-Urban Interface

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 Wasatch Highlands (Town or Study Area) preliminary municipality, an unincorporated area within Wasatch County (the County).[1] The purpose of this study is to compare the fiscal impact to the residents to the Town 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) to that provided in the area surrounding it. This feasibility study is intended solely to satisfy the statutory requirements of Utah Code § 10-2a-504 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 assumes newly constructed roads will be privately owned and maintained by the acting homeowners association (HOA), as intended by the Sponsors. Scenario 2 shows the financial impacts of the proposed Town should the newly constructed roads be maintained by the new Town. If the new Town maintains all new roads, additional revenues or taxes may be required. The results of Scenario 1 show that the **five-year average revenue margin is 14.3 percent, allowing the incorporation process to proceed pursuant to the 5 percent threshold established in Utah Code § 10-2a-504(5).**

TABLE 1.1: SUMMARY OF RESULTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	AVERAGE
Scenario 1: Net Revenue (Expense)	($21,268)	$85,064	$83,210	$72,970	$54,826	$54,960
Scenario 1 - New Roads are Privately Maintained: Revenue (Expense) Margin						14.3%
Scenario 2: Net Revenue (Expense)	($33,593)	$40,313	($145)	($31,656)	($114,593)	($27,935)
Scenario 2 - New Roads are Maintained by Town: Revenue (Expense) Margin						(7.0%)

Table 1.2 provides a summary of the tax impact to a median home ($1.2M) in the Study Area if incorporation occurs. The amounts shown represent the new tax needed to balance the Town's budget. Based on an estimated tax rate that is proportionate to municipal service levels provided in other counties, an additional Wasatch Highlands rate above the County's calculated proportionate rate would be necessary to provide sufficient funding for the Study Area in Year 1 under the first scenario.

TABLE 1.2: SUMMARY OF NET TAX IMPACT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Scenario 1: New Roads are Privately Maintained	$81	$0	$0	$0	$0
Scenario 2: New Roads are Maintained by Town	$128	$0	$0	$65	$188

Because Wasatch 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
- **Revenue gain** through contracting for 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-504(2)

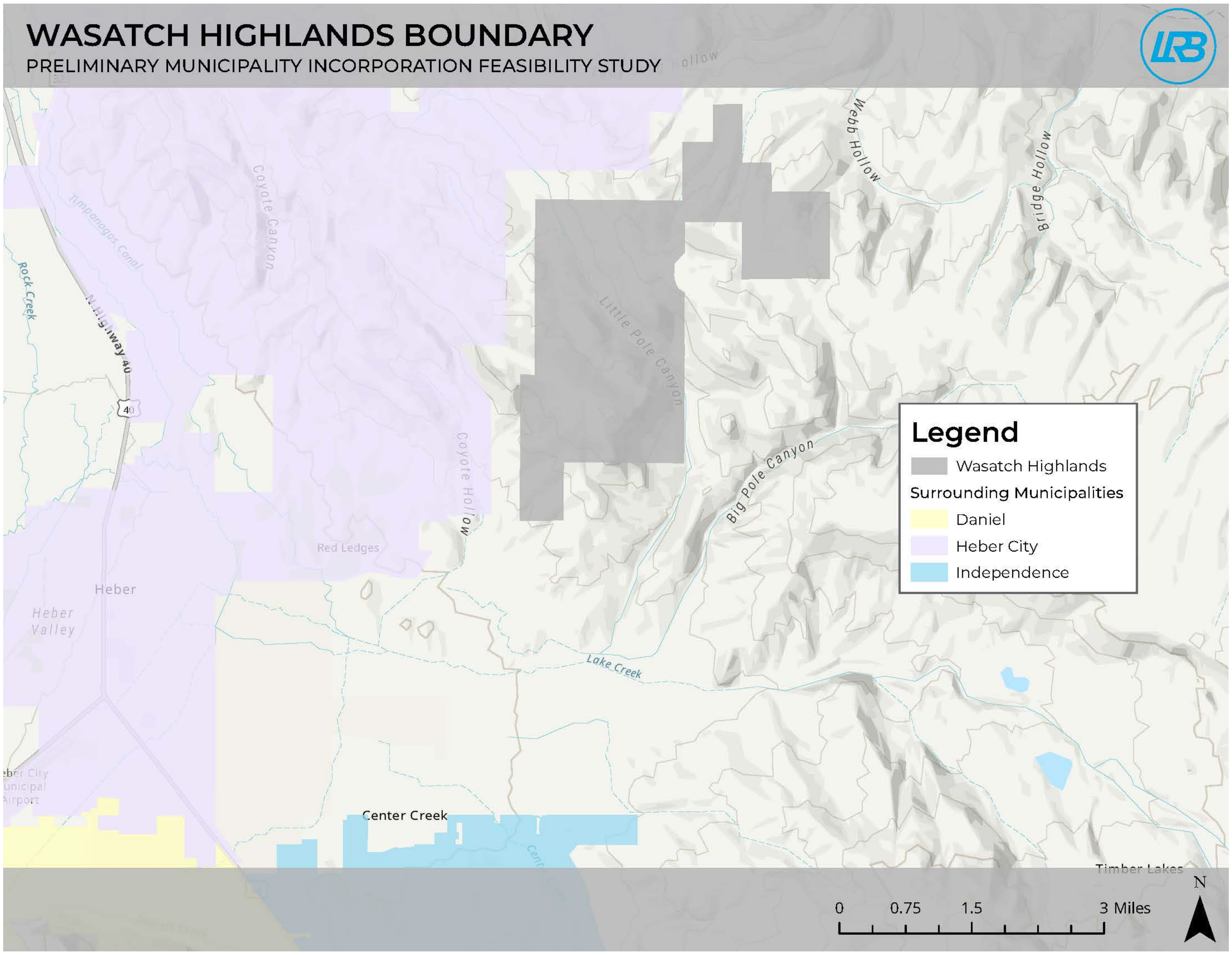
SECTION 2: POPULATION & POPULATION DENSITY

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 municipality boundary for the Study Area is illustrated in **Figure 2.1** and includes unincorporated areas of Wasatch County herein referred to as Wasatch Highlands.

FIGURE 2.1: STUDY AREA BOUNDARY



POPULATION

There was no population in the proposed Study Area at the time the feasibility request was submitted. The total estimated population of Wasatch Highlands upon phase completion is calculated at 2,205 persons as shown in **Table 2.1**. This was determined by the Utah Population Committee (UPC). The UPC's determination is provided in **Appendix B** of this report. The UPC assumes that condo and multi-family units are renter occupied, and single family units are owner 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 Wasatch County's persons per occupied housing unit (HU) of 3.13. **Section 3** of this report provides further details on population projections within the five-year horizon for the proposed Study Area.

The feasibility request was submitted to the OLG on January 1, 2026. The proposed preliminary municipality area is entirely within Census Tract 9405.01. To determine this tract's 2026 population, the average annual growth rate (AAGR) based on historic American Community Survey (ACS)[2] Census data from 2020 to 2024 was calculated at 7.4 percent. The AAGR was then applied to the most recently available ACS year (2024), resulting in a 2026 population estimate for Census Tract 9405.01 of 4,959.

TABLE 2.1: POPULATION ESTIMATE UPON PHASE COMPLETION

PHASE	PROJECTED POPULATION
Phase 1	254
Phase 2	-
Phase 3	465
Phase 4	313
Phase 5	378
Phase 6	251
Phase 7	273
Phase 8	273
Phase 9	-
Phase 10	-
TOTAL	**2,205**

Source: UPC

POPULATION DENSITY

The land area of the preliminary incorporation boundary for the Study Area is 4.21 square miles. Based on the land area, the UPC determined that the likely population density within the proposed preliminary municipality area when all phases of the plan are completed is 524 persons per square mile.

The land area of Census Tract 9405.01 is 927.77 square miles, resulting in a population density of 5.34 persons per square mile in the surrounding area.

[2] Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, Table DP05

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

POPULATION PROJECTIONS

Table 3.1 displays the projected population in the Study Area within the five-year horizon using the UPC's methodology described in **Section 2** and the development proforma provided by the Sponsor (see **Appendix A**).

TABLE 3.1: PROJECTED WASATCH HIGHLANDS POPULATION - UPC METHODOLOGY AND PROFORMA

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Projected New Homes	45	15	8	30	30
Projected Population	139	186	209	302	395
Households	45	60	68	98	128
Persons per Household[1]	3.10	3.10	3.10	3.10	3.10

[1] The UPC statutory buildout determination uses 3.13 persons per occupied HU to determine population. Applying the 99% occupancy for owner-occupied units results in a calculated PPH of 3.10.
Source: Sponsor

The proposed population will consist of both primary and secondary homes. Approximately 75 percent of new homes will be primary homes. The table below illustrates the proposed residential development through the five-year horizon, accounting only for primary homes. In Year 5, the calculated population is estimated at 297.

TABLE 3.2: PROJECTED WASATCH HIGHLANDS POPULATION - ADJUSTED FOR PRIMARY-RESIDENCE ASSUMPTION

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Projected New Primary Homes	34	11	6	22	23
Projected Population	105	139	158	226	297
Households	34	45	51	73	96
Persons per Household	3.10	3.10	3.10	3.10	3.10

Source: Sponsor

For purposes of calculating the surrounding area's initial and five-year projected population, the AAGR based on historic redistricting Census data from 2010 and 2020 was used. The AAGR was then applied to the most recent ACS Census data (2024). The projected County population includes the combined populations of each municipality, unincorporated Wasatch County, and Wasatch Highlands. The five-year demographic projections are illustrated in **Table 3.3**.

TABLE 3.3: PROJECTED WASATCH HIGHLANDS AND SURROUNDING AREA POPULATION

	2026	2027	2028	2029	2030	2031	AAGR
Wasatch County	39,641	41,238	42,902	44,637	46,446	48,332	4.0%[1]
Charleston	418	420	422	424	426	429	0.5%

	2026	2027	2028	2029	2030	2031	AAGR
Daniel	1,039	1,037	1,034	1,032	1,029	1,027	-0.2%
Heber City	19,494	20,278	21,094	21,942	22,825	23,743	4.0%
Hideout	1,341	1,388	1,436	1,485	1,537	1,590	3.5%
Independence	74	72	70	68	66	64	-3.0%
Interlaken	184	200	217	236	256	279	8.6%[2]
Midway	6,746	7,053	7,375	7,711	8,062	8,429	4.6%
Wallsburg	314	319	324	328	333	338	1.5%
Unincorporated	10,031	10,365	10,791	11,252	11,684	12,136	4.0%[1]
Wasatch Highlands	**-**	**105**	**139**	**158**	**226**	**297**	**NA**

[1] Calculated AAGR differs from the 2010 – 2020 growth rate due to the inclusion/exclusion of growth from Wasatch Highlands.
[2] 2010 Census redistricting data unavailable for Interlaken. Calculated AAGR is based on ACS data from 2020 to 2024.
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)
Sponsor

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—was then applied to the base units to estimate current and projected occupied units and the persons per household (PPH) for this analysis. The projected County population includes the combined populations for each municipality, unincorporated Wasatch County, and Wasatch Highlands.

TABLE 3.4: PROJECTED WASATCH HIGHLANDS AND SURROUNDING AREA CALCULATED PERSONS PER HOUSEHOLD (OCCUPIED)

	2026		2027		2028		2029		2030		2031		AAGR
	HU	PPH	HU	PPH	HU	PPH	HU	PPH	HU	PPH	HU	PPH	
Wasatch County	13,728	2.89	14,176	2.91	14,640	2.93	15,121	2.95	15,619	2.97	16,137	3.00	3.3%[1]
Charleston	181	2.31	182	2.31	183	2.31	184	2.31	185	2.31	186	2.31	0.5%
Daniel	365	2.85	362	2.86	359	2.88	356	2.90	354	2.91	351	2.93	-0.8%
Heber City	6,146	3.17	6,367	3.18	6,597	3.20	6,834	3.21	7,079	3.22	7,334	3.24	3.6%
Hideout	595	2.25	637	2.18	681	2.11	728	2.04	779	1.97	833	1.91	7.0%
Independence	31	2.37	31	2.36	30	2.35	29	2.34	28	2.34	27	2.33	-2.0%
Interlaken	107	1.72	115	1.74	123	1.76	133	1.78	142	1.80	153	1.83	7.4%[2]
Midway	2,288	2.95	2,348	3.00	2,410	3.06	2,473	3.12	2,538	3.18	2,604	3.24	2.6%
Wallsburg	107	2.94	107	2.98	107	3.02	107	3.07	107	3.12	107	3.16	0.1%
Unincorporated	3,908	2.57	4,000	2.59	4,115	2.62	4,238	2.66	4,351	2.69	4,468	2.72	2.7%[1]
Wasatch Highlands	**-**	**-**	**34**	**3.10**	**45**	**3.10**	**51**	**3.10**	**73**	**3.10**	**96**	**3.10**	**NA**

[1] Calculated AAGR differs from the 2010 – 2020 growth rate due to the inclusion/exclusion of growth from Wasatch Highlands.
[2] 2010 Census redistricting data unavailable for Interlaken. Calculated AAGR is based on ACS data from 2020 to 2024.
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 (DP04)

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. Census Tract 9405.01's median household income is estimated at $151,412 as of 2024.

TABLE 3.5: PROJECTED WASATCH HIGHLANDS AND SURROUNDING AREA MEDIAN HOUSEHOLD INCOME

	2026	2027	2028	2029	2030	2031	AAGR
Wasatch County	$124,247	$127,706	$131,261	$134,915	$138,671	$142,531	2.8%
Charleston	$95,665	$95,197	$94,732	$94,269	$93,809	$93,350	-0.5%

	2026	2027	2028	2029	2030	2031	AAGR
Daniel	$116,534	$121,917	$127,549	$133,441	$139,605	$146,053	4.6%
Heber City	$118,678	$123,081	$127,647	$132,383	$137,295	$142,388	3.7%
Hideout	$122,228	$135,860	$151,013	$167,857	$186,579	$207,388	11.2%
Independence	$146,070	$156,326	$167,301	$179,047	$191,618	$205,071	7.0%
Interlaken	$183,339	$188,443	$193,689	$199,081	$204,623	$210,319	2.8%[1]
Midway	$168,663	$174,780	$181,118	$187,686	$194,493	$201,546	3.6%
Wallsburg	$114,796	$118,743	$122,825	$127,048	$131,416	$135,934	3.4%
Census Tract 9405.01	**$159,674**	**$164,119**	**$168,688**	**$173,384**	**$178,211**	**$183,172**	**2.8%[1]**

[1] 2010 data unavailable. Calculated AAGR is based on Countywide AAGR of 2.8 percent.
Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (B19019)

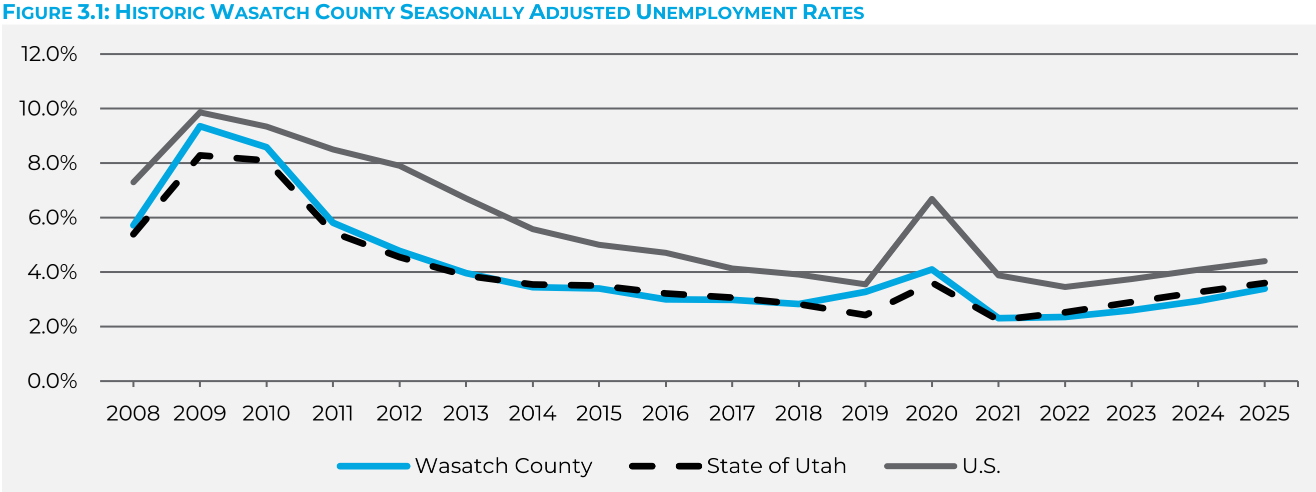
TAX BASE

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

Wasatch County is located in north-central Utah, east of the Wasatch Front. The unemployment rate for the County averaged 3.1 percent in June 2026. Unemployment peaked in 2009 at an average of 8.3 percent according to seasonally adjusted data provided by the Utah Department of Workforce Services.[3]

FIGURE 3.1: HISTORIC WASATCH COUNTY SEASONALLY ADJUSTED UNEMPLOYMENT RATES

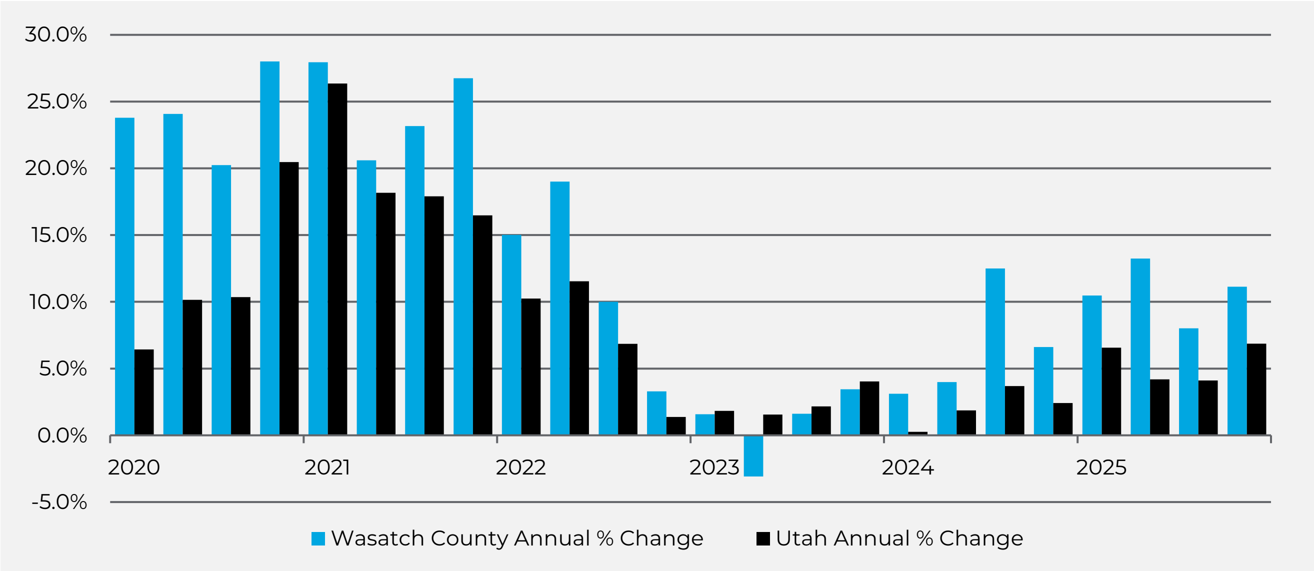


Notable shifts in employment occurred between August 2020 and August 2021 as Wasatch County experienced a 21.1 percent increase in non-farm jobs. From 2023 to 2024, the County experienced increases in mining, manufacturing, and trade, transportation, and utilities. Over the same period, information jobs declined by 13.8 percent and leisure and hospitality jobs decreased by 11.4 percent.

A comparison of quarterly taxable sales trends for the County and State illustrates the percent change through Q1 2026, as shown in **Figure 3.2**.[4] Notable shifts occurred between 2020 and 2021 with Q1 experiencing an increase of 28 percent in taxable sales in the County.

[3] Source: U.S. Bureau of Labor Statistics and Utah Department of Workforce Services, Seasonally Adjusted Unemployment Rates
[4] Source: Utah State Tax Commission Economic and Statistical Info, Taxable Sales Reports

FIGURE 3.2: COMPARISON OF QUARTERLY TAXABLE SALES TRENDS



Historic taxable value figures for Wasatch County show an AAGR of 25.1 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.

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

	2021	2022	2023	2024	2025	AAGR
Real: Land	$2,875,283,525	$4,134,787,994	$5,411,132,899	$6,497,841,916	$7,030,805,242	25.0%
Real: Buildings	$5,329,413,617	$7,674,486,142	$10,379,021,702	$11,744,700,787	$13,245,646,324	25.6%
Personal	$89,154,648	$106,191,163	$157,383,277	$176,575,434	$225,466,504	26.1%
Centrally Assessed	$143,453,006	$144,182,745	$124,009,991	$152,952,317	$141,315,299	-0.4%
TOTAL	**$8,437,304,796**	**$12,059,648,044**	**$16,071,547,869**	**$18,572,070,454**	**$20,643,233,369**	**25.1%**
Motor Vehicle	$34,733,031	$35,140,771	$35,259,909	$31,514,574	$33,566,815	-0.9%
Source: Utah Certified Tax Rates						

COMMERCIAL AND INDUSTRIAL DEVELOPMENT

The Study Area is comprised of 12 greenbelt parcels with a market value of $51,344,600 and a taxable value of $55,552. The acreage within the proposed boundary comprises 75 percent of the total acreage of the 12 greenbelt parcels. LRB therefore assumed a current taxable value of $41,510 ($55,552 * 75 percent). While there is currently no commercial or industrial development within the Study Area, **Appendix A** details the future development within the Study Area. Proposed development within the five-year horizon includes 200 hotel rooms, 80 midscale glamping units, and 80 upscale glamping units.

The area surrounding the Study Area includes established and expanding commercial development concentrated primarily within Heber City and along the major transportation corridors serving Heber Valley. Heber City currently has multiple pending and recently approved non-residential projects, including Wasatch Business Park, The View on Main, Prince Dental, Heber Creeper Village, and other commercial and service-oriented developments.[5] In contrast, the Study Area's five-year development assumptions consist of primarily of hospitality uses.

[5] Heber City, *Current Developments*, https://www.heberut.gov/334/Current-Developments (accessed Sept. 9, 2026).

PROJECTIONS OF COUNTY TAX BASE

Wasatch 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 Wasatch County, historic taxable value estimates are shown below, showing an AAGR of 15.4 percent from 2022-2026.

TABLE 3.7: HISTORIC WASATCH COUNTY TAXABLE VALUE

	2022	2023	2024	2025	2026
Certified Tax Rate Value	$10,570,307,939	$13,866,910,293	$15,560,785,740	$16,435,699,462	$18,724,629,907
Source: Utah State Tax Commission					

Table 3.8 details the projected values based on a five percent growth rate.

TABLE 3.8: PROJECTED FIVE-YEAR WASATCH COUNTY TAXABLE VALUE

	2027	2028	2029	2030	2031
Certified Tax Rate Value	$19,660,861,402	$20,643,904,472	$21,676,099,696	$22,759,904,681	$23,897,899,915

For sales tax, historic data from budget reporting showed an AAGR of 4.7 percent from 2021–2025.

TABLE 3.9: HISTORIC WASATCH COUNTY SALES TAX REVENUE

	2021	2022	2023	2024	2025	2026 (BUDGET)
GF Sales Tax Revenue	$4,640,198	$5,483,716	$5,436,099	$5,685,712	$5,579,589	$6,113,072
Source: Utah State Auditor, Local and State Government Budget Reports						

Future sales tax growth projections in the County are based on a growth estimate of five percent.

TABLE 3.10: PROJECTED FIVE-YEAR WASATCH COUNTY SALES TAX REVENUE

	2027	2028	2029	2030	2031
GF Sales Tax Revenue	$6,418,725	$6,739,661	$7,076,645	$7,430,477	$7,802,001

PROJECTIONS OF STUDY AREA TAX BASE

Significant factors that will influence revenues within the Study Area include taxable assessed value and taxable sales. New growth calculations are based on the future construction provided in **Appendix A**. Assumptions regarding home values and price per unit are also provided in **Appendix A**. Using the residency assumptions, residential new growth reflects the projected mix of primary residences qualifying for the residential exemption and secondary residences that do not receive the exemption.

TABLE 3.11: PROJECTED FIVE-YEAR STUDY AREA TAXABLE VALUE

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RESIDENTIAL					
Residential	$90,000,000	$120,000,000	$150,000,000	$270,000,000	$390,000,000
Less Residential Exemption	($30,375,000)	($40,500,000)	($50,625,000)	($91,125,000)	($131,625,000)
Total Residential Taxable Value	**$59,625,000**	**$79,500,000**	**$99,375,000**	**$178,875,000**	**$258,375,000**
NON-RESIDENTIAL					
Upscale Glamping	$0	$24,000,000	$24,000,000	$24,000,000	$24,000,000
Midscale Glamping	$13,250,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000
Traditional Hotel	$100,000,000	$100,000,000	$100,000,000	$100,000,000	$100,000,000
Total Non-Residential Taxable Value	**$113,250,000**	**$144,000,000**	**$144,000,000**	**$144,000,000**	**$144,000,000**
TOTAL TAXABLE VALUE	**$172,875,000**	**$223,500,000**	**$243,375,000**	**$322,875,000**	**$402,375,000**
Source: Sponsor					

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. No population distribution is made for secondary homes.

Point of sale revenues were calculated using estimated hotel and glamping units based on the construction proforma provided in **Appendix A**, while online point of sale revenue was calculated using taxable sales data from Wasatch County and e-commerce figures from the U.S. Census Bureau. Future point of sale revenue is based on a growth estimate of five percent. The table below summarizes the total estimated sales tax revenue attributed to the Study Area.

TABLE 3.12: PROJECTED FIVE-YEAR STUDY AREA ESTIMATED SALES TAX REVENUE

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Population Distribution	$16,256	$22,213	$25,991	$38,410	$52,150
Point of Sale Distribution	$137,394	$200,210	$210,666	$223,344	$236,685
TOTAL ESTIMATED SALES TAX	**$153,650**	**$222,423**	**$236,657**	**$261,753**	**$288,835**

PUBLIC FACILITIES

There are presently no public facilities within the Study Area boundaries. Public facilities and governmental services within the surrounding area include County and municipal administrative facilities, transportation infrastructure, fire and emergency services, parks and recreation facilities, and regional water and wastewater infrastructure. Based on discussions with WCFPSSD, a new station was recently built in Heber, with future stations being planned in other areas surrounding the Study Area such as Victory Ranch, Lake Creek, and Heber Ridge.

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.[6] 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[7]: Independence Mutual Water Company (IMWC)
- Fire/EMS: Wasatch County Fire Protection Special Service District (WCFPSSD)
- Recreation: Wasatch County Special Service District No. 21 (WCSSD #21)

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

- General Government Services (including administrative overhead and planning and zoning)
- Public Safety
- Roads

COUNTY COST ESTIMATES

Expenditures related to County services were calculated using fiscal year (FY)[8] budget reports detailing GF 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.

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[6] Utah Code § 10-2a-504(3)(b)(i)

[7] The Study Area is also located within the Central Utah Water Conservancy District (CUWCD). CUWCD is a regional water district and wholesale water supplier and does not provide retail water service to the Study Area. Properties within the Study Area are subject to CUWCD's property tax levy.

[8] 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.

TABLE 4.1: COUNTY SCENARIO – HISTORIC GF EXPENDITURES

	2021	2022	2023	2024	2025	2026
General Government	$8,755,858	$10,097,014	$14,825,155	$15,952,041	$18,054,751	$20,413,821
Public Safety	$11,191,259	$12,618,298	$14,366,009	$15,529,142	$17,293,543	$18,733,936
Public Health & Welfare	$803,098	$1,682,861	$2,215,545	$2,307,612	$2,373,590	$2,478,063
Public Works	$2,205,296	$2,545,867	$3,018,112	$3,325,205	$4,531,863	$6,599,419
Parks, Recreation, and Culture	$778,531	$869,004	$1,004,621	$1,069,115	$1,131,459	$1,225,641
Transfers Out	$5,115,873	$7,567,407	$519,149	$1,427,083	$7,176,633	$2,652,923
TOTAL	**$28,849,915**	**$35,380,452**	**$35,948,590**	**$39,610,198**	**$50,561,839**	**$52,103,802**

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

Between 2021 and 2025, the County's GF expenditures grew at an AAGR of 15.1 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.[9] **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 GF EXPENDITURES

	2027	2028	2029	2030	2031
General Government	$21,299,125	$22,224,236	$23,190,943	$24,201,119	$25,256,718
Public Safety	$19,566,941	$20,387,416	$21,244,814	$22,140,794	$23,077,093
Public Health & Welfare	$2,588,406	$2,703,714	$2,824,210	$2,950,129	$3,081,715
Public Works	$4,897,268	$5,111,337	$5,335,039	$5,568,809	$5,813,099
Parks, Recreation, and Culture	$1,275,115	$1,326,815	$1,380,842	$1,437,300	$1,496,299
Transfers Out	$2,891,825	$2,906,354	$2,921,536	$2,937,401	$2,953,980
TOTAL	**$52,518,680**	**$54,659,871**	**$56,897,384**	**$59,235,552**	**$61,678,904**

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 GF adjusted to estimate municipal general government costs
- Per capita and per mile expenditures of surrounding municipalities
- Existing and estimated contract costs

INCORPORATION COSTS

Costs outlined in Utah Code § 10-2a-220 as a result of incorporation are included in the analysis.[10] These expenses include the cost incurred by the County for holding an incorporation election and the LRB contract cost. LRB also included ongoing municipal election expenses, assuming primary and general municipal elections will occur every other year. Ongoing election costs are based on actual 2025 election expenses provided by the County Clerk and are proportionally allocated based on an estimate of ballot counts attributed to the Study Area. A one-time startup cost of $25,000 to account for additional legal fees, equipment, and other typical startup expenses is also included. The Sponsor of the proposed preliminary municipality indicated the Town will enter into a lease agreement with a landowner to utilize a building in the area for government office use at a monthly rate of $500, or $6,000 annually.

[9] Utah Code § 10-2a-504(3)(b)(iii)
[10] Utah Code § 10-2a-510(15)

GENERAL GOVERNMENT SERVICES

Wasatch County accounts for general government services through its GF and does not maintain a separate MSF that identifies the cost of services specifically attributable to municipal-type services within the unincorporated areas of the County. LRB reviewed the individual expenditure categories within the GF's general government function to develop an estimate of general government costs a municipality would incur. The excluded categories include the assessor, district court, elections[11], justice court, indigent legal support, non-administrative building and grounds, MIDA, and public information office. The remaining general government categories used in the analysis include administrative and municipal-type functions such as legal services, financial operations, legislative functions, general administrative services, human resources, recorder and surveyor functions, building inspection, engineering, planning and zoning, and weed and pest control. The estimated 2026 general government cost is approximately $412 per capita.

Without a separate MSF, the true cost of general government services attributable to unincorporated areas is difficult to quantify, as costs from the GF represent services that will still be provided to the Study Area if it incorporates. Employing an alternative methodology to estimate the cost associated with the LOS provided to areas surrounding the Study Area produces a higher general government expense. LRB gathered FY 2026 budget data from the municipalities in Wasatch County to determine the level of service from surrounding areas and excluded expenditures determined to be one-time in nature or unrelated to maintaining the existing LOS. An average cost per capita of $803 for FY 2026 is calculated. Because the surrounding areas' analysis produces a higher cost than the adjusted County GF methodology, the Study uses the $803 per capita estimate.[12]

TABLE 4.3: SURROUNDING AREAS GENERAL GOVERNMENT COST PER CAPITA

	General Government Expense (FY 2026)	2025 Population[1]	Cost per Capita
Charleston	$219,300	416	$575
Daniel	$269,100	1,042	$261
Heber	$4,910,483	18,740	$284
Hideout	$1,242,034	1,296	$977
Independence	$190,000	77	$2,479
Interlaken	$170,497	169	$1,006
Midway	$2,750,586	6,452	$485
Wallsburg	$90,420	310	$357
		Average Cost Per Capita	**$803**

[1] See Table 3.3
Source: Utah State Auditor, Local and State Government Budget Reports

The per capita cost of $803 is escalated annually by 4.5 percent[13] and multiplied by the projected Study Area population to determine annual general government expenditures, as shown in **Table 4.4**.

TABLE 4.4: PROJECTED GENERAL GOVERNMENT COST PER CAPITA

	Year 1	Year 2	Year 3	Year 4	Year 5
Population	105	139	158	226	297
Cost per Capita	$839	$877	$916	$958	$1,001
Total General Government Costs	**$88,406**	**$122,274**	**$144,813**	**$216,609**	**$297,674**

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

[11] Election expense included under incorporation costs.
[12] Utah Code § 10-2a-504(3)(b)(i)
[13] 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

PUBLIC SAFETY

The Wasatch County Sheriff's Office provides all areas within the County with a baseline level of service through the GF levy. Additional contract costs would be considered above the baseline level of service already provided to unincorporated areas. This analysis assumes the Sheriff's Office will continue to provide services upon incorporation, and no additional contract cost is necessary.

Wasatch County currently contracts with Heber City to provide animal control services to unincorporated areas. If the Study Area incorporates, the proposed municipality would no longer be included within the County's unincorporated service area and would likely need to contract directly with Heber City for continued animal control services**. Table 4.5** estimates the cost of such services using Heber City's current cost-allocation methodology. Under this methodology, Wasatch County is allocated 30.79 percent of total animal control costs. The Study Area's estimated cost is calculated by applying its proportionate share of the unincorporated Wasatch County population to the County's allocation. The animal control expense shown below is escalated annually by 5.5 percent, based on the AAGR of animal control costs from 2022 through 2026.

TABLE 4.5: PROJECTED ANIMAL SERVICES COSTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Heber Animal Control Expense	$460,698	$486,124	$512,952	$541,262	$571,133
Allocation to Wasatch County (30.79%)	$141,849	$149,677	$157,938	$166,654	$175,852
Percent of Wasatch Highlands Population of Total	1.01%	1.70%	1.83%	2.54%	3.18%
TOTAL ESTIMATED CONTRACT	**$1,427**	**$2,546**	**$2,895**	**$4,227**	**$5,588**

Source: Utah State Auditor, Local and State Government Budget Reports
Heber City Police Department

ROADS

The following scenarios have been provided regarding roads that will become municipal Class C roads:

1. **Scenario 1 - New Roads are Privately Owned and Maintained:** Expenditures assume that Little Pole Road will become a municipal Class C road maintained by the new Town. The remaining roads planned to be constructed will be privately owned and maintained by the HOA.
2. **Scenario 2 - New Roads are Maintained by Town:** Expenditures assume that Little Pole Road and newly constructed roads will become municipal Class C roads maintained by the new Town.

LRB gathered FY 2026 budget information and excluded expenditures determined to be one-time in nature or unrelated to maintaining the existing LOS from municipalities in Wasatch County to determine the average cost per weighted mile for the surrounding areas. The average cost per weighted mile is estimated at $4,742.

TABLE 4.6: SURROUNDING AREAS ROAD COST PER WEIGHTED MILE

	ROADS EXPENSE (FY 2026)	WEIGHTED MILEAGE	COST PER WEIGHTED MILE
Charleston	$242,700	38.45	$6,312
Daniel	$164,750	52.70	$3,126
Heber	$1,446,331	379.01	$3,816
Hideout	**$304,800**	**58.66**	**$5,196**
Independence	$49,700	43.68	$1,138
Interlaken	**$183,630**[1]	**17.85**	**$10,287**
Midway	$906,949	161.42	$5,619
Wallsburg	$43,550	17.86	$2,438
Wasatch County Average Road Cost per Weighted Mile			**$4,742**
HIDEOUT/INTERLAKEN AVERAGE ROAD COST PER WEIGHTED MILE			**$7,742**

[1] Fire mitigation and DPW expenses removed.

	ROADS EXPENSE (FY 2026)	WEIGHTED MILEAGE	COST PER WEIGHTED MILE
Source: Utah State Auditor, Local and State Government Budget Reports Utah Department of Transportation, Local Government Program Assistance			

Municipalities located predominantly on the Heber Valley floor may not adequately represent the road maintenance conditions anticipated within Wasatch Highlands based on the County's feedback (see **Appendix E**). Due to the steep and mountainous terrain within portions of Wasatch Highlands, it was determined that Hideout and Interlaken are the most comparable areas in Wasatch County for purposes of estimating road costs. Hideout encompasses approximately 2,500 acres of mountain terrain, and its municipal development standards expressly address mountain development, roadway infrastructure, erosion associated with streets, and snow-management requirements.[14] Interlaken's land-use materials similarly recognize slope as a significant development consideration through the Town's slope study map.[15]

Based on FY 2026 budget information and weighted road mileage displayed in **Table 4.6,** Hideout and Interlaken have estimated costs of $5,196 and $10,287 per weighted mile, respectively. The average cost of the two comparable municipalities is approximately **$7,742 per weighted mile**, which is used as the basis for projecting road expenditures for Wasatch Highlands.

SCENARIO 1 – NEW ROADS ARE PRIVATELY OWNED AND MAINTAINED

Approximately three miles of Little Pole Road, a Class B road maintained by Wasatch County, are located the Study Area. Upon incorporation, the portion of Little Pole Road within the Study Area boundary is assumed to become a municipal Class C road maintained by the new Town. In addition, future roads in Wasatch Highlands will be privately owned and maintained by the HOA according to the Sponsor. The Study Area's weighted mileage was calculated using the allocation methodology delineated in Utah Code § 72-2-108. The average cost per weighted mile for Hideout and Interlaken is utilized to project road costs. The FY 2026 cost per weighted mile is escalated annually by 4.5 percent and multiplied by the projected weighted mileage within Wasatch Highlands.

TABLE 4.7: SCENARIO 1 - ROADS PROJECTED FIVE-YEAR COSTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Cost per Weighted Mile	$8,090	$8,454	$8,835	$9,232	$9,648
Wasatch Highlands Weighted Miles[1]	15.15	15.15	15.15	15.15	15.15
TOTAL ESTIMATED ROADS COST	**$122,577**	**$128,093**	**$133,857**	**$139,881**	**$146,176**

[1] Based on Class B and C Roads Apportionment Formula (Utah Code § 72-2-108)
Source: U.S. Bureau of Labor Statistics, Consumer Price Index – West Region
Sponsor

SCENARIO 2 – NEW ROADS ARE MAINTAINED BY THE TOWN

Table 4.8 shows the estimated road mileage to be constructed according to the Sponsor. To quantify the financial impacts to the taxpayers of the proposed Town, this scenario includes potential roads costs should the newly constructed roads become municipal Class C roads maintained by the new Town.

TABLE 4.8: SCENARIO 2 - PROJECTED WEIGHTED MILEAGE

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Cumulative Road Miles	3.4	4.3	5.2	5.7	7.1
TOTAL WEIGHTED MILEAGE[1]	**16.94**	**21.39**	**26.21**	**28.36**	**35.74**

[1]Based on Class B and C Roads Apportionment Formula (Utah Code § 72-2-108)
Source: Sponsor

[14] Town of Hideout, *Welcome to the Town of Hideout, Utah*, https://hideoututah.gov/welcome-to-hideout/.
[15] Interlaken Town, *Building – General Information*, https://www.interlakenut.gov/building-03

The cost per weighted mile is utilized to project road costs and is escalated annually by 4.5 percent and multiplied by the projected Study Area weighted mileage. Under the second scenario, additional revenues or taxes may be required if the new Town maintains all new roads.

TABLE 4.9: SCENARIO 2- ROADS PROJECTED FIVE-YEAR COSTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Cost per Weighted Mile	$8,090	$8,454	$8,835	$9,232	$9,648
Wasatch Highlands Weighted Miles[1]	16.94	21.39	26.21	28.36	35.74
TOTAL ESTIMATED ROADS COST	**$137,038**	**$180,832**	**$231,531**	**$261,840**	**$344,769**

[1] Based on Class B and C Roads Apportionment Formula (Utah Code § 72-2-108)
Source: U.S. Bureau of Labor Statistics, Consumer Price Index – West Region
Sponsor

WASTEWATER

The proposed preliminary municipality is currently uninhabited and is not located within a service area of an existing service district that provides wastewater collection or treatment services. Development surrounding the proposed preliminary municipality is served through private onsite septic systems for wastewater treatment or through a centralized SSD. Charleston Town relies primarily on individual septic systems and is not connected to Heber Valley Special Service District's (HVSSD) wastewater facilities. [16] Wolf Creek Ranch, located east of the proposed preliminary municipality, is a low-density residential development that also appears to rely on onsite wastewater systems. In contrast, surrounding developments within special service districts, such as the Jordanelle Special Service District (JSSD) and North Village SSD receive wastewater treatment through the JSSD Water Reclamation Facility. Twin Creeks SSD, Heber City, and Midway's treatment is provided through HVSSD.

For purposes of this feasibility study, IMWC will be the proposed preliminary municipality's water provider (see **Section 9** for more detail). Wastewater treatment within the proposed preliminary municipality is assumed to be provided through individual onsite septic systems and, therefore there are no municipal sewer costs. Following incorporation, the municipality could evaluate the feasibility of providing centralized wastewater treatment services. Such costs are not included in the financial projections because the Study assumes the continued use of individual onsite septic systems. Under a municipal wastewater approach, however, the newly incorporated area will have the ability to adopt necessary fees related to services provided, including wastewater utility fees and impact fees.

Table 4.10 summarizes the expenditures forecasted for the proposed Study Area. This scenario includes the applicable incorporation costs as outlined in Utah Code § 10-2a-510.

TABLE 4.10: WASATCH HIGHLANDS PROJECTED FIVE-YEAR EXPENDITURES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Incorporation Costs	$58,700	$6,000	$6,600	$6,000	$7,100
General Government	$88,406	$122,274	$144,813	$216,609	$297,674
Animal Services Contract	$1,427	$2,546	$2,895	$4,227	$5,588
Roads (Scenario 1)	$122,577	$128,093	$133,857	$139,881	$146,176
TOTAL OPERATING EXPENSE	**$271,111**	**$258,913**	**$288,166**	**$366,717**	**$456,538**

[16] Heber City and Town of Charleston, Mutual Termination of Heber City and Charleston Agreement for Shared Wastewater Delivery and Facilities, Recitals B–E, pp. 1–2.

SECTION 5: INITIAL & FIVE-YEAR REVENUE 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, 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 FY financial reports detailing GF 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 GF revenues were grouped into major categories from a budgeting perspective.[17] Between 2021 and 2025, the County's GF revenue grew at an AAGR of 11.7 percent.

TABLE 5.1: COUNTY SCENARIO – HISTORIC AND INITIAL GF REVENUES

	2021	2022	2023	2024	2025	2026
Taxes	$20,425,598	$22,470,646	$23,707,764	$25,806,075	$28,374,934	$29,188,450
Licenses and Permits	$6,466,587	$5,071,011	$5,039,490	$5,491,935	$12,197,078	$8,620,912
Intergovernmental	$2,529,633	$2,138,469	$3,427,029	$4,465,039	$4,079,551	$5,848,462
Charges for Services	$3,419,049	$3,093,610	$3,050,205	$3,288,438	$3,368,366	$3,682,307
Fines and Forfeitures	$467,752	$547,927	$546,726	$580,956	$562,489	$608,500
Other Revenue	$269,779	$128,150	$65,573	$123,082	$103,490	$23,000
Interest Income	$61,969	$706,550	$1,531,456	$2,532,185	$1,183,456	$1,237,384
Transfers In	$90,000	$309,145	$90,000	$742,009	$2,625,129	$2,894,787
TOTAL	**$33,730,367**	**$34,465,510**	**$37,458,242**	**$43,029,718**	**$52,494,493**	**$52,103,802**

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. Projected revenues exceed projected expenditures through 2030; no additional levy is modeled in 2031 to eliminate the projected deficit.

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

	2027	2028	2029	2030	2031
Taxes	$30,531,819	$31,939,469	$33,414,528	$34,960,276	$36,580,157
Licenses and Permits	$8,840,965	$9,067,620	$9,301,075	$9,541,533	$9,789,205
Intergovernmental	$5,897,933	$5,948,888	$6,001,371	$6,055,429	$6,111,109
Charges for Services	$3,759,812	$3,844,338	$3,931,399	$4,021,073	$4,113,436
Fines and Forfeitures	$621,745	$635,387	$649,439	$663,912	$678,820
Other Revenue	$23,300	$23,609	$23,927	$24,255	$24,593
Interest Income	$1,274,505	$1,312,740	$1,352,123	$1,392,686	$1,434,467
Transfers In	$2,894,787	$2,894,787	$2,894,787	$2,894,787	$2,894,787
TOTAL	**$53,844,866**	**$55,666,838**	**$57,568,649**	**$59,553,952**	**$61,626,574**

[17] See Wasatch County Financial Statements for major category groupings.

STUDY AREA REVENUES (ASSUMING TOWN INCORPORATION)

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

Property tax revenue is based on the assessed value of the Study Area and applying the projected County levy for municipal services. However, Wasatch 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 County, LRB identified counties that have a separate MSF accounting for the cost of services provided to unincorporated County. Wasatch County is classified as a fourth-class county. Among fourth-class counties, Carbon County is the only county that has a separate MSF. 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 D** 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 County. The MSF levy represents roughly 55 percent of the County's total general operations. However, Carbon County's MSF levy includes funding for public safety services. Because this analysis assumes the Sheriff's Office will continue to provide services upon incorporation, and no additional contract cost is necessary, LRB reduced the MSF levy by 36 percent.[18] As a result, the adjusted MSF levy represents roughly 40 percent of the County's total general operations.

TABLE 5.3: PROPORTIONATE MSF RATE CALCULATION (CARBON COUNTY)

	MSF LEVY	MSF LEVY ADJUSTED FOR PUBLIC SAFETY
Carbon County General Operations Levy	0.002556	0.002556
Carbon County Taxable Value	$2,224,611,004	$2,224,611,004
General Operations Revenue	**$5,686,106**	**$5,686,106**
Carbon County MSF Levy	0.002056	**0.001316**
Carbon County MSF Taxable Value	$1,249,039,275	$1,249,039,275
MSF Calculated Revenue	**$2,568,025**	**$1,643,536**
COMBINED CALCULATED REVENUE	**$8,254,130**	**$7,329,642**
CALCULATED TAX LEVY	**0.00371**	**0.003295**
PERCENT MSF LEVY OF CALCULATED LEVY	**55%**	**40%**
Source: Utah State Tax Commission		

[18] Budget estimates for 2026 illustrate that Wasatch County public safety expenses represent 36 percent of total General Fund revenues.

To estimate the proportion of the County GF levy associated with municipal-type services, **Table 5.4** applies the adjusted Carbon County MSF relationship described above.

TABLE 5.4: PROPORTIONATE COUNTY LEVY BASED ON CARBON COUNTY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Modeled County GF Levy	0.000954	0.000954	0.000954	0.000954	0.000954
Municipal Type Services Adjustment (see Table 5.3)	40%	40%	40%	40%	40%
Proportionate County Levy	**0.000382**	**0.000382**	**0.000382**	**0.000382**	**0.000382**

Table 5.5 calculates the property tax revenue using the adjusted property tax levy and new growth calculations provided in **Table 3.11**, resulting in property tax revenues for the proposed Study Area.

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

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Assessed Value	$41,510[1]	$172,916,510	$223,541,510	$243,416,510	$322,916,510
New Growth	$172,875,000	$50,625,000	$19,875,000	$79,500,000	$79,500,000
Total Taxable Value	**$172,916,510**	**$223,541,510**	**$243,416,510**	**$322,916,510**	**$402,416,510**
Proportionate County Levy	**0.000382**	**0.000382**	**0.000382**	**0.000382**	**0.000382**
TOTAL TAX REVENUE	**$65,999**	**$85,322**	**$92,908**	**$123,251**	**$153,595**

[1] Current estimated taxable value based on parcel data.

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. No population distribution is made for secondary homes. **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 sales 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 Wasatch County, GF sales tax revenues have increased by an AAGR of 4.7 percent from 2021–2025.

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 CY. Multiplied by 50% to obtain population pool.
Source: Utah State Tax Commission, Annual Reports

Future population revenues are based on a growth estimate of five percent based on the growth in sales tax revenue in Wasatch County. No population distribution is made for secondary homes.

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

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
State Population Distribution Pool	568,633,930	597,065,626	626,918,908	658,264,853	691,178,096
State Population	3,685,436	3,748,117	3,811,864	3,876,695	3,942,629

	Year 1	Year 2	Year 3	Year 4	Year 5
Distributed per Capita	$154.29	$159.30	$164.47	$169.80	$175.31
Study Area Primary Population	105	139	158	226	297
Population Distribution	**$16,256**	**$22,213**	**$25,991**	**$38,410**	**$52,150**

Point of sale revenues were calculated using estimated hotel and glamping units based on the construction proforma provided in **Appendix A**. Upscale glamping point of sale revenues assume a RevPAR of $293 per unit. Midscale glamping point of sale revenues assume a RevPAR of $195 per unit. Hotel point of sale revenues assume a RevPAR of $315 per room.

Online point of sale revenues are calculated using taxable sales revenue from Wasatch County and are adjusted based on e-commerce figures from the U.S. Census Bureau. During the fourth quarter of 2025, e-commerce sales accounted for 16.6 percent of total store and non-store sales.[19] Average online sales are calculated at $6,629 per capita for the County in 2025. Revenue projections are based on a growth estimate of five percent based on the growth in sales tax revenue in Wasatch County.

Table 5.8: Sales Tax - Point of Sale Distribution Projected Five-Year Revenues

	Year 1	Year 2	Year 3	Year 4	Year 5
Upscale Glamping					
RevPAR	$293	$307	$322	$339	$356
Units	-	80	80	80	80
Subtotal Gross Sales	**$0**	**$8,968,050**	**$9,416,453**	**$9,887,275**	**$10,381,639**
Midscale Glamping					
RevPAR	$195	$205	$215	$226	$237
Units	53	80	80	80	80
Subtotal Gross Sales	**$3,772,275**	**$5,978,700**	**$6,277,635**	**$6,591,517**	**$6,921,093**
Hotel					
RevPAR	$315	$331	$347	$365	$383
Units	200	200	200	200	200
Subtotal Gross Sales	**$22,995,000**	**$24,144,750**	**$25,351,988**	**$26,619,587**	**$27,950,566**
Online					
Per Capita E-Commerce[1]	$6,754	$6,817	$6,880	$6,942	$7,005
Wasatch Highlands Population	105	139	158	226	297
Subtotal Online Sales	**$711,608**	**$950,565**	**$1,087,202**	**$1,570,356**	**$2,083,757**
Point of Sale Allocation	**0.50%**	**0.50%**	**0.50%**	**0.50%**	**0.50%**
Total Point of Sale Revenue	**$137,394**	**$200,210**	**$210,666**	**$223,344**	**$236,685**
Source: Utah State Tax Commission, Annual Report Retail Indicators Branch, U.S. Census Bureau Sponsor					

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

	Year 1	Year 2	Year 3	Year 4	Year 5
Population Distribution (see Table 5.7)	$16,256	$22,213	$25,991	$38,410	$52,150
Retail Point of Sale (see Table 5.8)	$137,394	$200,210	$210,666	$223,344	$236,685
Total Estimated Sales Tax	**$153,650**	**$222,423**	**$236,657**	**$261,753**	**$288,835**

[19] U.S. Census Bureau. (2026, May). Quarterly Retail E-Commerce Sales. Retrieved from https://www.census.gov/retail/ecommerce.html

CLASS C ROAD FUND

The following scenarios have been provided regarding roads that will become municipal Class C roads:

1. **Scenario 1 - New Roads are Privately Owned and Maintained:** Expenditures assume that Little Pole Road will become a municipal Class C road maintained by the new Town. The remaining roads planned to be constructed will be privately owned and maintained by the HOA.
2. **Scenario 2 - New Roads are Maintained by Town:** Expenditures assume that Little Pole Road and newly constructed roads will become municipal Class C roads maintained by the new Town.

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 Wasatch County, the Class B Road Allotment increased by an AAGR of 9.7 percent from 2021–2025.[20]

TABLE 5.10: CLASS B AND C ROADS HISTORIC AAGR

	2021	2022	2023	2024	2025	2026 (ESTIMATE)	2021–2025 AAGR
Total Distribution Pool	194,764,526	203,134,579	216,853,217	225,525,092	266,548,927	287,872,842	**8.2%**
Lane Miles Pool	97,382,263	101,567,289	108,426,609	112,762,546	133,274,464	143,936,421	**8.2%**
Statewide Weighted Miles	124,521	125,318	126,997	127,549	128,252	129,203	**0.7%**
Source: UDOT B&C Road Fund Information, Mileage and Annual Summary Reports							

SCENARIO 1 – NEW ROADS ARE PRIVATELY OWNED AND MAINTAINED

As described in **Section 4**, this study contemplates two scenarios regarding roads that will become municipal Class C roads. Under the Scenario 1, the three miles of Little Pole Road, the only existing Class B road within the Study Area, will become a municipal Class C road maintained by the new Town. Future constructed roads in Wasatch Highlands will be privately owned and maintained by the HOA according to the sponsor. Utilizing the calculated weighted mileage for Little Pole Road and methodology delineated in Utah State Code, the Study Area's distribution can be calculated, as shown in **Table 5.11**.

TABLE 5.11: SCENARIO 1 - CLASS C ROAD PROJECTED FIVE-YEAR REVENUES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Distribution Pool	310,902,669	335,774,882	362,636,873	391,647,823	422,979,649
Lane Miles Pool	155,451,334	167,887,441	181,318,437	195,823,911	211,489,824
Statewide Weighted Miles	130,160	131,124	132,096	133,074	134,060
Distribution Per Weighted Mile	1,194	1,280	1,373	1,472	1,578
Estimated Weighted Miles	**15.15**	**15.15**	**15.15**	**15.15**	**15.15**
Lane Mile Distribution	**$18,096**	**$19,400**	**$20,797**	**$22,296**	**$23,903**
State Population	3,685,436	3,748,117	3,811,864	3,876,695	3,942,629
State Distribution per Capita	$42.18	$44.79	$47.57	$50.51	$53.64
Study Area Population	105	139	158	226	297
Population Distribution	**$4,444**	**$6,246**	**$7,517**	**$11,426**	**$15,957**
TOTAL STUDY AREA DISTRIBUTION	**$22,540**	**$25,645**	**$28,315**	**$33,722**	**$39,860**

[20] Source: Utah State Auditor, Local and State Government Budget Reports

SCENARIO 2 – NEW ROADS ARE MAINTAINED BY THE TOWN

Under the second scenario, the three miles of Little Pole Road and the planned road mileage to be constructed within the five-year horizon will become municipal Class C roads maintained by the new Town. This results in a higher lane mile distribution to the Study Area, as shown below.

TABLE 5.12: SCENARIO 2 - CLASS C ROAD PROJECTED FIVE-YEAR REVENUES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Distribution Pool	310,902,669	335,774,882	362,636,873	391,647,823	422,979,649
Lane Miles Pool	155,451,334	167,887,441	181,318,437	195,823,911	211,489,824
Statewide Weighted Miles	130,160	131,124	132,096	133,074	134,060
Distribution Per Weighted Mile	1,194	1,280	1,373	1,472	1,578
Estimated Weighted Miles	**16.94**	**21.39**	**26.21**	**28.36**	**35.74**
Lane Mile Distribution	**$20,230**	**$27,387**	**$35,973**	**$41,735**	**$56,377**
State Population	3,685,436	3,748,117	3,811,864	3,876,695	3,942,629
State Distribution per Capita	$42.18	$44.79	$47.57	$50.51	$53.64
Study Area Population	105	139	158	226	297
Population Distribution	**$4,444**	**$6,246**	**$7,517**	**$11,426**	**$15,957**
TOTAL STUDY AREA DISTRIBUTION	**$24,674**	**$33,633**	**$43,490**	**$53,162**	**$72,334**

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 planning and zoning. This analysis assumes the Study Area will recover 80 percent of the estimated planning and zoning costs in revenue.

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 alternative revenue mechanisms will be explored in greater detail in **Section 7**.

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. The results below include the revenues calculated under Scenario 1, assuming new roads will be privately owned and maintained as intended by the Sponsor. **Section 8** includes a scenario analysis relative to the funding of roads.

TABLE 5.13: WASATCH HIGHLANDS PROJECTED FIVE-YEAR REVENUES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Property Tax (Proportional County Rate)	$65,999	$85,322	$92,908	$123,251	$153,595
Sales & Use Tax	$153,650	$222,423	$236,657	$261,753	$288,835
Class C Roads (Scenario 1)	$22,540	$25,645	$28,315	$33,722	$39,860
Licenses & Permits	$7,655	$10,587	$12,538	$18,755	$25,774
Interest Earnings	$0	$0	$957	$2,205	$3,300
TOTAL OPERATING REVENUES	**$249,843**	**$343,977**	**$371,375**	**$439,687**	**$511,364**

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

This feasibility study is intended to satisfy the requirements of Utah Code § 10-2a-504 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. The risks and uncertainties affecting the financial projections are discussed below.

Development and Revenue: The financial projections are dependent upon the timing, type, and value of development within the Study Area, including the absorption of future residential and overnight lodging construction, home values, price per unit, and taxable sales. This Study does not include a market feasibility study to determine whether the proposed commercial development is supportable by market demand. Delayed development, lower residential values, reduced lodging or commercial activity, or lower taxable sales could result in municipal revenues below the amounts projected herein.

Wasatch County also identified primary-residence occupancy as a risk to the development and population assumptions. The five-year projections assume approximately 75 percent of new residential units will be occupied as primary residences, while the full buildout population is based separately on the UPC determination. Lower primary occupancy or slower population growth could affect population-based revenues and the timing of development.

Water Availability and Delivery: Water availability and delivery represent a risk to the development of the Study Area. The Study Area is not presently included within any of the surrounding master-planned service areas of an existing public water provider. The Sponsor is pursuing water through multiple sources, including negotiations with water-share owners and an agreement with IMWC (see **Appendix C)**. Wasatch County has expressed concern that IMWC does not presently have infrastructure capable of transporting water from its existing service area to the Study Area. The contemplated IMWC service arrangement assumes that infrastructure necessary to serve the development would be constructed as development occurs and subsequently accepted and operated by IMWC.

The final water service arrangement, water rights, and delivery infrastructure remain important considerations to development. If IMWC does not serve the Study Area, discussions with JSSD stakeholders indicate that connection to existing Twin Creeks water infrastructure may be technically feasible, but would require substantial new infrastructure, including pumping, transmission and distribution facilities, as well as upsizing existing facilities. Extension of service would also require an agreement of the applicable service provider, and there is no assurance that an existing district would elect to extend service to the Study Area. The availability of water also depends upon securing sufficient water rights. An alternative municipal or wholesale water arrangement, could result in costs beyond what is shown in this Study, although the newly incorporated area will have the ability to adopt necessary fees related to services provided, including water utility fees and impact fees.

Wastewater Treatment: The feasibility study assumes wastewater treatment will be provided through individual onsite septic systems and does not contemplate costs associated with providing municipal wastewater collection or treatment services. Wasatch County has expressed concern that individual onsite wastewater systems may not be feasible given the density and number of residential units contemplated by the development program, as the Study has not independently evaluated the engineering, groundwater, or regulatory feasibility of individual onsite wastewater systems. If septic systems cannot accommodate future development, centralized wastewater collection and treatment may be required.

Discussions with JSSD also pointed to concerns surrounding regional treatment capacity. HVSSD, which provides regional wastewater treatment for surrounding areas, is currently operating at or near available treatment capacity. Centralized wastewater service may be limited or may require additional treatment capacity, infrastructure, interlocal or service agreements, and associated capital expenditures not included in the Study. If the newly incorporated area provides wastewater services, it will have the ability to adopt necessary fees related to services provided, including wastewater utility rates, fees and impact fees.

Capital Improvement and Infrastructure: Developing a detailed master plan is critical to understanding the nature and extent of future capital improvement needs. In general, the Study does not contemplate costs related to future CIP, as capital improvements that are not currently being provided by the County are not included in the current LOS. As development occurs, however, the future municipality may identify additional transportation, utility, public safety, or other capital needs that can be mitigated by grants, tax or rate increases, or impact fees.

Wasatch County also identified access as an infrastructure risk, noting that existing improved access may be insufficient for future construction, residential, commercial, hospitality, emergency-response, and evacuation demands. Required improvements could involve additional access routes, property interests, and regulatory approvals that have not been independently evaluated or costed in this Study. If responsibility for such improvements is ultimately assumed by the municipality rather than the developer or another party, municipal costs could exceed projected amounts.

Fire Protection and WUI: WCFPSSD identified the Study Area's location within the wildland-urban interface (WUI) as a development consideration that may affect applicable building and fire-protection standards and, depending upon station proximity, fire-insurance costs. Wasatch County also indicated that development at the contemplated scale may require additional fire-protection capacity, including facilities, personnel, or apparatus. The Study assumes the area will remain within WCFPSSD following incorporation; however, service or capital needs beyond the existing LOS could require additional revenues or expenditures.

Cost of Municipal Services: Because Wasatch County does not maintain a separate MSF, County GF expenditures do not permit the cost of municipal-type services attributable to unincorporated areas to be precisely isolated. As described in **Section 4**, LRB evaluated adjusted County GF expenditures and the general government costs of surrounding municipalities. Due to the material difference between those measures, the Study uses the surrounding municipal LOS as the basis for projected general government costs. Actual post-incorporation administrative and service costs may differ from this benchmark.[21]

[21] Utah Code § 10-2a-504(3)(b)(i)

Public Safety Contract Costs: Animal services are estimated using the existing cost-allocation methodology, and the Study assumes the Sheriff's Office will continue providing a baseline LOS without an additional municipal contract. Actual contract costs may differ. The Sheriff has indicated that the baseline LOS may become insufficient as the Study Area grows, and County administration has identified potential additional demand associated with residential, commercial, hospitality, traffic, and visitor activity. Additional law-enforcement service could therefore result in public safety expenditures above projected amounts.

Inflation and Economic Conditions: Actual inflation and economic conditions may differ from the assumptions used in the Study and affect labor, materials, contracted services, construction costs, property values, consumer spending, and other revenues and expenditures. These effects may be more pronounced for a newly incorporated municipality with a relatively small initial revenue and expenditure base.

Incorporation and Forecasting Risks: Recent incorporation experiences in Utah illustrate the inherent uncertainty associated with long-term municipal revenue and expenditure forecasting. Following Ogden Valley's 2024 incorporation vote, city officials reported that actual revenues and expenditures differed from feasibility projections, and municipal certification timing affected the ability to impose certain taxes.[22] [23] 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, it should not be construed as a guarantee of future financial performance.

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 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.

Recent Utah incorporations, including Bluff (2018), Brighton (2020), and Lake Point (2022), also demonstrate that newly incorporated municipalities can establish governance and municipal service structures following incorporation. The financial and operational experience of any individual municipality, however, is dependent upon its particular tax base, service structure, development patterns, and policy decisions.

[22] 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

[23] 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/

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.*

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 (TUF)

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.[24] To receive revenue from a transient room tax levy, Wasatch Highlands may impose up to one percent tax on temporary lodging upon incorporation. The proposed commercial development in the Study Area will be comprised of temporary lodging and a transient room tax may be a new revenue source the Town could contemplate.

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.[25]

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.

[24] Utah Code § 59-12-352
[25] Utah Code § 10-1-304

IMPACT FEES

As mentioned in **Section 6**, the Town, if incorporation occurs, could begin to provide services (e.g., streets, wastewater) 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 (e.g., wastewater). 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 Town can modify the building fee schedule and business license fee schedule to recoup the full cost needed for planning, engineering, zoning, and licensing expenses related to 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 financial impact to new residents in Wasatch Highlands if the County continues to provide services or if the newly incorporated Town provides services. Based on consultation with existing service providers, the Study anticipates that the direct fiscal impact of incorporation will occur within the County GF because existing special service districts and other providers are assumed to continue serving the Study Area. Potential development-related impacts to those providers are discussed in **Section 6** and **Appendix E**.

The following section details the impact to the new residents in the Study Area, as well as to the County.

FISCAL IMPACTS AND TAX BURDEN ON THE COUNTY

Property taxes are not included as Wasatch 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 under Scenario 1, assuming Little Pole Road will become a municipal Class C road maintained by the new Town, is a loss of $59,060 in revenues in year one, as illustrated in **Table 8.1.** This represents lost revenue for municipal services, as well as revenues gained through contracting for municipal elections. For purposes of illustrating the household tax burden, the Study assumes a residential property value of $1.2 million, based on a review of Wasatch County residential market data from Realtor.com and Redfin.[26]

Table 8.1: Projected County-Provided Services Tax Impact Summary

	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Lost Revenue (Municipal Revenues Otherwise Attributed to County)	($183,844)	($258,655)	($277,510)	($314,231)	($354,469)
Contract Revenue	$200	$0	$600	$0	$1,100
Net Impact to County GF	**($183,644)**	**($258,655)**	**($276,910)**	**($314,231)**	**($353,369)**
Tax Impact from Lost Revenue	0.000009	0.000013	0.000013	0.000014	0.000015
Estimated Impact on Median Home ($1.2M)	$6	$8	$8	$9	$10

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 any levy would need to be raised to the extent modeled

[26] Sources: Realtor.com, *Wasatch County, UT Housing Market*, https://www.realtor.com/local/market/utah/wasatch-county; Redfin, *Wasatch County Housing Market*, https://www.redfin.com/county/2919/UT/Wasatch-County/housing-market (accessed June 2026).

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., higher levels of service for law enforcement and 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 the proposed residential and commercial development in the Study Area.

FISCAL IMPACTS AND TAX BURDEN ON THE STUDY AREA

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

1. **Scenario 1 - New Roads are Privately Owned and Maintained:** Expenditures assume that Little Pole Road will become a municipal Class C road maintained by the new Town. The remaining roads planned to be constructed will be privately owned and maintained by the HOA.
2. **Scenario 2 - New Roads are Maintained by Town:** Expenditures assume that Little Pole Road and newly constructed roads will become municipal Class C roads maintained by the new Town.

The Sponsor has indicated that Scenario 1 is more likely than Scenario 2. **The findings of Scenario 1 result in an annual revenue margin at an average of 14.3 percent over the five-year window of this study, meeting the requirement outlined in Utah Code § 10-2a-504(5) that allows the process of incorporation to proceed.**

SCENARIO 1 - NEW ROADS ARE PRIVATELY OWNED AND MAINTAINED

Scenario 1 illustrates the potential costs if the three miles of Little Pole Road within the Study Area become a municipal Class C road maintained by the new Town. Future roads in Wasatch Highlands will be privately owned and maintained by the HOA. Assuming the newly incorporated Town assesses a proportionate County tax rate of 0.000382 in Year 1 through Year 5, the revenue margin is at an average of 14.3 percent over the five-year window of this study.

TABLE 8.2: SCENARIO 1 - PROJECTED WASATCH HIGHLANDS FISCAL IMPACT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	AVERAGE
REVENUES						
PROPORTIONATE COUNTY RATE	**0.000382**	**0.000382**	**0.000382**	**0.000382**	**0.000382**	
Property Tax (Proportional Rate)	$65,999	$85,322	$92,908	$123,251	$153,595	$104,215
Sales & Use Tax	$153,650	$222,423	$236,657	$261,753	$288,835	$232,664
Class C Roads	$22,540	$25,645	$28,315	$33,722	$39,860	$30,016
Licenses & Permits	$7,655	$10,587	$12,538	$18,755	$25,774	$15,062
Interest Earnings	$0	$0	$957	$2,205	$3,300	$1,292
Total Revenues	**$249,843**	**$343,977**	**$371,375**	**$439,687**	**$511,364**	**$383,249**
EXPENDITURES						
Incorporation Costs	$58,700	$6,000	$6,600	$6,000	$7,100	$16,880
General Government	$88,406	$122,274	$144,813	$216,609	$297,674	$173,955
Animal Control	$1,427	$2,546	$2,895	$4,227	$5,588	$3,337
Roads	$122,577	$128,093	$133,857	$139,881	$146,176	$134,117
Total Expenditures	**$271,111**	**$258,913**	**$288,166**	**$366,717**	**$456,538**	**$328,289**
NET (REVENUE MINUS EXPENSE)	**($21,268)**	**$85,064**	**$83,210**	**$72,970**	**$54,826**	**$54,960**
					REVENUE (EXPENSE) MARGIN*	**14.3%**

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

An additional Wasatch Highlands rate above the proportionate County rate of .000382 would be necessary to provide sufficient funding for the Study Area in Year 1. 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 1 Town rate (0.000505) is the sum of the County equivalent rate (0.000382) and the Wasatch Highlands rate (0.000123). The tax impact within the Study Area is estimated at $333 for a primary residence valued at $1.2M in Year 1. This represents an increase of $81 above the projected County proportional levy of $252. The one-time incorporation costs outlined in Utah Code § 10-2a-220 contribute to the projected deficit in Year 1.

TABLE 8.3: SCENARIO 1 - PROJECTED WASATCH HIGHLANDS TAX BURDEN

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PROPORTIONATE COUNTY RATE	**0.000382**	**0.000382**	**0.000382**	**0.000382**	**0.000382**
Additional Levy to Balance Budget	0.000123	0.000000	0.000000	0.000000	0.000000
TOTAL TOWN RATE	**0.000505**	**0.000382**	**0.000382**	**0.000382**	**0.000382**
Estimated Certified Tax Value	$172,916,510	$223,541,510	$243,416,510	$322,916,510	$402,416,510
Estimated Town Impact (Median Home $1.2M)	$333	$252	$252	$252	$252
Baseline Impact (Median Home $1.2M)	$252	$252	$252	$252	$252
NET IMPACT	**$81**	**$0**	**$0**	**$0**	**$0**

SCENARIO 2 - NEW ROADS ARE MAINTAINED BY NEW TOWN

Scenario 2 is included to illustrate the potential costs to taxpayers if Little Pole Road and newly constructed roads become municipal Class C roads and are maintained by the new Town. Assuming the newly incorporated Town assesses a proportionate County tax rate of 0.000382 in Year 1 through Year 5, the projected revenues minus expenditures produce a deficit. The average revenue margin over the five-year study period is **negative 7.0 percent**.

TABLE 8.4: SCENARIO 2 - PROJECTED WASATCH HIGHLANDS FISCAL IMPACT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	AVERAGE
REVENUES						
PROPORTIONATE COUNTY RATE	**0.000382**	**0.000382**	**0.000382**	**0.000382**	**0.000382**	
Property Tax (Proportional Rate)	$65,999	$85,322	$92,908	$123,251	$153,595	$104,215
Sales & Use Tax	$153,650	$222,423	$236,657	$261,753	$288,835	$232,664
Class C Roads	$24,674	$33,633	$43,490	$53,162	$72,334	$45,459
Licenses & Permits	$7,655	$10,587	$12,538	$18,755	$25,774	$15,062
Interest Earnings	$0	$0	$101	$99	$0	$40
Total Revenues	**$251,978**	**$351,964**	**$385,695**	**$457,020**	**$540,538**	**$397,439**
EXPENDITURES						
Incorporation Costs	$58,700	$6,000	$6,600	$6,000	$7,100	$16,880
General Government	$88,406	$122,274	$144,813	$216,609	$297,674	$173,955
Animal Control	$1,427	$2,546	$2,895	$4,227	$5,588	$3,337
Roads	$137,038	$180,832	$231,531	$261,840	$344,769	$231,202
Total Expenditures	**$285,571**	**$311,651**	**$385,840**	**$488,676**	**$655,131**	**$425,374**
NET (REVENUE MINUS EXPENSE)	**($33,593)**	**$40,313**	**($145)**	**($31,656)**	**($114,593)**	**($27,935)**
					REVENUE (EXPENSE) MARGIN*	**(7.0%)**

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

An additional Wasatch Highlands rate above the proportionate County rate would be necessary to provide sufficient funding for the Study Area in years 1, 4, and 5. Higher road costs under Scenario 2 would limit the new Town's ability to generate enough net revenue to reach the five percent requirement outlined in Section §10-2a-504(5).

TABLE 8.5: SCENARIO 2 - PROJECTED WASATCH HIGHLANDS TAX BURDEN

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PROPORTIONATE COUNTY RATE	**0.000382**	**0.000382**	**0.000382**	**0.000382**	**0.000382**
Additional Levy to Balance Budget	0.000194	0.000000	0.000000	0.000098	0.000285
TOTAL TOWN RATE	**0.000576**	**0.000382**	**0.000382**	**0.000480**	**0.000666**
Estimated Certified Tax Value	$172,916,510	$223,541,510	$243,416,510	$322,916,510	$402,416,510
Estimated Town Impact (Median Home $1.2M)	$380	$252	$252	$317	$440
Baseline Impact (Median Home $1.2M)	$252	$252	$252	$252	$252
NET IMPACT	**$128**	**$0**	**$0**	**$65**	**$188**

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.*

The Sponsor anticipates that water service within the Study Area will be provided by IMWC, a private water company. The sponsor and IMWC are currently negotiating an agreement for the delivery of water to the Study Area. Based on the will-serve letter in **Appendix C**, IMWC anticipates water to be available to serve up to 2,500 ERUs. Under the contemplated service model, the developer would construct the water infrastructure necessary to serve the development, which would subsequently be accepted and operated by IMWC. IMWC would be responsible for the operation of the water system, including applicable off-site facilities such as storage tanks and wells, with system costs funded through applicable impact fees and user rates.

Based on the projected water demand at buildout of approximately 2,000 ERUs and the approximately 2,500 ERUs identified as available through IMWC, sufficient water is anticipated to be available to support the Study Area when development is complete, subject to finalization of the water-service agreement, confirmation of the underlying water rights and approvals, and construction of the infrastructure necessary to deliver water to the Study Area.

APPENDIX A: DEVELOPMENT ASSUMPTIONS

Development Assumptions and Summary

Assumptions Table

Phase	Units/SF	Improved Value/Asset	Asset Type	Acres	Start Date	Phase Site Prep	Phase Pre-Sale Development	Phase Post-Sale Development	Total Construction / Development Months	Units Available For Sale	Fully Complete	Units Absorbed / Month	Units Fully Absorbed
Phase 1	80	$20,000,000	Midscale Glamping	12.00	Month 0	N/A	N/A	N/A	4 Months	N/A	Month 4	N/A	N/A
Phase 1	200	$100,000,000	Traditional Hotel	2.50	Month 0	N/A	N/A	N/A	8 Months	N/A	Month 8	N/A	N/A
Phase 1	60	$2,000,000	1/4 Acre Residential	14.75	Month 0	1 Months	3 Months	5 Months	9 Months	Month 4	Month 9	5	Month 16
Phase 2	80	$24,000,000	Upscale Glamping	12.00	Month 8	N/A	N/A	N/A	10 Months	N/A	Month 18	N/A	N/A
Phase 3	177	$4,000,000	1 Acre Residential	177.35	Month 30	1 Months	3 Months	5 Months	9 Months	Month 34	Month 39	2.5	Month 105
Phase 4	51	$2,500,000	3/4 Acre Residential	37.95	Month 105	1 Months	3 Months	5 Months	9 Months	Month 109	Month 114	1.5	Month 143
Phase 5	96	$1,500,000	1/4 Acre Residential	24.00	Month 105	1 Months	3 Months	5 Months	9 Months	Month 109	Month 114	1.5	Month 173
Phase 6	123	$6,000,000	1.5 Acre Residential	184.72	Month 173	1 Months	3 Months	5 Months	9 Months	Month 177	Month 182	2.5	Month 226
Phase 7	81	$10,000,000	2.5 Acre Residential	202.37	Month 226	1 Months	3 Months	5 Months	9 Months	Month 230	Month 235	2.5	Month 262
Phase 8	86	$5,000,000	1 Acre Residential	85.90	Month 235	1 Months	3 Months	5 Months	9 Months	Month 239	Month 244	2.5	Month 273
Phase 9	80	$5,000,000	1 Acre Residential	79.81	Month 244	1 Months	3 Months	5 Months	9 Months	Month 248	Month 253	2.5	Month 280
Phase 10	94,743	$5,000,000	Commercial 1	14.50	Month 280	N/A	N/A	N/A	12 Months	N/A	Month 292	N/A	N/A
Phase 11	47,372	$2,500,000	Commercial 2	7.25	Month 292	N/A	N/A	N/A	12 Months	N/A	Month 304	N/A	N/A

Sales Tax Assumptions

	Month 1 TRevPAR
Upscale Glamping	$292.5
Midscale Glamping	$195.0
Traditional Hotel	$315.0

Development Assumptions and Summary

Residential Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
Units Absorbed														
Phase 1 1/4 Acre Residential	60	45	60	60	60	60	-	-	-	5	10	15	20	25
Phase 3 1 Acre Residential	68	-	-	8	38	68	-	-	-	-	-	-	-	-
Phase 4 3/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 5 1/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 6 1.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 7 2.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 8 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 9 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Households		45	60	68	98	128								

Commercial Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
Units Absorbed														
Upscale Glamping	80	-	80	80	80	80	-	-	-	-	-	-	-	-
Midscale Glamping	80	53	80	80	80	80	-	-	-	-	80	80	80	80
Traditional Hotel	200	200	200	200	200	200	-	-	-	-	-	-	-	-

Development Assumptions and Summary

Residential Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
Units Absorbed																
Phase 1 1/4 Acre Residential	60	45	60	60	60	60	30	35	40	45	50	55	60	60	60	60
Phase 3 1 Acre Residential	68	-	-	8	38	68	-	-	-	-	-	-	-	-	-	-
Phase 4 3/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 5 1/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 6 1.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 7 2.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 8 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 9 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Households		45	60	68	98	128										

Commercial Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
Units Absorbed																
Upscale Glamping	80	-	80	80	80	80	-	-	-	-	-	-	-	-	-	-
Midscale Glamping	80	53	80	80	80	80	80	80	80	80	80	80	80	80	80	80
Traditional Hotel	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

Development Assumptions and Summary

Residential Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Month 25	Month 26	Month 27
Units Absorbed															
Phase 1 1/4 Acre Residential	60	45	60	60	60	60	60	60	60	60	60	60	60	60	60
Phase 3 1 Acre Residential	68	-	-	8	38	68	-	-	-	-	-	-	-	-	-
Phase 4 3/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 5 1/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 6 1.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 7 2.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 8 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 9 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Households		45	60	68	98	128									

Commercial Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Month 25	Month 26	Month 27
Units Absorbed															
Upscale Glamping	80	-	80	80	80	80	80	80	80	80	80	80	80	80	80
Midscale Glamping	80	53	80	80	80	80	80	80	80	80	80	80	80	80	80
Traditional Hotel	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

Development Assumptions and Summary

Residential Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36
Units Absorbed															
Phase 1 1/4 Acre Residential	60	45	60	60	60	60	60	60	60	60	60	60	60	60	60
Phase 3 1 Acre Residential	68	-	-	8	38	68	-	-	-	-	-	-	3	5	8
Phase 4 3/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 5 1/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 6 1.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 7 2.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 8 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 9 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Households		45	60	68	98	128									

Commercial Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36
Units Absorbed															
Upscale Glamping	80	-	80	80	80	80	80	80	80	80	80	80	80	80	80
Midscale Glamping	80	53	80	80	80	80	80	80	80	80	80	80	80	80	80
Traditional Hotel	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

Development Assumptions and Summary

Residential Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 37	Month 38	Month 39	Month 40	Month 41	Month 42	Month 43	Month 44	Month 45
Units Absorbed															
Phase 1 1/4 Acre Residential	60	45	60	60	60	60	60	60	60	60	60	60	60	60	60
Phase 3 1 Acre Residential	68	-	-	8	38	68	10	13	15	18	20	23	25	28	30
Phase 4 3/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 5 1/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 6 1.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 7 2.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 8 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 9 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Households		45	60	68	98	128									

Commercial Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 37	Month 38	Month 39	Month 40	Month 41	Month 42	Month 43	Month 44	Month 45
Units Absorbed															
Upscale Glamping	80	-	80	80	80	80	80	80	80	80	80	80	80	80	80
Midscale Glamping	80	53	80	80	80	80	80	80	80	80	80	80	80	80	80
Traditional Hotel	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

Development Assumptions and Summary

Residential Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 46	Month 47	Month 48	Month 49	Month 50	Month 51	Month 52	Month 53	Month 54
Units Absorbed															
Phase 1 1/4 Acre Residential	60	45	60	60	60	60	60	60	60	60	60	60	60	60	60
Phase 3 1 Acre Residential	68	-	-	8	38	68	33	35	38	40	43	45	48	50	53
Phase 4 3/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 5 1/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 6 1.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 7 2.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 8 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase 9 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Households		45	60	68	98	128									

Commercial Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 46	Month 47	Month 48	Month 49	Month 50	Month 51	Month 52	Month 53	Month 54
Units Absorbed															
Upscale Glamping	80	-	80	80	80	80	80	80	80	80	80	80	80	80	80
Midscale Glamping	80	53	80	80	80	80	80	80	80	80	80	80	80	80	80
Traditional Hotel	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

Development Assumptions and Summary

Residential Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 55	Month 56	Month 57	Month 58	Month 59	Month 60
Units Absorbed												
Phase 1 1/4 Acre Residential	60	45	60	60	60	60	60	60	60	60	60	60
Phase 3 1 Acre Residential	68	-	-	8	38	68	55	58	60	63	65	68
Phase 4 3/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-
Phase 5 1/4 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-
Phase 6 1.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-
Phase 7 2.5 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-
Phase 8 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-
Phase 9 1 Acre Residential	-	-	-	-	-	-	-	-	-	-	-	-
Total Households		45	60	68	98	128						

Commercial Absorption Schedule

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Month 55	Month 56	Month 57	Month 58	Month 59	Month 60
Units Absorbed												
Upscale Glamping	80	-	80	80	80	80	80	80	80	80	80	80
Midscale Glamping	80	53	80	80	80	80	80	80	80	80	80	80
Traditional Hotel	200	200	200	200	200	200	200	200	200	200	200	200

APPENDIX B: UPC DETERMINATION

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

Memorandum

February 24, 2026
To: **Arden Cook, Local Entity Specialist, Office of the Lieutenant Governor**
From: **Megan Rabe, Demographic Research Associate, Kem C. Gardner Policy Institute**
CC: **Mallory Bateman, Dir. of Demographic Research, Kem C. Gardner Policy Institute**
Subject: Wasatch Highlands Preliminary Municipal Feasibility Review

Introduction

The Utah Population Committee (UPC), at the request of the Utah Lieutenant Governor's Office on February 17, 2026, reviewed the preliminary municipality of Wasatch Highlands, in Wasatch County, Utah to determine whether it meets the population, population density, and contiguity requirements for preliminary incorporation as defined in Utah Code 10-2a-503.

The analysis indicates that Wasatch Highlands meets the preliminary incorporation requirements.

Table 1: Initial Feasibility Requirements for Wasatch Highlands Preliminary Incorporation

Criteria	**Meets Criteria?**	**Requirement by Statute**	**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: 2,205
Population Density	Yes	Density must be seven people per square mile or higher	Population density estimate upon plan completion: 524 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: Wasatch Highlands Population Estimate by Project Phase and Total

Phase	Population Growth Estimate
1	254
2	-
3	465
4	313
5	378
6	251
7	273
8	273
9	-
10	-
Total	**2,205**

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 condo and multi-family units are renter occupied, and single family units are owner 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 occupied housing unit (3.13 for Wasatch County) from the 2020 census to determine household population.

APPENDIX C: IMWC WILL-SERVE LETTER

INDEPENDENCE MUTUAL WATER COMPANY

1071 South 5700 East, Heber City, UT 84032

"Serving shareholders of the Heber Valley with reliable culinary water."

August 25, 2026

Philo Development Group, LLC
C/O Greg Whitehead
333 E Main Street, # 785
Lehi, UT 84043

RE: Proposed Wasatch Highlands Preliminary Municipality, Heber City, Utah

To Whom It May Concern:

This letter is written to inform Philo Development Group, LLC ("Philo") that the property referenced above is within the Independence Mutual Water Company of Utah ("IMWC") water service area in Wasatch County, Utah. This proposed development will have the opportunity to secure culinary water connections from IMWC, subject to the conditions outlined below.

<u>Developer Provided Subdivision Demands</u>

ERU Count: 200-2000

IMWC currently has sufficient water available to deliver and service up to 2,500 ERUs to Philo between January 1 and December 31 of each year for the development once all infrastructure is installed and IMWC has received the necessary approvals described below.

Water will be delivered to a Point of Connection to be mutually agreed upon by the parties, anticipated to connect to an existing IMWC line in the vicinity of the preliminary municipality. Philo shall be solely responsible, at its cost, for constructing all pipelines, storage facilities, meters, and appurtenant infrastructure necessary to serve the development (the "Infrastructure"), which shall be installed in accordance with IMWC's standards and subject to IMWC's inspection and approval. Upon approval, Philo shall assign the Infrastructure to IMWC, which will assume ownership and ongoing maintenance responsibility, subject to its continued use for the Project absent Philo's written agreement otherwise.

IMWC will be responsible for obtaining all approvals required from state and federal agencies, including the Utah Division of Water Rights, the Utah Division of Drinking Water, and the Public Service Commission, for delivery of culinary water to Philo's master meter, and for acquiring all easements required for such delivery. IMWC will deliver water to individual meters within the development and will bill each end user directly in accordance with its then-existing policies and procedures.

If additional information is needed, please do not hesitate to contact us at 435-671-1489 or via e-mail at mel@mcmeng.net Thank you for your attention to this matter.

Sincerely,

Mel McL

Melvin McQuarrie
President, Independence Mutual Water Company

APPENDIX D: COUNTY CLASSIFICATION TABLE

TABLE C.1: COUNTY CLASSIFICATION

Classification	Population Range	County	Municipal Services Fund Status	Municipal Services Fund Levy
First Class	1 15	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 E: STAKEHOLDER FEEDBACK

Utah Code § 10-2a-504(3)(c) identifies the stakeholders required to be consulted. The applicable stakeholders received the draft preliminary feasibility study on August 12, 2026, for review and comment. The following appendix includes feedback received during the draft phase of the study. LRB's response to each item is in **red**.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

CUWCD requested clarification on the District's role as a taxing entity, as the draft study noted the District under culinary and secondary water service.

LRB Response: CUWCD has been removed under 'Culinary and Secondary Water' service. A footnote has been inserted on page 13, detailing that CUWCD does not provide retail water service to the Study Area as CUWCD is a regional water district and wholesale water supplier.

INDEPENDENCE MUTUAL WATER COMPANY

In collaboration with the Sponsor, provided a will-serve letter to support the water availability analysis in **Section 9.**

LRB Response: The Draft Study was unable to make a determination on water availability due to pending documentation. A copy of the will-serve letter is provided in Appendix C, supporting that sufficient water is anticipated to be available to support the Study Area when development is complete.

HEBER VALLEY ANIMAL SERVICES

Did not submit additional comments during the draft period.

JORDANELLE SPECIAL SERVICE DISTRICT

JSSD provided the following clarification on treatment service provision in the area:

"JSSD and NVSSD receive wastewater treatment through the JSSD Water Reclamation Facility. TCSSD, Heber City and Midway receive treatment through HVSSD."

LRB Response: The Draft Study incorrectly stated that JSSD and NVSSD received wastewater treatment through HVSSD. The Final Study has been corrected.

WASATCH COUNTY, ADMINISTRATION

Wasatch County's full letter, with LRB's responses, are provided on page 52.

WASATCH COUNTY, SHERIFF'S OFFICE

The Wasatch County Sheriff provided the following feedback regarding the baseline level of service for law enforcement:

"Overall, your summary of the baseline level of service is accurate, with the exception, at least from our perspective, of assuming no additional contract cost will be necessary. Instead, our office recommends the County and any new municipality acknowledge that baseline law enforcement services may become insufficient as Wasatch Highlands grows, and leave the decision to future policy and service-level decisionmakers."

LRB Response: Language detailing that the Study Area could face higher-than-estimated public safety expenditures based on anticipated growth may affect long-term financial sustainability is included in Section 6 of this report.

WASATCH COUNTY FIRE PROTECTION SPECIAL SERVICE DISTRICT
Did not submit additional comments during the draft period.

WASATCH COUNTY SPECIAL SERVICE DISTRICT NO. 21
Did not submit additional comments during the draft period.

PROJECT SPONSOR
In collaboration with IMWC, provided a will-serve letter to support the water availability analysis in **Section 9.**

LRB Response: The Draft Study was unable to make a determination on water availability due to pending documentation. A copy of the will-serve letter is provided in Appendix C, supporting that sufficient water is anticipated to be available to support the Study Area when development is complete.

MANAGER'S OFFICE

September 9, 2026

Login Loftis / Fred Philpot
LRB Public Finance Advisors

Re: Wasatch Highlands Preliminary Municipality Feasibility Study Comments

Wasatch County has completed a streamlined review of the preliminary municipality feasibility study for the proposed Wasatch Highlands Project. The County's review is being conducted outside of the County's ordinary Development Review Committee ("DRC") process and is necessarily more limited than the comprehensive review that would ordinarily occur for a development of this scale.

The County appreciates the opportunity to provide these comments. Based on its review of the feasibility study and the County's experience with the infrastructure and services that would be affected by the proposed development, the County has identified significant concerns regarding whether the proposal is functionally and financially feasible as presented.

Importantly, these comments should not be construed as an exhaustive review of the proposal or as a waiver of any other issues, objections, requirements, or legal rights the County may have. The County expressly reserves all rights to identify and address additional issues as more information becomes available and as the project proceeds through any applicable statutory, regulatory, or development-review processes.

1. Sewer Treatment Is Not Feasible as Proposed

The feasibility study relies on individual onsite septic systems to provide wastewater treatment. Given the proposed number of units and the density of development, the County does not believe that an onsite septic system approach is feasible for the project as proposed.

The County's existing experience and available groundwater information indicate that septic systems on lots of the size contemplated by the proposal present significant feasibility and compliance concerns. The study also does not adequately address the wastewater needs associated with the proposed commercial and hospitality uses. In particular, a development of this scale requires a feasible wastewater solution rather than an assumption that individual septic systems can serve the development.

LRB Response: The Study's Risks and Opportunities section will include language identifying the County's concern regarding groundwater conditions, proposed density, and commercial and hospitality wastewater demand. However, for purposes of estimating municipal service costs under Utah Code § 10-2a-504, the Study relies on the Sponsor's assumption that

wastewater treatment would be provided through individual onsite wastewater systems (similar to Charleston Town and Wolf Creek Ranch) and therefore did not include municipal wastewater collection or treatment expenditures. Under a municipal wastewater approach, however, the newly incorporated area will have the ability to adopt necessary fees related to services provided, including wastewater utility fees and impact fees.

2. No Adequate Affordable Housing Analysis

The feasibility study does not adequately analyze how, when, where, or whether the proposed municipality will satisfy the statutory affordable-housing requirement.

The study should identify the number of affordable units required, the location and timing of those units, the mechanism by which affordability will be maintained, and whether the proposed development

program and financial assumptions actually support construction of those units. The County cannot determine from the current study whether the statutory requirement will be satisfied.

This is particularly significant given the substantial amount of high-end residential, commercial, and hospitality development proposed. The County's broader concern is that the development could create substantial demand for employees and services without providing sufficient housing for the workforce needed to support the development.

LRB Response: The Study pursuant to Utah Code § 10-2a-504 does not require the study to prepare an affordable-housing plan or independently determine compliance with separate affordable-housing requirements. The affordable housing requirement outlined in Utah Code § 10-2a-502 is applicable to the Sponsor's feasibility request that is subsequently certified or denied by the lieutenant governor. The lieutenant governor determined the feasibility request complied with Utah Code § 10-2a-502, allowing the feasibility study to be conducted.

3. Proposed Water Provider Cannot Serve the Site

The study identifies Independence Mutual Water Company as the proposed water provider. Based on information available to the County, however, Independence Mutual Water Company does not currently possess the infrastructure or the ability to transport water from its existing service area to the proposed preliminary municipality.

Accordingly, as presently proposed, Independence Mutual Water Company is not a feasible water provider for the development. Independence Mutual Water Company has no infrastructure or ability to transport water from its existing service area to this site.

The study should identify a capable water provider, the infrastructure necessary to extend service to the site, the source and availability of the required water, and the costs and timing associated with providing that service.

A generalized assumption that a water provider can serve the property is not sufficient where the necessary infrastructure does not presently exist.

LRB Response: The Study does not assume that IMWC presently has existing infrastructure extending to the Study Area. Rather, the service arrangement (see Appendix C) assumes that infrastructure necessary to serve the development would be constructed by the Developer as development occurs and subsequently accepted and operated by IMWC.

The Study's Risks and Opportunities section includes language stating that the IMWC arrangement has not been finalized and that the necessary delivery infrastructure has not yet been constructed. If the contemplated IMWC arrangement cannot be implemented, an alternative provider or municipal/wholesale service arrangement would be required and could result in costs materially different from those assumed in the Study. LRB has separately consulted with JSSD regarding potential alternative service arrangements, and those discussions are summarized in the Study.

4. Snow Removal Costs Are Not Adequately Accounted For

The feasibility study does not adequately address the cost of providing snow removal on the proposed public road network or whether the proposed road and site design is capable of supporting efficient and safe snow removal.

The terrain presents substantially greater snow-removal challenges than those associated with ordinary municipal streets. Providing adequate service would require significant investment in additional equipment, personnel, facilities, and operational capacity. The County estimates that these requirements could result in hundreds of thousands of dollars in additional annual expense.

Those costs are not adequately reflected in the study's financial analysis.

LRB Response: The Study has been updated to reflect the cost per weighted mile of Hideout and Interlaken due to the similar mountainous topography instead of the county-wide approach.

5. Impacts to County Special Service Districts Are Understated

The study assumes little or no meaningful impact on existing County special service districts. The County does not agree with that assumption.

The proposed development will increase demand on existing Parks & Recreation and Fire District services. The study does not adequately account for the loss of impact-fee revenue that may otherwise be generated through development within the County's existing system, nor does it evaluate the resulting effect on service levels for existing County residents.

The Fire District presents an additional concern. Development at the density and scale proposed may require an additional fire station, personnel, apparatus, and related infrastructure. The feasibility study does not determine whether the revenues generated within the proposed municipality would be sufficient to fund those additional obligations or whether existing County residents would ultimately bear some portion of the resulting service costs.

LRB Response: Municipal services provided by Special Service Districts will continue to be provided regardless of the incorporation. Those districts will continue to levy applicable property taxes and impact fees, and provide services to properties within the Study Area.

The Study notes in the Risks and Opportunities section the impact of increased development, independent of incorporation, may create additional demand for fire protection and recreation services and may require future capital improvements or increased operating capacity.

6. Law Enforcement Costs Are Not Adequately Accounted For

The scale of commercial and hospitality development proposed exceeds the level of development ordinarily supported by comparable municipalities without additional law-enforcement resources.

The study assumes no meaningful additional law-enforcement cost but does not adequately analyze the policing demand that would be generated by the proposed residential, commercial, hospitality, and visitor population. The analysis should consider calls for service, traffic enforcement, commercial activity, special events, overnight lodging, emergency response, and the staffing necessary to provide an appropriate level of law-enforcement service.

LRB Response: The Study is prepared pursuant to Utah Code § 10-2a-504(3)(b)(i), requiring the feasibility study to assume that the proposed municipality provides a level and quality of governmental services that fairly and reasonably approximate the level and quality of governmental services provided to the surrounding area at the time the feasibility consultant conducts the study.

The Study assumes that the Sheriff will continue to provide the baseline level of law-enforcement service currently available to the Study Area without an additional municipal contract. The Sheriff also indicated that this baseline level of service may become insufficient as population and development increase. The Study identifies additional future law-enforcement costs as a risk under section 6 but does not assume an enhanced level of service within the initial five-year expenditure forecast.

7. Road Maintenance Costs in Steep, Mountainous Terrain Are Understated

The study appears to estimate road-maintenance costs using a generalized, countywide average cost per mile. That methodology does not adequately account for the substantially greater maintenance demands associated with steep, mountainous terrain.

The proposed location presents unique challenges involving grades, winter weather, drainage, erosion, access, pavement deterioration, and equipment requirements. Consequently, an average countywide road-maintenance cost is not an appropriate proxy for the actual long-term cost of maintaining the proposed road network.

The County believes the study materially understates these future costs.

LRB Response: The Study has been updated to reflect the cost per weighted mile of Hideout and Interlaken due to the similar mountainous topography instead of the county-wide approach.

8. Occupancy Assumptions Are Not Realistic

The feasibility study relies on occupancy assumptions of approximately 75% or higher. Those assumptions are not consistent with the County's experience with comparable developments or with the likely primary-residence characteristics of the proposed project.

Wasatch County's overall primary-occupancy rate is approximately 60%, while comparable high-end developments may have primary occupancy rates in the range of approximately 5–10%.

The difference is significant because the population of the proposed municipality is central to determining whether the project will ultimately reach the population threshold necessary for incorporation. At realistic primary-occupancy rates, there is a substantial risk that the proposed development will not generate the resident population assumed by the feasibility study and may not reach the statutory threshold for incorporation within the anticipated timeframe.

The study should therefore use realistic occupancy assumptions rather than relying principally on near-total occupancy.

LRB Response: The projected population at full phase completion is based on the population determination prepared by the Utah Population Committee (UPC). The UPC methodology assumes applicable occupancy rates for owner-occupied at 99% and renter-occupied units at 97% and applies Wasatch County's persons-per-occupied-housing-unit factor. The resulting buildout population estimate is 2,205 persons. For purposes of the Study's five-year financial projections, the Sponsor's development program assumes that approximately 75 percent of new homes will be primary residences, a more conservative projection than the UPC.

The Risks and Opportunities section will identify that the primary occupancy may be lower than the UPC and Study projections, resulting in both reduced revenues, as well as reduced expense estimated on a per capita basis.

9. No Adequate Improved Points of Access or Mechanism to Create Them

The proposed future municipality does not presently have adequate improved points of access to support the development contemplated by the study.

Existing access is insufficient to support the construction traffic associated with the project, much less the long-term traffic and emergency-access requirements of a large residential, commercial, and hospitality development.

Moreover, the study does not adequately identify a mechanism by which the proposed preliminary municipality would obtain the authority, funding, property interests, and approvals necessary to construct or improve the required access routes.

This is not merely a transportation convenience issue. Adequate access is fundamental to fire protection, emergency response, evacuation, construction, snow removal, and the safe operation of the proposed community.

LRB Response: The feasibility study is prepared to satisfy the requirements of Utah Code § 10-2a-504 and is not intended to constitute a transportation engineering study, access plan, subdivision review, or determination that the proposed development satisfies applicable access, fire, emergency-response, or development standards.

The Study will identify access as an infrastructure and development risk. To the extent access improvements are developer-funded or privately owned, those costs would not necessarily constitute municipal operating expenditures; however, any future municipal responsibility for access improvements could create capital or operating costs beyond those included in the Study.

10. Future Staffing and Contracted Municipal Service Costs Are Not Adequately Analyzed

The feasibility study does not adequately identify the staffing, contracting, and administrative costs that the proposed municipality will incur as it develops and assumes municipal responsibilities.

Among other things, the study should address the future need for planning, engineering, building, financial, personnel, administrative, public works, and legal services, including whether those services will be provided by employees or through outside contracts.

The absence of this analysis makes it difficult to determine whether the proposed municipality will have sufficient recurring revenues to provide the services necessary to operate a municipality of the proposed scale and complexity.

LRB Response: The Study accounts for municipal administrative and general government costs. As stated in section 6, Wasatch County does not maintain a separate Municipal Services Fund that isolates the cost of municipal-type services provided to unincorporated areas, LRB evaluated both adjusted County General Fund expenditures and the general government expenditures of surrounding Wasatch County municipalities.

The Study ultimately utilizes a cost per capita of $803 based on the surrounding areas. This amount is intended to encompass the general administrative functions necessary to operate a municipality and maintain the level of service, including administrative overhead, planning and zoning, building, etc., rather than identifying a particular employee or contracting structure. Preparing a detailed staffing plan would require assumptions regarding policy and organizational decisions that have not yet been made.

Language has been added to the final study that clearly identifies the functions intended to be encompassed within the general government cost. If the proposed Town incorporates, it can choose to provide a higher level of service for staffing and professional service costs.

Limitations of County Review

The County emphasizes that these comments are the product of a streamlined review undertaken specifically in response to the preliminary municipality process. They are not the product of the County's ordinary DRC review, subdivision review, engineering review, or other development-review processes. This review is also done under a short timeframe that is not conducive to a comprehensive review.

The preliminary municipality statute establishes a feasibility-study process but does not provide the County with funding sufficient to conduct the type of comprehensive, independent review that would ordinarily be required for a project of this magnitude. The County therefore has not undertaken, and should not be understood to have undertaken, a complete engineering, financial, transportation, utility, emergency-services, land-use, or development review of the proposal.

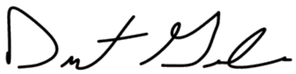
That limitation is particularly important because the County's ordinary development-review processes are designed to evaluate precisely the types of infrastructure, engineering, public-safety, and service impacts identified above. The preliminary municipality process does not provide the County with the same opportunity or resources to conduct that level of review before the project receives the benefits associated with preliminary municipality status.

Nonetheless, after a quick review, the County does not believe the current feasibility study adequately demonstrates that the proposed preliminary municipality is functionally and financially feasible as presented.

Nothing in this letter should be interpreted as a waiver of any statutory, regulatory, contractual, common-law, or other rights or remedies available to Wasatch County, any County department, special service district, or other governmental entity. The County expressly reserves the right to identify additional concerns, require additional information, and assert additional requirements or objections as the proposal develops and as additional information becomes available.

We appreciate the opportunity to provide these comments and request that they be included in the record and considered in evaluating the feasibility of the proposed preliminary municipality.

Sincerely,



Dustin Grabau
Wasatch County Manager