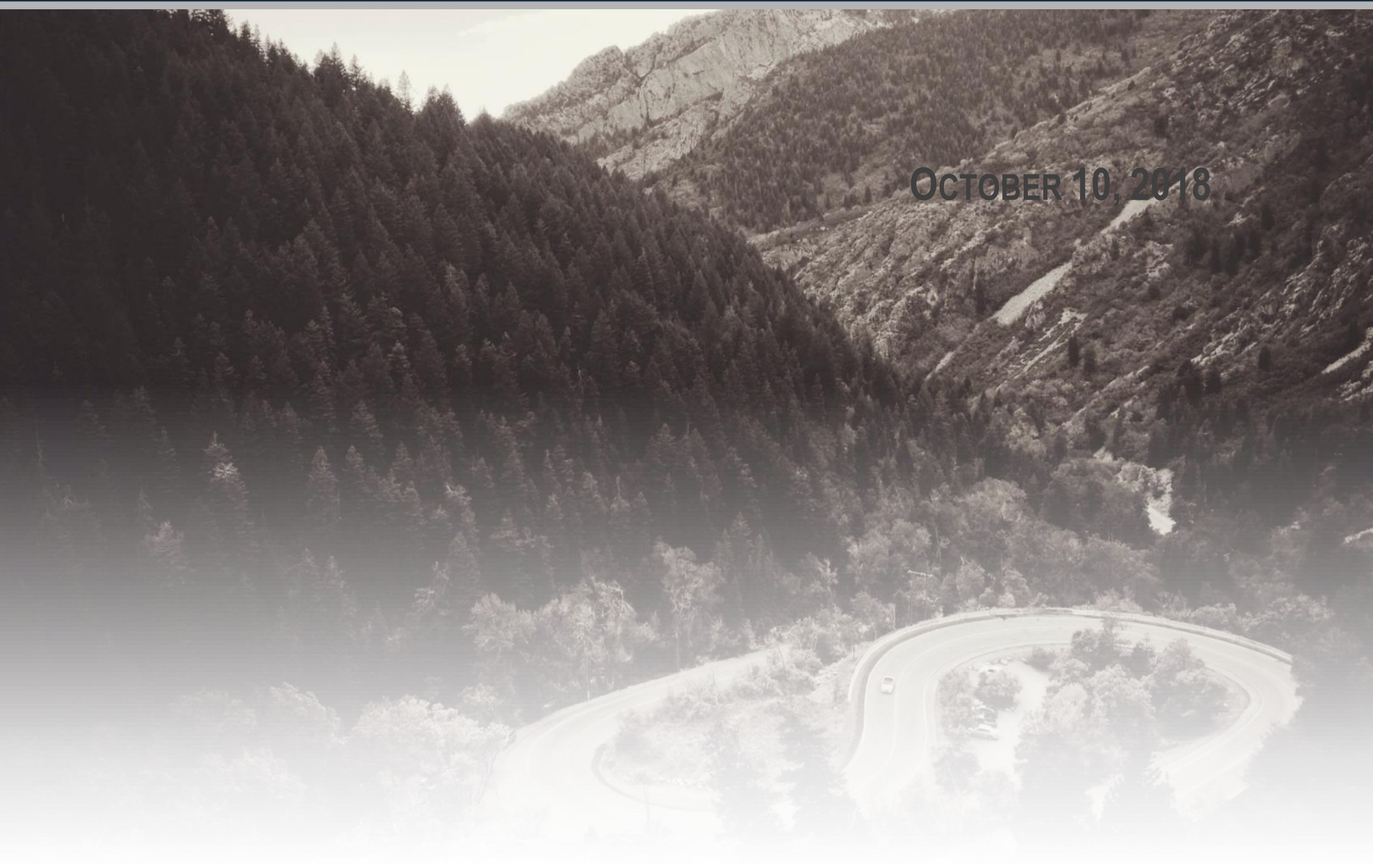
REVISED FEASIBILITY STUDY FOR THE PROPOSED INCORPORATION OF THE TOWN OF BRIGHTON VERSION 3

SALT LAKE COUNTY, UTAH



OCTOBER 10, 2018

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SECTION 1: EXECUTIVE SUMMARY

In accordance with Utah State Code Title 10-2a-302.5, the Office of the Lieutenant Governor commissioned Lewis Young Robertson & Burningham, Inc. ("LYRB") to complete a feasibility study related to incorporation of an unincorporated area of Salt Lake County ("County"). The proposed Town of Brighton (herein sometimes referred to as "Study Area", "Brighton", "Town of Brighton" or "Town") is located within the Greater Salt Lake Municipal Services District (the "MSD"). Currently, the MSD contracts with Salt Lake County for the provision of many of the Study Area's services, as illustrated in **Table 1.1** below. If Brighton votes to incorporate, the Study Area would remain in the MSD, none of the service providers would change, and no additional revenues would need to be raised to alter the level of service of any of the Town's services.

Because the Town could vote to leave the MSD as early as one year after incorporating, LYRB analyzed the feasibility of incorporating, leaving the MSD, and contracting for the services the MSD currently contracts on its behalf or self-providing the same services. In accordance with Utah Code 10-2a-302 (7), the analysis considers the present and five-year projections of the cost, including overhead, of governmental services in the proposed town, including: culinary water, secondary water, sewer, law enforcement, fire protection, roads and public works, garbage, weed control, and government offices. The financial feasibility study further contemplates the same tax categories and tax rates as currently imposed by Salt Lake County and all other current service providers, the present and five-year projected revenue for the proposed town, and a projection of any new taxes per household that may be levied within the incorporated area within five years of incorporation.

Note that while this study analyzes the impacts from three different scenarios, **Scenario 1** (Brighton incorporates and remains in the MSD) is what will happen if Brighton only votes to incorporate and does nothing else. **Scenarios 2** and **3**, while possible outcomes, would necessitate another petition, feasibility study, and action from the Town's Council before either could occur. Based on analysis of three different possible incorporation scenarios for the Town, LYRB concluded that incorporation is financially feasible under all three scenarios.

The following table depicts the different municipal services provided to the Study Area and the entity that provides the service. Note that the services provided by Salt Lake County are contracted for the Study Area by the MSD.

TABLE 1.1: SERVICES AND SERVICE PROVIDERS

Service	Service Provider
Culinary Water	Private (various water companies)
Secondary Water	N/A
Sewer	Cottonwood Improvement District
Law Enforcement	Unified Police Department[1]
Fire Protection	Unified Fire Authority[2]
Roads & Public Works	Salt Lake County

Service	Service Provider
Garbage	Wasatch Front Waste & Recycling District
Weeds	N/A
Government Offices	Salt Lake County
Animal Services	Salt Lake County
Capital Projects	Salt Lake County
Courts	Salt Lake County

Services provided to the Town of Brighton by special service districts that already levy a tax within the Study Area may be affected by the Town's decision to incorporate. While incorporating will not affect the cost to provide the services, incorporating may affect financial support from Salt Lake County for the services provided. If Salt Lake County stops supporting public safety services in Brighton, it will leave a $1.7 million funding gap needed to maintain the level of public safety services to the Study Area. The boards that govern the public safety providers would decide how to approach the funding gap. Their options include raising their tax rates to fund the funding gap, reducing the level of public safety services to Brighton, or requiring Brighton to generate the full $1.7 million.

If Brighton had to raise revenues sufficient to fill the public safety funding gap, about $1.8 million in 2019, it could do so with revenues from a property tax, transient room tax, resort community tax, or a combination of these options. The following table illustrates how the Town could raise $1.8 million to maintain the level of public safety services within the Town.

[1] The Town of Brighton is within the Salt Lake Valley Law Enforcement Service Area
[2] The Town of Brighton is within the Unified Fire Service Area

TABLE 1.2: BRIGHTON PUBLIC SAFETY FUNDING

	PROJECTED		
	5 Year Average Rate	Primary Homeowner Annual Impact	Secondary Homeowner Annual Impact
Property Tax Rate (No TRT)	0.0051	$1,125	$2,045
Property Tax Rate (TRT)	0.0047	1,026	1,865
Property Tax Rate (TRT & Additional TRT)	0.0044	997	1,776
Property Tax Rate (TRT & Additional TRT & 1.6 % Resort Community Tax Revenues)	0.0029	643	1,169

A more in-depth look at the impact of County subsidies is provided in **Section 8**.

Private providers of services, like water companies or snowplowing companies, are expected to provide the same level of service as in the past with expenses unaffected by the Town's incorporation or staying a part of the unincorporated County.

SCENARIO 1: BRIGHTON INCORPORATES AND REMAINS IN MSD

If the Town of Brighton incorporates and remains in the MSD, all service providers will remain the same. All of the revenues raised within the Study Area will continue to flow to the County and MSD to support the services being provided. Additional expenses associated with supporting the Town's governmental operations will be absorbed by the MSD. Thus, the fiscal impact on Brighton's residents is estimated to be $0.

Note that due to a change in how Class B&C Road Funds are distributed to unincorporated counties and other cost increases noted by the MSD, the MSD would have to raise about $10 million in additional revenues in order to maintain the level of service currently provided. This is the case whether Brighton incorporates or remains unincorporated. The MSD plans to respond to the revenue shortage in its 2019 budget by raising about $3 million in property taxes, raising about $3.5 million in storm water service fees, and decreasing the budget to $31.8 million. The MSD's property tax will have the following impact in 2019: primary residences: $78, and secondary residents $142. See also **Table 1.3**, which shows the estimates for 2019.

Because this financial feasibility study must assume a consistent level of service before and after incorporation, it assumes the MSD does not reduce its budget but imposes a property tax rate to raise about $10 million in revenues and balance its budget. The 5-year average tax rate is **0.00124**. The MSD, however, does not have the legal authority to raise more than $3.4 million through property taxes. Although the MSD cannot levy a property tax to raise $10 million in revenues, this Study assumes it does in order to maintain the level of service currently being provided, as required within the statute that governs incorporation, and to illustrate the impact maintaining the level of service would have per household. The property tax would have the following impact in 2019: primary residences: $262, and secondary residents $477. See also **Table 1.3**, which shows the estimates for 2019.

TABLE 1.3: CALCULATION AND IMPACT OF PROPERTY TAX FROM MSD'S LIKELY RATE AND RATE ASSUMED IN STUDY

	2019
Using MSD's Budget Assumptions	
MSD Total Taxable Value	$8,453,193,241
Tax Rate	0.00035
Home Value	$400,000
Primary Residence Annual Tax Burden	$78
Secondary Residence Annual Tax Burden	$142

	2019
Using Study's Budget Assumptions	
MSD Total Taxable Value	$8,453,193,241
Tax Rate	0.00119
Home Value	$400,000
Primary Residence Annual Tax Burden	$262
Secondary Residence Annual Tax Burden	$477

The following table illustrates the additional property tax rate Brighton would require under Scenario 1 and the impact the tax would have on residents.

TABLE 1.4: FISCAL IMPACT FOR SCENARIO 1, BRIGHTON INCORPORATES AND REMAINS IN MSD

	PROJECTED					
	2019	2020	2021	2022	2023	Average
Additional Tax Rate Needed	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**
Impact on Primary Residents (Home $400,000)	$0	$0	$0	$0	$0	$0
Impact on Secondary Residents (Home $400,000)	$0	$0	$0	$0	$0	$0

SCENARIO 2: BRIGHTON INCORPORATES, LEAVES MSD AFTER YEAR 1 AND CONTRACTS FOR SERVICES

This scenario assumes that the MSD will continue to provide services for the first year, except for administrative/government, storm water management, and emergency management, which will be self-provided but funded by the MSD. After the first year, Brighton leaves the MSD and contracts directly with the County for the services that were previously contracted for by the MSD. Brighton will continue to self-provide administrative/government services, storm water management, and emergency management. The costs for contracting with the County were provided by the MSD/County. More information on the assumptions can be found in **Section 5**.

If the Town of Brighton incorporates, leaves the MSD after one year, and contracts with the County for services, the tax impact is estimated to be $0, as no tax increase above the MSD's rate would be necessary. By assessing the same tax rate assessed by the MSD, the Town's revenues will exceed its expenses by $317,244 annually on average for the four years after it exits the MSD. The Town would, however, have to remit tax revenues to the MSD in excess of 10 percent of the revenues over the expenses. The Town would retain an average of $120,200 of the excess revenues annually and remit an average of $197,044 annually to the MSD.

TABLE 1.5: FISCAL IMPACT FOR SCENARIO 2, BRIGHTON INCORPORATES, LEAVES MSD, AND CONTRACTS WITH COUNTY FOR SERVICES

	PROJECTED					
	2019	2020	2021	2022	2023	Average
Additional Tax Rate Needed	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Impact on Primary Residents (Home $400,000)	$0	$0	$0	$0	$0	$0
Impact on Secondary Residents (Home $400,000)	$0	$0	$0	$0	$0	$0

SCENARIO 3: BRIGHTON INCORPORATES, LEAVES MSD AFTER YEAR 1 AND SELF-PROVIDES SERVICES

This scenario assumes that the MSD will continue to provide services for the first year, except for administrative/government, storm water management, and emergency management, which will be self-provided but funded by the MSD. After the first year, Brighton leaves the MSD and self-provides for the services the MSD provided through the County, including animal services, engineering services, municipal parks, and public works, which includes roads and weed abatement. The cost of self-providing these services was estimated based on data from the MSD/County and from six comparison towns. More information on the assumptions can be found in **Section 6**.

If the Town of Brighton incorporates, leaves the MSD after one year, and provides its own services, the tax impact is estimated to be $0, as no tax increase will be necessary. By assessing the same tax rate assessed by the MSD, the Town's revenues will exceed its expenses by an average of $314,982 annually for the four years after it leaves the MSD. The Town would, however, have to remit tax revenues to the MSD in excess of 10 percent of the revenues over the expenses. The Town would retain $122,055 of the excess revenue annually and remit $192,927 annually to the MSD.

TABLE 1.6: FISCAL IMPACT FOR SCENARIO 3, BRIGHTON INCORPORATES, LEAVES MSD, AND SELF-PROVIDES SERVICES

	PROJECTED					
	2019	2020	2021	2022	2023	Average
Needed Tax Rate	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Impact on Primary Residents (Home $400,000)	$0	$0	$0	$0	$0	$0
Impact on Secondary Residents (Home $400,000)	$0	$0	$0	$0	$0	$0

According to Utah Code 10-2a-302.5 (7)(d), If the five-year projected revenues exceed the five-year projected costs by more than 10 percent, the feasibility consultant shall project and report the expected annual revenue surplus to the contact sponsor and the Lieutenant Governor. Based on LYRB's model assumptions and projections, the Town's five-year projected revenues will exceed its five-year expenses under Scenario 2 and Scenario 3.

Using the MSD's 2019 budget assumptions, however, causes the Town's projected revenues to exceed its projected costs, but not by more than 10 percent. The table below summarizes the differences between the Study and the MSD's assumptions for the MSD's 2019 Budget and its impact.

TABLE 1.7: DIFFERENCES BETWEEN STUDY & MSD'S BUDGET ASSUMPTIONS

2019 MSD Budget Assumptions	Feasibility Study Assumptions	MSD's Assumptions
Total Expense	$35,600,000	$31,800,000
Revenue from Storm Water Service Fees	0	3,500,000
Property Tax Rate	0.0012	0.0003
Property Tax Revenue Generated	10,078,949	3,000,000
Property Tax Revenue Generated in Brighton	434,266	129,259
Property Tax Impact on Primary Residence (Scenario 1)	727	78
Property Tax Impact on Secondary Residence (Scenario 1)	494	142

Using the MSD's revenue and expense assumptions for 2019, the Town is expected to have a surplus budget, so no additional revenues would need to be raised. The surplus is not enough, however, to require any of its remittance to the MSD. Additional information on the Town's budgets using the MSD's assumptions can be found in **Section 7**.

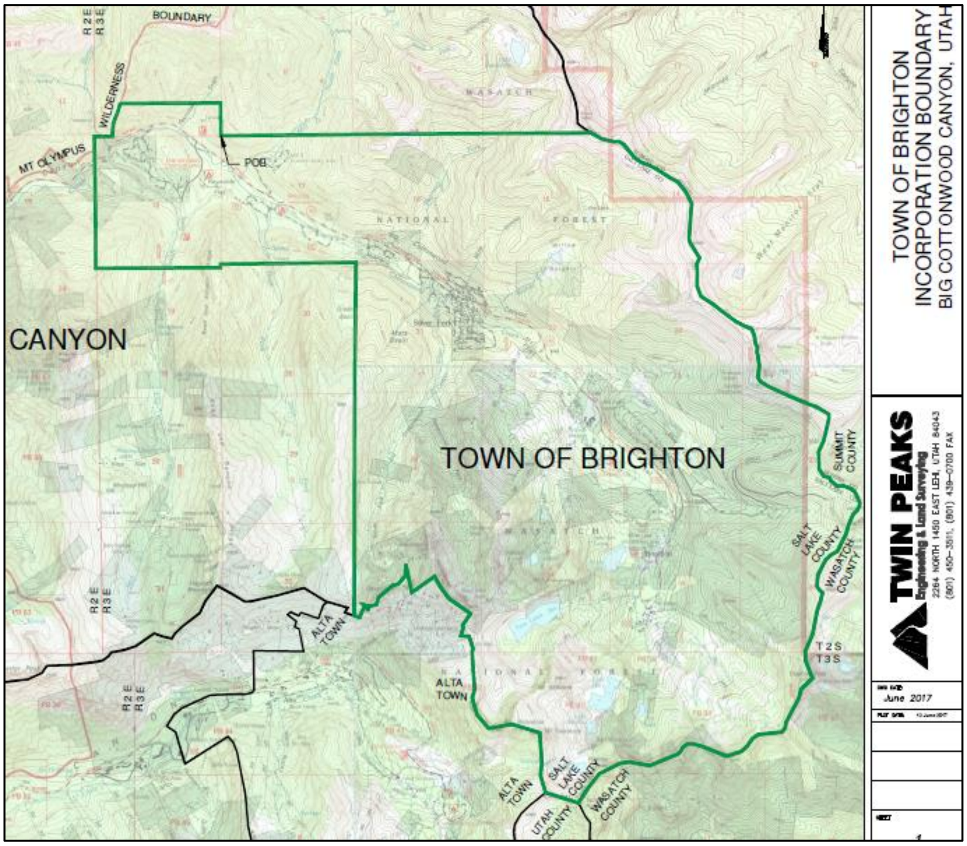
An analysis of the fiscal, demographic and economic issues suggests that the Study Area meets the basic requirements to incorporate as a town, as set forth in Utah Code 10-2a-302.

SECTION 2: POPULATION & POPULATION DENSITY

POPULATION

The proposed incorporation boundary for the Study Area includes two ski resorts, Brighton and Solitude. Also included are 13 communities, Mount Haven, Laurel Pines, Mill D North Fork, Cardiff, Pine Tree, Silver Fork, Forest Glen A, Forest Glen B-C, Evergreen, Lady of the Lake, Giles Flat, Solitude Condos, and Brighton. Approximately 20 percent of these communities' homes are primary residents, while 80 percent of the homes are used seasonally. In total, the Town comprises **10,238.8 acres**. Twenty-one percent of the land is privately owned, 72 percent belongs to the US Forest Service, and 6 percent of the land belongs to Salt Lake City. A map of the Study Area is shown in **Figure 2.1**.

FIGURE 2.1: STUDY AREA BOUNDARY



Based on land use data provided by Salt Lake County and data from community council members, there are between 116 and 161 primary residences and 599 to 644 non-primary residences in the Study Area. Because of Foothill and Canyon Overlay Zone regulations, building permits are difficult to obtain, requiring significant investments in both time and money. As a result, growth and development within the Study Area occurs slowly and methodically.

To determine the Study Area population, LYRB evaluated Community Council Member data, the County Assessor's Database, and voter registration records. The Community Council estimate of total population is 260 people. LYRB verified this number by comparing the household size of Alta Town (1.55 persons per household), which is also a ski resort town with similar demographics to the Town of Brighton. Based on a total of 161 primary housing units in the Town of Brighton, multiplied by the average household size of 1.55 persons per household, the population for the Study Area would be approximately 250 people, which is only slightly lower than the Community Council projection.

Using parcel data from the County Assessor, LYRB evaluated parcel property information to estimate the number of fulltime residents. Within the parcel data, 116 property owner addresses matched the property location address. Multiplying this number by Alta's average household size results in an estimated minimum population of 180.

Considering voter registration data, we can conclude that the population is higher than this established minimum population estimate using only County parcel data. The voter precinct to which most residents in and near the Town of Brighton are assigned (BRT901) has 263 registered voters. Using data from the County, LYRB geocoded the registered voters' addresses from the precinct and determined that of the total 263 registered voters in precinct BRT901, 202 registered voters reside within the proposed borders of the Town of Brighton.

Note that in Utah Code 10-2a-302.5 (2)(b), a requirement for a Town's incorporation states, "(ii) at least 50% of the voting eligible population in the area are registered voters." With an estimated population of 260, this requirement is believed to be met. The population of eligible voters would have to be over 404 to not fulfil this requirement, which is an unrealistically high population estimate.

For purposes of this study, LYRB used the population figure of 260, as provided by the Community Council with an estimated 1,500 part-time residents.

TABLE 2.1: TOWN OF BRIGHTON ESTIMATED POPULATION

Study Area Population	260

The communities within the Town include an estimated 73 vacant lots. Assuming the same ratio of 20 percent full-time residents for the 73 vacant lots, 15 will be occupied full-time and 58 will be occupied part-time. The average household size for full-time occupied residences is 1.61 and 2.33 for part-time occupied households. Thus, the estimated full-time residents at buildout is 283 as illustrated in **Table 2.2**.

TABLE 2.2: STUDY AREA FULL-TIME BUILDOUT PROJECTION

Current Full-Time Occupied Households	161
Estimated New Full-Time Households	15
Average Full-Time Occupied Household Size	1.61
Total Estimated Full-Time Buildout Population	283

POPULATION DENSITY

The population of the surrounding communities in the County are identified below in **Table 2.3**. The populations range from a low of 349 persons in Alta Town to 191,446 in Salt Lake City. The Study Area's population is the lowest when compared to surrounding areas and comparison cities. These communities are shown for illustrative purposes. However, when determining five-year growth estimates and tax impacts in later sections, this analysis compares the Study Area to the remaining unincorporated County. The household size is the number of persons per household and the population density equals the number of persons per acre.

TABLE 2.3: SURROUNDING AREA 2016 POPULATION

	Alta town	Bluffdale City	Cottonwood Heights City	Draper City (pt.)	Herriman City	Holladay City	Midvale City	Millcreek	Murray City	Riverton City
2016 Population	349	9,809	34,274	44,487	29,176	30,793	31,659	61,191	48,834	41,521
Household Size	1.55	3.92	2.81	3.5	4.05	2.69	2.67	2.66	2.62	3.71
Population Density	0.07	1.48	7.88	2.37	2.25	6.21	8.62	6.99	6.38	5.28

	Salt Lake City	Sandy City	South Jordan City	South Salt Lake City	Taylorsville City	West Jordan City	West Valley City	Balance of Salt Lake County	Study Area[3]
2016 Population	191,446	93,141	62,751	24,575	60,448	110,928	134,609	82,527	260
Household Size	2.66	3.16	3.61	2.5	3.12	3.52	3.68	N/A	1.6
Population Density	2.78	6.50	4.58	5.68	8.90	5.46	6.04	N/A	0.03

Source: US Census Data

[3] Information not based on 2016, as the area was not census designated at the time. Information based on County parcel data, voting records, and other GIS data.

SECTION 3: FIVE-YEAR PROJECTIONS OF DEMOGRAPHICS & ECONOMIC BASE

DEMOGRAPHICS

To determine five-year demographic projections, LYRB utilized information from the US Census, the Governor's Office of Management and Budget ("GOMB"), and Salt Lake County. **Table 3.1** below shows current and five-year population projections based on GOMB projections and the corresponding average annual growth rates ("AAGR").

TABLE 3.1: SALT LAKE COUNTY CURRENT AND 5-YEAR POPULATION FIGURES

GEOGRAPHY	2016 CENSUS	2018	2023	AAGR 2010-2020
Salt Lake County	1,092,518	1,122,871	1,202,494	1.38%
Alta Town	349	352	360	0.44%
Bluffdale City	9,809	10,383	11,971	2.89%
Cottonwood Heights City	34,274	35,039	37,028	1.11%
Draper City (pt.)	44,487	45,710	48,918	1.37%
Herriman City	29,176	30,456	33,908	2.17%
Holladay City	30,793	31,497	33,329	1.14%
Midvale City	31,659	32,727	35,558	1.67%
Millcreek	61,191	61,292	61,546	0.08%
Murray City	48,834	50,216	53,846	1.41%
Riverton City	41,521	42,654	45,625	1.36%
Salt Lake City	191,446	196,167	208,486	1.23%
Sandy City	93,141	95,251	100,737	1.13%
South Jordan City	62,751	64,867	70,473	1.67%
South Salt Lake City	24,575	25,213	26,881	1.29%
Taylorsville City	60,448	61,824	65,402	1.13%
West Jordan City	110,928	113,996	122,044	1.37%
West Valley City	134,609	137,767	145,991	1.17%
Balance of Salt Lake County	82,527	87,457	100,392	2.87%
Town of Brighton	**NA**	260	266	0.42%

Population projections for the Study Area are based on estimated future construction on vacant lots and input from the Town Community Council. **Table 3.2** details the five-year projections for primary/full-time residents within the Study Area.

TABLE 3.2: TOWN OF BRIGHTON 5-YEAR POPULATION PROJECTION

TOWN	2018	2019	2020	2021	2022	2023
Town of Brighton	260	261	262	263	264	266

Median household income figures from the US Census from 2000 and 2016 were used to project the median household income through 2023 for the County as shown in **Table 3.3**.

The Kem C. Gardner Policy Institute's Long-Term Demographic and Economic Projections Summary, published July 2017, projects an annual decrease in average household size in Utah of 0.55 between 2018 and 2023. The estimated average household size in Salt Lake County is 2.87. Using the average annual decrease in household size for the State of 0.55%, it is estimated that in 2023 Salt Lake County will have an average household size of 2.79 persons per household. Because of the slow pace of development within Big Cottonwood Canyon, the Study Area's average persons per household is projected to remain the same over the next 5 years at 1.61.

Figure 3.1: Historic and Projected Median Household Income

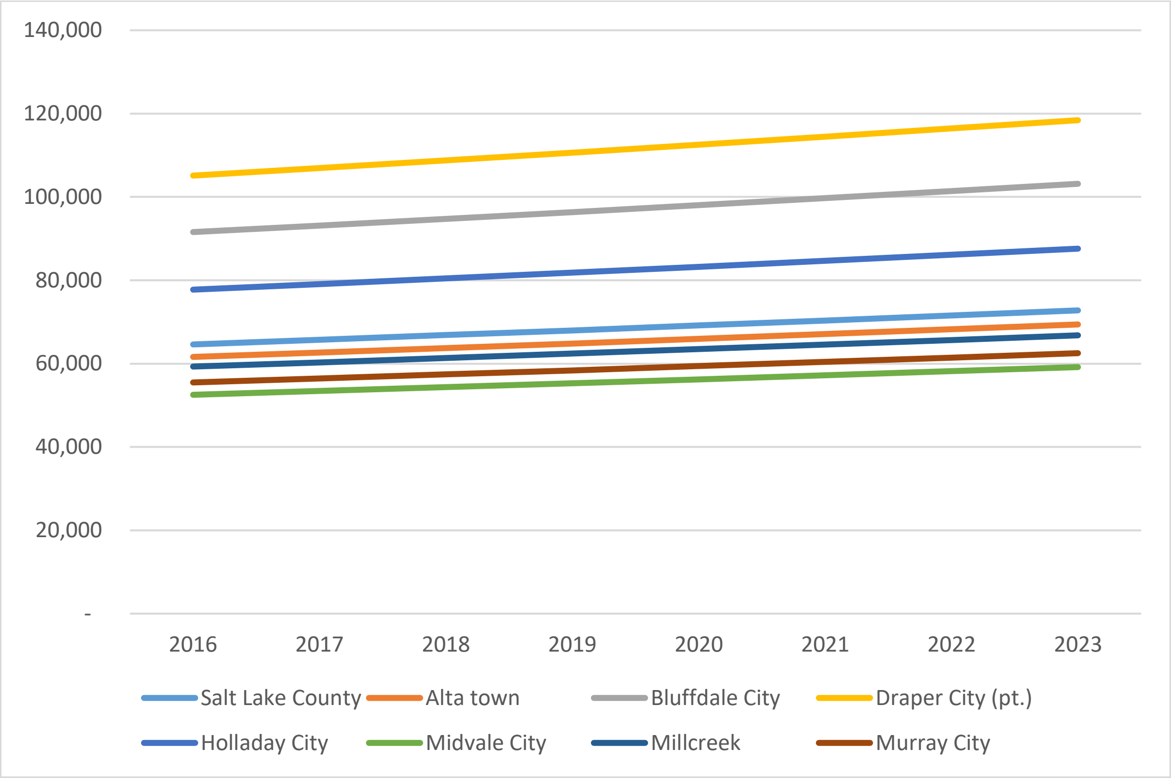
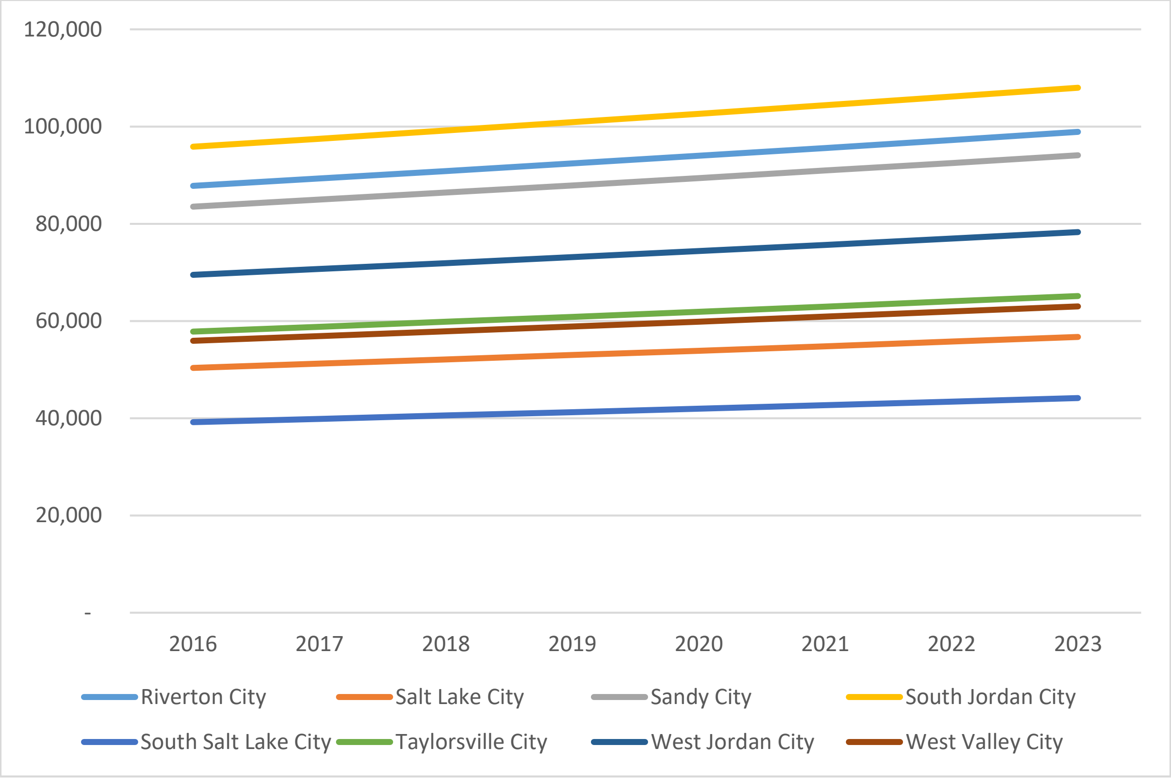


Figure 3.1: Historic and Projected Median Household Income (Cont.)



Source: US Census Data

The County's median household income has grown from $48,373 in 2000 to $64,601 in 2016. The projected median household incomes grow similarly through 2023 as illustrated in **Table 3.4**.

Table 3.3: Historic Median Household Income

	2000	2016	Average Annual Growth Rate
Salt Lake County	48,373	64,601	1.72%
Alta town	51,250	61,607	1.09%
Bluffdale City	66,615	91,573	1.89%
Draper City (pt.)	72,341	105,118	2.22%
Holladay City	66,468	77,753	0.93%
Midvale City	40,130	52,521	1.60%
Millcreek	38,211	59,291	2.62%
Murray City	45,569	55,483	1.16%
Riverton City	63,980	87,806	1.88%
Salt Lake City	36,944	50,353	1.84%
Sandy City	66,458	83,527	1.35%
South Jordan City	75,433	95,858	1.42%
South Salt Lake City	29,801	39,198	1.63%
Taylorsville City	47,236	57,826	1.20%
West Jordan City	55,794	69,503	1.30%
West Valley City	45,773	55,933	1.19%

Source: US Census Data

Table 3.4: Projected Median Adjusted Gross Income

	2018	2019	2020	2021	2012	2023
Salt Lake County	66,837	67,985	69,151	70,338	71,545	72,773
Alta town	63,740	64,834	65,946	67,078	68,230	69,401
Bluffdale City	94,743	96,369	98,023	99,706	101,417	103,157
Draper City (pt.)	108,757	110,624	112,522	114,453	116,418	118,416
Holladay City	80,445	81,825	83,230	84,658	86,111	87,589
Midvale City	54,339	55,272	56,220	57,185	58,167	59,165
Millcreek	61,344	62,396	63,467	64,557	65,665	66,792
Murray City	57,404	58,389	59,391	60,410	61,447	62,502
Riverton City	90,846	92,405	93,991	95,604	97,245	98,914
Salt Lake City	52,096	52,990	53,900	54,825	55,766	56,723
Sandy City	86,419	87,902	89,410	90,945	92,506	94,093
South Jordan City	99,177	100,879	102,610	104,371	106,162	107,984
South Salt Lake City	40,555	41,251	41,959	42,679	43,412	44,157
Taylorsville City	59,828	60,855	61,899	62,961	64,042	65,141
West Jordan City	71,909	73,143	74,399	75,676	76,974	78,295
West Valley City	57,869	58,863	59,873	60,900	61,946	63,009

Source: US Census Data

Economic Base

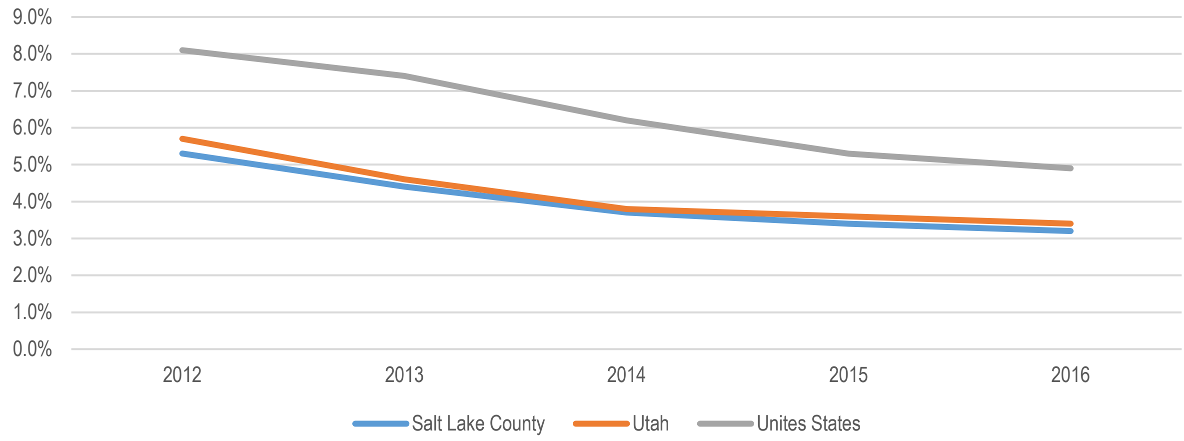
The Study Area has a secure economic base with two ski resorts, Brighton and Solitude. Several businesses are supported by the visitors attracted to the Town by the resorts. Salt Lake County, as a base for the region is also valuable to consider in this incorporation study, as it is the most populous county in the State. Continued growth in property values, taxable sales, and employment are key variables to consider. The following paragraphs discuss the County's regional economy.

Regional Economy

The County is home to the State's capital, roughly one-third of the State's population, many financial firms, national sports teams, an international airport, general retail, and institutes of higher education. Its regional economy is very strong and continues to grow.

The unemployment rate for the County was an average of 3.2 percent in 2016, down from 5.3 percent in 2012. Unemployment peaked in 2012 and gradually decreased over the following five years (see **Figure 3.2**). This trend is mirrored by the State, which had its highest average unemployment in 2012 at 5.7 percent and saw gradual annual decreases in unemployment for the following four years.

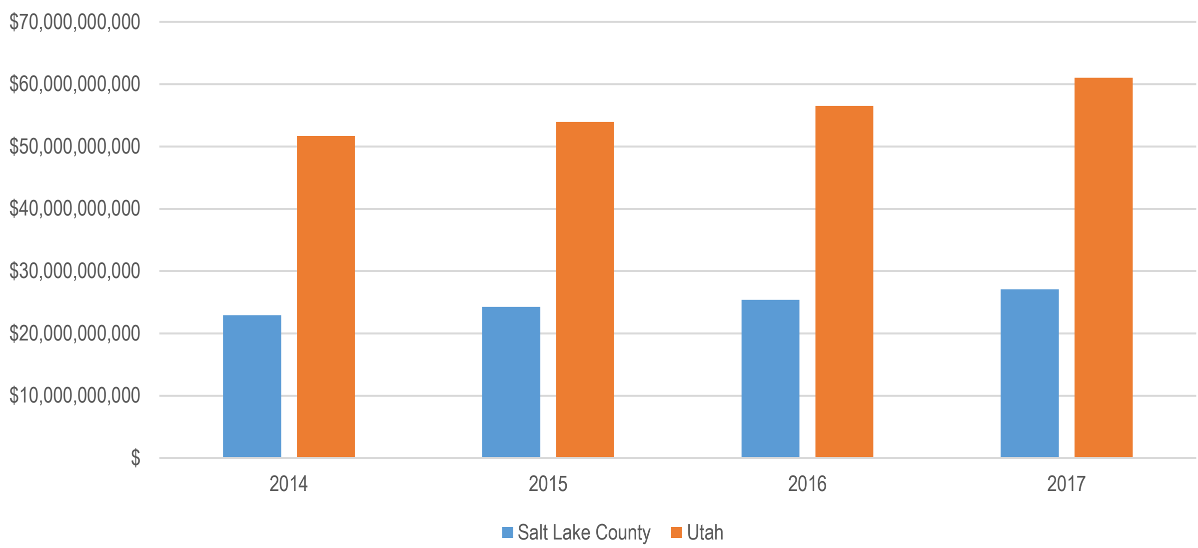
FIGURE 3.2: HISTORIC SALT LAKE COUNTY UNEMPLOYMENT RATES



Source: US Bureau of Labor Statistics

A comparison of taxable sales trends for the County illustrates an increase of 4.2 percent between 2014 and 2017 with business investment, retail trade, and services excelling. The increase in taxable sales in the County can be seen in **Figure 3.3,** as well as the magnitude by which Salt Lake County contributes to the State's total taxable sales.

FIGURE 3.3: COMPARISON OF TAXABLE SALES FOR SALT LAKE COUNTY AND THE STATE



Source: Utah Department of Workforce Services: Year-to-Year Change in Gross Taxable Sales

Historic taxable value figures for Salt Lake County show an AAGR of 6.2 percent from 2013 through 2017. 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 3.5: SALT LAKE COUNTY HISTORIC TAXABLE VALUE

SALT LAKE COUNTY	2013	2014	2015	2016	2017	AAGR
Real	$62,964,220,832	$67,304,452,911	$71,902,752,393	$79,233,595,595	$86,336,774,869	6.5%
Personal	4,759,713,196	5,193,628,054	5,678,877,262	5,727,506,830	6,178,965,712	5.4%
Centrally Assessed	5,640,985,207	6,148,866,892	6,569,480,285	6,820,531,815	6,532,875,094	3.0%
Total	**$73,364,919,235**	**$78,646,947,857**	**$84,151,109,940**	**$91,781,634,240**	**$99,048,615,675**	6.2%

Utah State Tax Commission

One method for tracking commercial and industrial development is through employment within those sectors. Salt Lake County accounts for 45 percent of the total employment within the State. Long-term projections show that by 2065, the County will only account for 40 percent of the total employment within the State. Assuming that over the next five years, Salt Lake County captures 30 percent of the total growth within the State, the County will see an increase in commercial employment of 65,000 jobs. Commercial employment includes retail, arts, management, etc. Between 2018 and 2023, 11,000 Industrial sector jobs are expected to be created. Industrial jobs include manufacturing, construction, utilities, etc.

Study Area Economy

The Study Area is comprised of 805 residential units spread throughout 13 communities, the Brighton and Solitude ski resorts, and a few businesses that cater to tourists and snow sport enthusiasts. The gross taxable sales in 2016 in the Study Area amounted to $33,906,593. Because growth in the Study Area occurs slowly, the model projects flat growth that is only adjusted annually for inflation. While commercial and industrial development could occur between 2018 and 2023, the model and this financial feasibility study forecasts zero growth for those sectors.

The Study Area is comprised of **10,238.8 acres** with a taxable value of **$354,533,020**. The Study Area represents 7 percent of the total unincorporated County taxable value and 4 percent of the Municipal Service District's value as illustrated in **Table 3.8**.

Table 3.6: Estimate of Study Area Taxable Value in Comparison to Salt Lake County's Taxable Value

Town of Brighton	2018
Estimated Taxable Value	$354,533,020
Study Area Taxable Value as % of Unincorporated County Taxable Value	7%
Study Area Taxable Value as % of MSD Taxable Value	4%

Projections of Area Economic Base

The following paragraphs address the projections of the economic base within the unincorporated County, specifically as it relates to the MSD. Salt Lake County contributes to the majority of the State's economic growth and development. As available space for development opportunities within incorporated areas of the County shrinks, increased growth and development will likely take place in unincorporated areas of the County. The MSD currently receives its revenues from local sales tax revenues, Class B Road Funds, and fees from the MSD's five metro townships and the unincorporated area. The MSD will see increases in revenues as the unincorporated County and metro townships experience increases in population, taxable sales, and additional roads.

The table below illustrates the MSD's budgeted revenues for its first two full years of operation.

Table 3.7: Municipal Services District Revenues

	2017	2018
Estimated Tax Revenue	$37,645,482	$34,404,287

Though several factors account for the $3.2 million reduction in revenues between 2017 and 2018, the main factor was a change in State law concerning how Class C Road Funds were allocated to unincorporated counties. A similar drop in revenues is not expected to occur again, and Class C Road Funds are assumed to be a stable source of revenues for the MSD in the future. Note that prior year fund balances are carried forward as revenues, $6.1 million in 2017 and $9.3 million in 2018. These fund balances were needed by the MSD to fund the municipal services being provided by the County. Beyond 2018, it is anticipated that the MSD will need to increase revenues in order to maintain the level of service within the MSD.

As illustrated in **Figure 3.3**, taxable sales within Salt Lake County have increased steadily over the past three years at an average annual growth rate of 4.2 percent. The annual taxable sales in Salt Lake County have made up 45 percent of the State's annual taxable sales.

Projections of Study Area Economic Base

Significant factors that will influence revenues within the Study Area include taxable assessed value and taxable sales. Growth in taxable value will influence future property tax revenues and general government services funding. New property growth is estimated based on the current average taxable value of a home, $328,114, multiplied by 3.5 homes a year (which equates to a growth rate similar to that of Alta Town). **Table 3.8** details the projected taxable value for the Study Area.

Table 3.8: Study Area Taxable Value (Actual and Projected Values)

	Actual	Projected				
	2016	2017	2018	2019	2020	2021
Assessed Value	$345,102,170	$345,102,170	$354,533,020	$364,217,771	$374,163,180	$384,376,178
New Growth		1,148,397	1,175,959	1,204,182	1,233,082	1,262,676

Sales tax revenues are distributed based on two methodologies: 1) point of sale, or the location of the sale; and, 2) the ratio of population. Total sales tax collections are distributed equally between these allocation strategies, with 50 percent assigned to point of sale and 50 percent to population. Population revenues are distributed to local entities based on the ratio of their population to the State's population as a whole. A point of sale calculation based on historic taxable sales and a population distribution calculation based on the projected Study Area population are included in this analysis.

Taxable sales have increased within the County by an average of 4.2 percent since 2014. For the purposes of this analysis, LYRB assumes a flat growth rate in taxable sales, only increasing sales to adjust for inflation (2.4 percent).

As stated above, point of sale taxable sales comprise 50 percent of the allocation strategy. The population distribution pool is shown in **Table 3.9** below, including five-year projections.

Table 3.9: State Taxable Sales Revenue Population Distribution Pool (Projected Values)

	Estimated	Projected				
	2016	2017	2018	2019	2020	2021
State Population Distribution Pool [1]	$263,697,555	$274,245,457	$285,215,275	$296,623,886	$308,488,841	$320,828,395
Growth Rate [2]	4.29%	4.00%	4.00%	4.00%	4.00%	4.00%

1. Utah State Tax Commission Annual Report p.31 – Total distribution reported in fiscal years. LYRB averaged the two fiscal years to estimate calendar year. Multiplied by 50 percent to obtain population pool.
2. Based on average historic rates.

Public Facilities

Over the next 5 years (2018-2023), the Study Area and the surrounding area may require expansion of their public facilities to accommodate increases in population and economic growth. For the Study Area, additional public facilities within the next 5 years will depend on the incorporation scenario that comes to fruition. If the Town incorporated and remained in the MSD (**Scenario 1**), very little expansion of public facilities would be expected. The MSD/County would continue to provide services and rely on the facilities in place within the County. If the Town incorporated, left the MSD, and contracted for services (**Scenario 2**), there would also not likely be an expansion of public facilities, because Salt Lake County would continue to provide services. We would expect to see development of new public facilities if Brighton incorporated and self-provided services (**Scenario 3**).

Whether Brighton incorporates or remains unincorporated is not likely to have a significant impact on future public facilities within the County. The Town of Brighton only accounts for 0.3 percent of the County's unincorporated population and 7 percent of its total assessed value. Expansion of public facilities within Salt Lake County is expected to keep pace with the estimated commercial and residential growth within the County.

SECTION 4: SCENARIO 1 EVALUATION

COST ESTIMATE METHODOLOGY

This section analyzes the impact incorporation would have if the Town of Brighton remained a member of the MSD for the next five years. The analysis focuses on:

- The current and five-year costs of services to the Town;
- The current and five-year revenues for the Town; and
- A projection of the potential tax burden per household of any new taxes that may be levied within the proposed Town within five years of its incorporation.

COSTS OF SERVICE

If Brighton incorporates, the Town would remain a member of the Greater Salt Lake Municipal Service District. The MSD would continue to collect local sales tax revenues and Class C Road Funds from the Town and continue to provide services. After one year, the Town could vote to exit the MSD, but this scenario assumes the Town remains in the MSD.

This analysis assumes that many municipal services provided by the Special Service Districts, Improvement Districts, and private companies will continue to be provided. LYRB assumes the following services will be provided by the various entities without any impact from incorporation:

- Planning and Development Services (County [Mountain Planning District]);
- Sewer (Cottonwood Improvement District);
- Garbage (Wasatch Waste and Recycling);
- Fire (Unified Fire Authority);
- Police (Unified Police Department);
- Snowplowing (private companies);
- Signal Maintenance (UDOT);
- Culinary Water (private companies);
- Animal Services (MSD);
- Engineering Services (MSD);
- Municipal Parks (MSD); and
- Public Works (MSD).

As illustrated above, incorporating and remaining in the MSD would not alter the Town's service providers for most services. The Town would only become responsible for the following:

- Storm Water Management;
- Emergency Management; and
- Government/Administration.

These services, for which Brighton would be responsible, represent additional costs associated with Brighton's incorporation. As an incorporated member of the MSD, the Town would summarize the additional costs in a budget that the Town's MSD representative would propose to the MSD board. Upon approval of Brighton's budget, the MSD would fund the additional costs from its administrative budget. If revenues from the MSD's administrative budget are insufficient to fund all the townships and Town's budgets, the MSD would reduce the level of service provided to fund the administrative costs. This impact would be minimal and would not be easily recognized by those receiving services.

Utah Code requires that the level and quality of governmental services be fairly and reasonably approximate to the level of service received prior to incorporating. If the MSD had to divert some funds from services to support the MSD members' budgets, the impact would be so marginal that the quality of services would be approximate to the level of service prior to incorporation. Due to a significant budget deficit in 2019, however, the MSD will need to increase revenues in order to maintain the current level of service. The MSD recently approved a property tax, is contemplating storm water fees, and has proposed a reduction in expenses in order to balance the budget. This feasibility study, however, cannot assume a reduction in expenses to the extent proposed, because it would reduce the level and/or quality of services provided, which it cannot do. The study, therefore, assumes the MSD only imposes a property tax to make up for the budget deficit as this will illustrate the impact per household. While this is not how the County currently plans to proceed, this approach simplifies the impact per household. Note that Brighton's incorporation has no bearing on this budget deficit's existence. If sponsors from Brighton had not petitioned to incorporate the Study Area, this deficit would still exist, and a tax increase would still be likely.

In the past, the County has supported Big Cottonwood Canyon by subsidizing the costs of fire and police services. The County has provided Unified Fire Service Area ("UFSA") approximately $1,000,000 annually for additional fire services in the canyon and SLVLESA with about $700,000 for additional police services. The County has discussed removing this public safety funding from Big Cottonwood Canyon, should Brighton vote to incorporate. The potential impacts of withdrawing this support are analyzed in **Section 8**.

County Cost Estimates

It is estimated that Brighton's presence as an incorporated Town that remains in the MSD will have a minimal impact upon the County's budget and only a minor impact on the MSD's budget.

Study Area Cost Estimates

By remaining in the MSD, Brighton would only be responsible for providing three services, storm water management, emergency management, and government/administration. Each of the five metro townships are responsible for providing these services, though the revenue supporting the services comes from the MSD. In looking at the five metro townships' budgets, LYRB concluded that:

- The average total budgeted expense for all townships for 2017 and 2018 was $164,348;
- The fewer residents in a township the higher the total expense per capita; and
- Budgets increased an average of 54 percent from 2017 to 2018 due to adding employees (Temporary, Seasonal, and Emergency) and non-capital improvements to buildings, roads, and sidewalks.

Budgets are expected to increase annually to adjust for inflation and additional demand due to growth. Future township budget increases would be expected at a rate much lower than 54 percent (the increase in administrative budget expenses from 2017 to 2018). The analysis assumes Brighton will have a budget similar to Copperton Township, whose population is similarly low. Based on Copperton's 2018 budgeted expense per capita of $347 and adjusting for inflation, LYRB forecasts the following budget for Brighton for the three services it will provide through the MSD. Note that 2019's budget includes the costs associated with incorporation.

Table 4.1: Forecasted Brighton Scenario 1 Budget

	Projected				
	2019	2020	2021	2022	2023
Brighton's MSD Approved Budget Forecast	$113,332	$92,888	$95,517	$98,220	$101,000

The revenue from this proposed budget will come from the MSD. Brighton will estimate the costs associated with self-providing administration/government, storm water maintenance, and emergency management and draft a budget. Brighton then proposes to the MSD board that the budget be adopted. Brighton will not need to raise any additional revenues to support the services being provided from this budget.

Revenue Estimate Methodology

The following subsections compare the revenues the County and Town are likely to generate. Like the expenditure projections, the revenues were calculated using historic budget data and estimated 2018 budget data. Further, additional allocation methodologies were utilized based on population, assessed value, and standard State allocation practices.

County Revenues

It is estimated that Brighton's presence as an incorporated Town or an unincorporated entity will have a minimal effect upon the County's budget, especially if the Town remains in the MSD. The Town's sales tax revenues, Class C Road Funds, and fees will continue to be directed to the MSD to provide nearly all the services currently being provided to the Study Area by the County through the MSD. Under **Scenario 1**, therefore, the revenues to the County/MSD would be unaffected.

STUDY AREA REVENUES

Utah State Code dictates that the feasibility study calculates revenues, "Assuming the same tax categories and tax rates as currently imposed by the county and all other current municipal service providers, the present and five-year projected revenue for the proposed town." By remaining in the MSD for 5 years, all the revenues currently produced within Brighton (sales taxes, Class C Road Funds, and fees) would continue to flow into the MSD. Assuming the same level of service is provided after incorporation, as required by law, Brighton would not need to raise any additional revenues. Brighton would, therefore, raise $0 annually in revenues to maintain the level of service for all services it currently enjoys. This does not include an assumed 2019 MSD property tax required to balance the budget and maintain the level of service, which is anticipated regardless of incorporation of the Town of Brighton.

Utah State Code also dictates that the feasibility study provides, "A projection of the tax burden per household of any new taxes that may be levied within the proposed town within five years of the town's incorporation." As stated above, Brighton would not need to raise any additional tax revenues to maintain the quality and level of service it currently receives. The Town could decide to increase the quality or level of service for some of the services it receives. In this case, the Town could raise revenues through a:

- Property tax;
- Resort Community (sales) tax;
- Transient room tax;
- Additional transient room tax; and
- Municipal energy sales and uses taxes and telecommunication taxes.

Raising revenues would only be necessary to increase the level and quality of services the Town would receive. Such an analysis is outside of the requirements and parameters of this financial feasibility study. For the purposes of **Scenario 1** related to this financial feasibility study, the tax burden per household of new taxes is anticipated to be $0 annually.

FISCAL IMPACTS

If Brighton incorporates and remains in the MSD, very little changes. The MSD will continue to contract with the County to provide the same services it does now. Brighton's sales tax revenues, Class C Road Funds, and fees will all still go to the MSD to fund the services.

The biggest fiscal impact will be the creation of a Town of Brighton Fund. This fund's budget will be created by Brighton and approved by the MSD Board and will fund the three operations for which Brighton would be responsible, storm water management, emergency management, and government/administration. The MSD will slightly reduce the level of service that it contracts for with the County to support the Town of Brighton Fund. LYRB estimates that Brighton's budget would only represent about 0.3 percent of the MSD's total budget.

Incorporating and remaining in the MSD will not have a fiscal impact on the Town of Brighton. If Brighton incorporates, the Town will have a voting member representing the Town on the MSD's board. A representative will also sit on other special service districts' governing boards. Incorporating would also allow the Town to raise additional revenues through a property tax. Brighton could also raise revenue from the patrons and visitors that come to recreate in the canyon through transient room taxes. Note that raising additional revenues for the Town would only be necessary to increase the quality or level of service the Town receives.

SECTION 5: SCENARIO 2 EVALUATION

Cost Estimate Methodology

This section analyzes the impact incorporation would have if the Town of Brighton left the MSD after 1 year and then contracted for services with the County. The analysis focuses on:

- The current and five-year costs of services to the Town;
- The current and five-year revenues for the Town; and
- A projection of the potential tax burden per household of any new taxes that may be levied within the proposed Town within five years of its incorporation.

To estimate the cost of providing services, the Study relied on average costs from comparable towns and from the actual amounts spent by the MSD/County to provide specific services to the Study Area. The following illustrates how each cost was estimated.

- Government Offices & Administrative Expenses based on average cost for all six comparison towns, adjusted for inflation;
- Roads & Public Works Expenses based on average actual expenses calculated by MSD/County, adjusted for inflation;
- Animal Services Expense based on average actual expenses calculated by MSD/County, adjusted for inflation;
- Capital Projects Expense based on average actual expenses calculated by MSD/County, adjusted for inflation;
- Courts (Indigent Legal, Justice Courts, & District Attorney Prosecution Services) Expense based on average actual expenses calculated by MSD/County, adjusted for inflation; and
- Incorporation Costs based on actual expenses.

Costs of Service

If Brighton incorporates, the Town would have to remain a member of the MSD for at least 1 year. After 1 year, the Town may vote to leave the MSD and either contract for services or self-provide them. This scenario assumes the Town leaves after year 1 and contracts directly with the County for services.

This analysis assumes that the municipal services provided by other Special Service Districts, Improvement Districts, and private companies will continue to be provided. LYRB assumes the following services will be provided by the various entities without any impact from incorporation:

- Planning and Development Services (County [Mountain Planning District]);
- Sewer (Cottonwood Improvement District);
- Garbage (Wasatch Waste and Recycling);
- Fire (Unified Fire Authority);
- Police (Unified Police Department);
- Snowplowing (private companies);
- Signal Maintenance (UDOT);
- Culinary Water (private companies);
- Animal Services (MSD [Year 1]);
- Engineering Services (MSD [Year 1]);
- Municipal Parks (MSD [Year 1]); and
- Public Works (MSD [Year 1]).

As is the case in **Scenario 1**, **Scenario 2** has the same assumptions for the first year. Incorporating and remaining in the MSD for the first year would not alter the Town's service providers for most services. The Town would immediately become responsible for the following:

- Storm Water Management;
- Emergency Management; and
- Government/Administration.

These three services, for which Brighton would immediately become responsible, represent additional costs associated with Brighton's incorporation. As an incorporated member of the MSD for its first year, the Town would summarize the additional costs in a budget that the Town's MSD representative would propose to the MSD board. Upon approval of Brighton's budget, the MSD would fund the additional costs from its administrative budget.

In the past, the County has supported Big Cottonwood Canyon by subsidizing the costs of fire and police services. The County has provided UFSA with about $1,000,000 annually for additional fire services in the canyon and SLVLESA with about $700,000 for additional police services. The County has discussed removing this public safety funding from Big Cottonwood Canyon, should Brighton vote to incorporate. The potential impacts of withdrawing this support are analyzed in **Section 8**.

After Year 1, the Town would be responsible for and contract with the County for:

- Animal Services;
- Engineering Services;
- Municipal Parks;
- Courts (Indigent Legal, Justice Courts, and District Attorney Prosecution Services);
- Public Works; and
- Storm water management.

The Town would self-provide its own government, administration, and emergency management services.

County Cost Estimates

It is estimated that Brighton's presence as an incorporated Town that contracts with the County for services would have a minimal impact upon the County's budget. The County would continue to provide the services to Brighton and receive revenues required to offset the costs of providing services. The only change for the County is that the Town would contract directly for services, rather than through the MSD. There would be only a minor impact on the MSD's budget which, after Year 1, would stop receiving Brighton's sales tax revenues, Class C Road Funds, any property tax levied by the MSD, and fees. The MSD would also stop contracting on Brighton's behalf for services from the County. If Brighton produced revenues in excess of its expenses more than ten percent, the additional revenues would be remitted to the MSD. This scenario would, therefore, produce a revenue and cost neutral impact on the MSD and County.

Study Area Cost Estimates

By remaining in the MSD, Brighton would only be responsible for providing the three services, storm water management, emergency management, and government/administration. Each of the five metro townships are responsible for providing these services, though the revenue supporting the services comes from the MSD. In looking at the five metro townships' budgets, LYRB concluded that:

- The average total budgeted expense for all townships for 2017 and 2018 was $164,348;
- The fewer residents in a township the higher the total expense was per capita; and
- Budgets increased an average of 54 percent from 2017 to 2018 due to adding employees (Temporary, Seasonal, and Emergency) and increases in non-capital improvements to buildings, roads, and sidewalks.

Budgets are expected to increase annually to adjust for inflation and additional demand due to growth. Future township budget increases would be expected to increase at a rate much lower than 54 percent. The analysis assumes Brighton will have a budget similar to Copperton Township, whose population is similarly low. Based on Copperton's 2018 budgeted expense per capita of $347 and adjusting for inflation, LYRB forecasts the following budget for Brighton for the three services it will provide through the MSD. Note that 2019's budget includes the costs associated with of incorporation.

Table 5.1: Forecasted Brighton Scenario 2 Budget

	Projected
	2019
Brighton's MSD Approved Budget Forecast	$113,332

After Year 1, this scenario assumes that Brighton leaves the MSD and contracts for services directly with the County. The forecasted budget was based on estimated allocated expenses and actual expenses from the County. The analysis increased costs over time to account for inflation.

Table 5.2 Scenario 2 Projected Expenditures

	Year 1	Year 2	Year 3	Year 4	Year 5
EXPENDITURES	**2019**	**2020**	**2021**	**2022**	**2023**
Government Offices & Administrative	$90,332	$323,987	$331,763	$339,725	$347,878
Roads & Public Works	65,000	28,139	28,814	29,506	30,214
Animal Services	11,815	12,098	12,389	12,686	12,990
Capital Projects	27,793	28,460	29,143	29,843	30,559
Courts (Indigent Legal, Justice Courts, & District Attorney Prosecution Services)	32,513	33,294	34,093	34,911	35,749
Incorporation Costs	23,000	-	-	-	-
TOTAL	**$250,453**	**$425,978**	**$436,202**	**$446,670**	**$457,390**

Revenue Estimate Methodology

The following subsections compare the revenues the County and Town are likely to generate. Like the expenditure projections, the revenues were calculated using historic budget data and estimated 2018 and 2019 budget data. Further, additional allocation methodologies were utilized based on population, assessed value, and standard State allocation practices.

County Revenues

It is estimated that Brighton's presence as an incorporated Town or an unincorporated entity will have a minimal effect upon the County's budget, especially if the Town contracts for services with the County. The MSD's budget will experience a minor impact, in that it will no longer receive Brighton's sales tax revenues, Class B Road Funds, possible property taxes, and fees. The MSD's expenses will also decrease as it will no longer have to contract for Brighton's services or provide revenue for its administrative budget. If Brighton produced revenues in excess of its expenses more than ten percent, the additional revenues would be remitted to the MSD. This scenario would, therefore, produce a revenue and cost neutral impact on the MSD and County.

Study Area Revenues

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;
- Building Permit cost per household with future building projections;
- State Class C Road Fund allocation based on lane miles; and,
- Fines and Forfeitures based on per capita comps.

The property tax revenue calculation is based on the assessed value of the Study Area and applying the projected MSD levy. As discussed in **Section 3**, new growth is estimated based on the current ratio of primary residences which receive a 45 percent property tax reduction and secondary residences which do not receive a tax exemption. New growth is further calculated based on the HOA estimate of 3.5 new homes a year at an average value of $328,114, adjusted for inflation.

Sales tax revenues are distributed based on two methodologies: point of sale, or the location of the sale; and, ratio of population. Total sales tax collections are distributed equally between these allocation strategies, with 50 percent assigned to point of sale and 50 percent to population. Population revenues are distributed to local entities based on the ratio of their population to the State's population. Revenue projections for the Study Area include the population allocation and the point of sale distribution.

Sales tax revenue increases within the Study Area were assumed to be flat, adjusting only for inflation. Licensing and permitting revenue is included based on historic data and the County's historic costs.

Additionally, the Study Area revenue forecast includes Class C Road Funds, allocated based upon a 50/50 split between weighted lane miles and population. The State's allocation methodology includes a weighting for gravel roads versus paved roads. The roads maintained by the County within in the Study Area are paved and are weighted as such.

A per capita average revenue estimate for fines and forfeitures is also included in the revenue calculation. Additional types of revenue may be collected in the Study Area including grants, a State Liquor allocation, telecommunications tax, etc. Due to the variable nature of grant revenue, this line item was excluded. Based on the benchmark of other cities per capita estimates, the State Liquor allocation revenue was deemed negligible for the purposes of this study. An incorporated town has the option to levy a telecommunication tax. However, for comparison purposes, all revenue requirements have been included in the property tax levy to determine the cumulative impact on a household.

Table 5.3: Estimated Town Revenue Under Scenario 2

	Projected				
Study Area Revenues	**2019**	**2020**	**2021**	**2022**	**2023**
Property Tax Generated in Town of Brighton from Equivalent MSD Rate	$434,266	$506,963	$501,064	$495,228	$489,455
Sales & Use	206,825	211,774	216,841	222,029	227,341
Licenses & Permits	8,215	8,412	8,614	8,821	9,033
Class C Roads	17,594	18,533	19,532	20,610	21,770
Fines & Forfeitures	8,600	8,636	8,672	8,709	8,745
Cable TV Franchise Tax	3,399	3,481	3,564	3,650	3,737
TOTAL	**$678,899**	**$757,800**	**$758,288**	**$759,046**	**$760,081**

Utah State Code dictates that the feasibility study provides, “A projection of the tax burden per household of any new taxes that may be levied within the proposed town within five years of the town’s incorporation.” The Town could decide to raise new revenues to support services provided by the Town, including:

- Property tax;
- Resort Community (sales) tax;
- Transient room tax; and
- Additional transient room tax;

Raising revenues via a property tax would burden households directly. Raising revenues through transient room taxes would not be likely to burden primary residents directly.

Fiscal Impacts

One of the main purposes of this study is to project and compare the impact of incorporation of the Study Area to the fiscal impact of remaining unincorporated. The following details the impact this scenario would have on residents in the Study Area, as well as on the County.

The fiscal impact of the Town of Brighton incorporating on the County would be minimal. The 2017 and 2018 budgets leave the MSD with positive fund balances. Although the Town’s incorporation and withdrawal from the MSD would slightly reduce the revenues to the MSD, this would be offset by the reduction in the costs of contracting services for Brighton and by potential excess revenues remitted to the MSD by the Town, though this estimate is not included in the budget below.

Table 5.4: Scenario 2, MSD Budget

Greater Salt Lake Municipal Service District						
REVENUES	**2018 Adopted**	**2019 Projected**	**2020 Projected**	**2021 Projected**	**2022 Projected**	**2023 Projected**
Property Tax	$0	$10,078,949	$11,683,360	$11,963,760	$12,250,891	$12,544,912
Sales Taxes	14,558,206	16,085,238	16,259,510	16,649,738	17,049,332	17,458,516
Class B&C Road Funds	7,530,107	3,121,016	3,177,387	3,253,644	3,331,732	3,411,693
Fees	1,506,021	1,680,547	1,712,244	1,753,338	1,795,418	1,838,508
Grants	753,011	2,400,782	2,458,401	2,517,402	2,577,820	2,639,688
Other Sources (Interest, Franchise Fees, Etc.)	753,011	720,235	737,521	755,221	773,346	791,907
Total Revenues Raised	**$25,100,356**	**$34,086,767**	**$36,028,422**	**$36,893,104**	**$37,778,539**	**$38,685,224**
Prior Year’s Balance Carried Forward	9,303,932	1,513,233	0	0	0	0
TOTAL REVENUES	**$34,404,288**	**$35,600,000**	**$36,028,422**	**$36,893,104**	**$37,778,539**	**$38,685,224**

EXPENDITURES	2018 ADOPTED	2019 PROJECTED	2020 PROJECTED	2021 PROJECTED	2022 PROJECTED	2023 PROJECTED
Interlocal Agreements	$32,400,596	$35,061,111	$35,476,600	$36,328,038	$37,199,911	$38,092,709
Administrative, Overhead, Etc.	490,459	538,889	551,822	565,066	578,628	592,515
TOTAL	**$32,891,055**	**$35,600,000**	**$36,028,422**	**$36,893,104**	**$37,778,539**	**$38,685,224**

Fiscal Impacts on Study Area

The following illustrates the effect incorporating and withdrawing from the MSD would have on the Town of Brighton, how its expected revenues would compare to its anticipated expenses, the increase in taxes that would be required to make up for any potential shortfalls in required revenue, and the impact that a tax increase would have on the average home.

Assuming the newly incorporated Town assesses an equivalent County tax rate, the projected revenues minus expenditures produce a surplus as shown in **Table 5.5**. Matching the MSD's equivalent rate is enough to supersede the expenditures within the Town and no additional Town of Brighton rate would be necessary to provide sufficient funding for the Study Area.

Table 5.5: Scenario 2 Revenues & Expenses

	Projected				
Town of Brighton Revenues	**2019***	**2020**	**2021**	**2022**	**2023**
Equivalent MSD Rate	**0.0012**	**0.0014**	**0.0013**	**0.0013**	**0.0012**
Property Tax Generated in Town of Brighton from Equivalent MSD Rate	$434,266	$506,963	$501,064	$495,228	$489,455
Sales & Use	206,825	211,774	216,841	222,029	227,341
Permits	8,215	8,412	8,614	8,821	9,033
Class C Roads	17,594	18,533	19,532	20,610	21,770
Fines & Forfeitures	8,600	8,636	8,672	8,709	8,745
Cable TV Franchise Tax	3,399	3,481	3,564	3,650	3,737
TOTAL REVENUES	**$678,899**	**$757,800**	**$758,288**	**$759,046**	**$760,081**
Town of Brighton Expenditures					
Government Offices	$90,332	$323,987	$331,763	$339,725	$347,878
Roads & Public Works	65,000	28,139	28,814	29,506	30,214
Animal Services	11,815	12,098	12,389	12,686	12,990
Capital Projects	27,793	28,460	29,143	29,843	30,559
Courts	32,513	33,294	34,093	34,911	35,749
Incorporation Costs	23,000	0	0	0	0
TOTAL EXPENSES	**$250,453**	**$425,978**	**$436,202**	**$446,670**	**$457,390**
Revenues minus Expenditures	**$428,446**	**$331,822**	**$322,086**	**$312,376**	**$302,691**
Excess Revenue Remitted to SMD	0	225,295	205,616	187,220	170,045
Excess Revenue Retained within Brighton	0	106,527	116,470	125,156	132,646

*For Year 1 of incorporation, Brighton remains in the MSD. The MSD covers costs associated with incorporation, administration, and emergency management (grouped under "Government Offices") in addition to storm water management (Roads & Public Works)

The 5-year average annual tax burden within the Study Area is estimated at $278 for a primary residence with a taxable value of $400,000. This $278 tax burden would result whether the Study Area incorporated or remained unincorporated. For non-primary residents, the average tax burden is estimated at $505 annually with a home whose taxable value is $400,000.

Table 5.6: Scenario 2 Fiscal Impact

	Projected				
	2019	**2020**	**2021**	**2022**	**2023**
Total Town Rate	**0.0012**	**0.0014**	**0.0013**	**0.0013**	**0.0012**
Town of Brighton Estimated Certified Tax Value	$364,217,771	$374,163,180	$384,376,178	$394,863,883	$405,633,597
Annual Town Impact (Primary Home $400,000)	262	298	287	276	265
Annual Town Difference from MSD Levy	**$0**	**$0**	**$0**	**$0**	**$0**

As an incorporated Town, Brighton would also be able to raise revenues through transient room taxes, which would not have a direct impact on primary households. Estimated revenues from transient room taxes are illustrated below, assuming 47 percent of total taxable sales are TRT eligible.

5.7: Scenario 2 Estimated Transient Room Tax Revenue

	Projected				
	2019	2020	2021	2022	2023
Municipal Transient Room Tax 1%	$164,628	$168,580	$172,625	$176,768	$181,011
Additional Municipal TRT 0.5%	82,314	84,290	86,313	88,384	90,505
Total Municipal Tax Revenue	**$246,943**	**$252,869**	**$258,938**	**$265,153**	**$271,516**

Additional revenue sources Brighton could consider as an incorporated town are Resort Community (Sales) Tax (up to 1.1 percent) and Additional Resort Community (Sales) Tax (0.5 percent). The following table projects potential revenues from these taxes based on estimated future sales within the Study area. For reference, Alta has a total Resort Community Tax rate of 1.5% but does not charge any municipal transient room taxes.

5.8: Scenario 2 Estimated Resort Community Tax Revenue

	Projected				
	2019	2020	2021	2022	2023
Resort Community (Sales) Tax (1.1 percent)	$381,924	$391,090	$400,476	$410,088	$419,930
Additional Resort Community (Sales) Tax (0.5 percent)	173,602	177,768	182,035	186,403	190,877
Total Resort Community Tax (1.6 percent)	**$555,526**	**$568,858**	**$582,511**	**$596,491**	**$610,807**

SECTION 6: SCENARIO 3 EVALUATION

Cost Estimate Methodology

This section analyzes the impact incorporation would have if the Town of Brighton left the MSD after 1 year and then self-provided for services. The analysis focuses on:

- The current and five-year costs of services to the Town;
- The current and five-year revenues for the Town; and
- A projection of the potential tax burden per household of any new taxes that may be levied within the proposed Town within five years of its incorporation.

To estimate the cost of providing services, the Study relied on average costs from comparable towns and from the actual amounts spent by the MSD/County to provide specific services to the Study Area. The following illustrates how each cost was estimated.

- Government Offices & Administrative Expenses based on average cost for all six comparison towns, adjusted for inflation;
- Roads & Public Works Expenses based on average actual expenses calculated by MSD/County, adjusted for inflation and the average annual cost per lane mile;
- Animal Services Expense based on average actual expenses calculated by MSD/County, adjusted for inflation;
- Capital Projects Expense based on average actual expenses calculated by MSD/County, adjusted for inflation;
- Courts (Indigent Legal, Justice Courts, & District Attorney Prosecution Services) Expense based on average actual expenses calculated by MSD/County, adjusted for inflation; and
- Incorporation Costs based on actual expenses.

This analysis assumes that many municipal services provided by Special Service Districts, Improvement Districts, and private companies will continue to be provided regardless of the incorporation. However, actual service provisions will be governed by the newly incorporated municipal governing body. LYRB assumes the following services will be provided by the various entities without any impact from incorporation or non-incorporation:

- Planning and Development Services (County [Mountain Planning District]);
- Sewer (Cottonwood Improvement District);
- Garbage (Wasatch Waste and Recycling);
- Fire (Unified Fire Authority);
- Police (Unified Police Department);
- Snowplowing (private companies);
- Signal Maintenance (UDOT);
- Culinary Water (private companies);
- Animal Services (MSD [Year 1]);
- Engineering Services (MSD [Year 1]);
- Municipal Parks (MSD [Year 1]); and
- Public Works (MSD [Year 1]).

Incorporating and remaining in the MSD for the first year would not alter the Town's service providers for most services. The Town would immediately become responsible for the following:

- Storm Water Management;
- Emergency Management; and
- Government/Administration.

In the past, the County has supported Big Cottonwood Canyon by subsidizing the costs of fire and police services. The County has provided UFSA with about $1,000,000 annually for additional fire services in the canyon and SLVLESA with about $700,000 for additional police services. The County has discussed removing this public safety funding from Big Cottonwood Canyon, should Brighton vote to incorporate. The potential impacts of withdrawing this support are analyzed in **Section 8**.

After one year of being an incorporated member of the MSD, Brighton may leave the MSD. The following services were assumed to be provided by the County through the MSD for the first year and then provided by the Town:

- General Governmental Services, including public buildings and overhead;
- Roads and Public Works;
- Animal Services;
- Capital Projects; and
- Courts (Indigent Legal, Justice Courts, and District Attorney Prosecution Services).

The estimate of County expenditures is based on estimates from the County and MSD. The Town scenario includes the proposed Study Area boundary as defined by the Project Sponsor. The original boundary was drawn by Twin Peaks Engineering & Land Surveying and LYRB recreated the referenced boundary for internal analysis.

Costs of Service

It is estimated that Brighton's presence as an incorporated Town that withdraws from the MSD after 1 year will have a minimal effect upon the County's budget and the MSD. Based on an expense allocation by population approach, the Town of Brighton only accounts for 0.4 percent of the total population served by the MSD. The County/MSD based their cost of service allocation of expenses based on the Town's full and part-time residents. For some services, however, the County/MSD was able to provide the actual amount spent in the Study Area to provide the services.

Looking at Brighton's total taxable value yields similar results. The Town of Brighton only accounts for 7 percent of the unincorporated County's total taxable value and 4 percent of the taxable value of the areas served by the MSD. The average total annual expense for the Municipal Service District for the past 2 years is $33,978,860. Proportionately allocating this cost to the Town based on population would equal $101,015 based on full-time population and $1,516,783 based on total taxable value.

County Cost Estimates

It is estimated that Brighton's presence as an incorporated Town that self-provides services would have a minor impact upon the County's budget and the MSD. Under this scenario, the County would no longer provide municipal services to Brighton or receive revenues for providing the services. The MSD would stop receiving Brighton's sales tax revenues, Class B Road Funds, potential property taxes, and fees after Year 1 and would stop contracting for services from the County on Brighton's behalf.

Study Area Cost Estimates

LYRB estimated the five-year cost projections for Scenario 3 by using cost estimates from the County/MSD for Year 1 and the average total expenditures of comparable cities.

LYRB gathered data from six comparable cities in Utah based upon population, location, and budget practices.

- Alta Town (Population: 349)
- Kanarraville (Population: 329)
- Brian Head (Population: 86)
- Fairfield (Population: 139)
- Hideout (Population: 847)
- Huntsville (Population: 789)

Table 6.1 summarizes the expenditures forecasted for the proposed study area, including the allocation methodology. The incorporation costs include this feasibility study and costs associated with an election assuming the incorporation goes to a vote. The annual cost of administration, code enforcement, business license, permitting, inspection, and emergency management are grouped under the "Government Offices" expense. The expenses for Year 1 are assumed to be $0 because the MSD will continue to provide the services or fund Brighton's provision of the services. This does not account for the assumed MSD property tax levy required to maintain the level of service and balance the budget.

TABLE 6.1 SCENARIO 3 PROJECTED EXPENDITURES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
EXPENDITURES	**2019**	**2020**	**2021**	**2022**	**2023**
Government Offices & Administrative	$90,332	$323,987	$331,763	$339,725	$347,878
Roads & Public Works	65,000	30,235	30,960	31,703	32,464
Animal Services	11,815	12,098	12,389	12,686	12,990
Capital Projects	27,793	28,460	29,143	29,843	30,559
Courts (Indigent Legal, Justice Courts, & District Attorney Prosecution Services)	32,513	33,294	34,093	34,911	35,749
Incorporation Costs	23,000	0	0	0	0
TOTAL	**$250,453**	**$428,074**	**$438,348**	**$448,868**	**$459,641**

REVENUE ESTIMATE METHODOLOGY

The following analyzes the revenues the County and Town are likely to generate. Like the expenditure projections, the revenues were calculated using historic budget data and estimated 2018 budget data. Further, additional allocation methodologies were utilized based on population, assessed value, and standard State allocation practices.

COUNTY REVENUES

It is estimated that Brighton's presence as an incorporated Town or an unincorporated entity will have a minimal effect upon the County's budget and the MSD. LYRB first estimated the revenues the Town of Brighton would generate and then subtracted them from the forecasted revenues to the County.

The estimated revenue generated within the Town of Brighton only accounted for less than one percent of the total average revenue received by the MSD between 2017 and 2018. The total average annual revenue received by the MSD for 2017 and 2018 was $28,292,361. If Brighton incorporates and then withdraws from the MSD to self-provide services, the County/MSD will lose the small amount of revenues generated within Brighton from sales tax, licenses and permits, road funds, etc. plus the future revenues it plans to collect from a property tax. If Brighton produced revenues in excess of its expenses more than ten percent, the additional revenues would be remitted to the MSD. This scenario would, therefore, produce a revenue and cost neutral impact on the MSD and County.

STUDY AREA REVENUES

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;
- Building Permit cost per household with future building projections;
- State Class C Road Fund allocation based on lane miles; and,
- Fines and Forfeitures based on per capita comps.

The property tax revenue calculation is based on the assessed value of the Study Area and applying the projected MSD levy. As discussed in **Section 3**, new growth is estimated based on the current ratio of primary residences which receive a 45 percent property tax reduction and secondary residences which do not receive a tax exemption. New growth is further calculated based on the HOA estimate of 3.5 new homes a year at an average value of $328,114, adjusted for inflation.

Sales tax revenues are distributed based on two methodologies: point of sale, or the location of the sale; and, ratio of population. Total sales tax collections are distributed equally between these allocation strategies, with 50 percent assigned to point of sale and 50 percent to population. Population revenues are distributed to local entities based on the ratio of their population to the State's population. Revenue projections for the Study Area include the population allocation and the point of sale distribution.

Sales tax revenue increases within the Study Area were assumed to be flat, adjusting only for inflation. Licensing and permitting revenue is included based on historic data and the County's historic costs.

Additionally, the Study Area revenue forecast includes Class C Road Funds, allocated based upon a 50/50 split between weighted lane miles and population. The State's allocation methodology includes a weighting for gravel roads versus paved roads. The roads maintained by the County within in the Study Area are paved and are weighted as such.

A per capita average revenue estimate for fines and forfeitures is also included in the revenue calculation. Additional types of revenue may be collected in the Study Area including grants, a State Liquor allocation, telecommunications tax, etc. Due to the variable nature of grant revenue, this line item was excluded. Based on the benchmark of other cities per capita estimates, the State Liquor allocation revenue was deemed negligible for the purposes of this study. An incorporated town has the option to levy a telecommunication tax. However, for comparison purposes, all revenue requirements have been included in the property tax levy to determine the cumulative impact on a household.

TABLE 6.2: ESTIMATED TOWN REVENUE UNDER SCENARIO 3

	PROJECTED				
Study Area Revenues	**2019**	**2020**	**2021**	**2022**	**2023**
Property Tax Generated in Town of Brighton from Equivalent MSD Rate	$434,266	$506,873	$500,974	$495,139	$489,367
Sales & Use	206,825	211,774	216,841	222,029	227,341
Licenses & Permits	8,215	8,412	8,614	8,821	9,033
Class C Roads	17,594	18,533	19,532	20,610	21,770
Fines & Forfeitures	8,600	8,636	8,672	8,709	8,745
Cable TV Franchise Tax	3,399	3,481	3,564	3,650	3,737
TOTAL	**$678,899**	**$757,709**	**$758,198**	**$758,957**	**$759,993**

Utah State Code dictates that the feasibility study provides, "A projection of the tax burden per household of any new taxes that may be levied within the proposed town within five years of the town's incorporation." The Town could decide to raise new revenues to support services provided by the Town, including:

- Property tax;
- Resort Community (sales) tax;
- Transient room tax; and
- Additional transient room tax;

Raising revenues via a property tax would burden households directly. Raising revenues through transient room taxes would not be likely to burden primary residents directly.

FISCAL IMPACTS

One of the main purposes of this study is to project and compare the impact of incorporation of the Study Area to the fiscal impact of remaining unincorporated. The following details the impact this scenario would have on residents in the Study Area, as well as on the County.

The fiscal impact of the Town of Brighton incorporating on the County would be minimal. The 2017 and 2018 budgets leave the MSD with positive fund balances. Although the Town's incorporation and withdrawal from the MSD would slightly reduce the revenues to the MSD and County, this would be offset by the reduction in the costs of providing Brighton with services and by potential excess revenues remitted to the MSD by the Town, though this estimate is not included in the budget below.

Table 6.3: Scenario 3, MSD Budget

Greater Salt Lake Municipal Service District						
REVENUES	**2018 Adopted**	**2019 Projected**	**2020 Projected**	**2021 Projected**	**2022 Projected**	**2023 Projected**
Property Tax	$0	$10,078,949	$11,681,264	$11,961,614	$12,248,693	$12,542,662
Sales Taxes	14,558,206	16,085,238	16,259,510	16,649,738	17,049,332	17,458,516
Class B&C Road Funds	7,530,107	3,121,016	3,177,387	3,253,644	3,331,732	3,411,693
Fees	1,506,021	1,680,547	1,712,244	1,753,338	1,795,418	1,838,508
Grants	753,011	2,400,782	2,458,401	2,517,402	2,577,820	2,639,688
Other Sources (Interest, Franchise Fees, Etc.)	753,011	720,235	737,521	755,221	773,346	791,907
Total Revenues Raised	**$25,100,356**	**$34,086,767**	**$36,026,326**	**$36,890,958**	**$37,776,341**	**$38,682,973**
Prior Year's Balance Carried Forward	9,303,932	1,513,233	0	0	0	0
TOTAL REVENUES	**$34,404,288**	**$35,600,000**	**$36,026,326**	**$36,890,958**	**$37,776,341**	**$38,682,973**
EXPENDITURES	**2018 Adopted**	**2019 Projected**	**2020 Projected**	**2021 Projected**	**2022 Projected**	**2023 Projected**
Interlocal Agreements	32,400,596	35,061,111	35,474,504	36,325,892	37,197,713	38,090,458
Administrative, Overhead, Etc.	490,459	538,889	551,822	565,066	578,628	592,515
TOTAL	**$32,891,055**	**$35,600,000**	**$36,026,326**	**$36,890,958**	**$37,776,341**	**$38,682,973**

Fiscal Impacts on Study Area

The following illustrates the effect incorporating and withdrawing from the MSD would have on the Town of Brighton, how its expected revenues would compare to its anticipated expenses, the increase in taxes that would be required to make up for any potential shortfalls in required revenue, and the impact that a tax increase would have on the average home.

Assuming the newly incorporated Town assesses an equivalent MSD tax rate, the projected revenues minus expenditures produce a surplus as shown in **Table 6.4**. Matching the MSD's equivalent rate is enough to supersede the expenditures within the Town and no additional Town of Brighton rate is necessary to provide sufficient funding for the Study Area.

Table 6.4: Town Scenario 3 Budget

	Projected				
Town of Brighton Revenues	**2019***	**2020**	**2021**	**2022**	**2023**
Equivalent MSD Rate	**0.0012**	**0.0014**	**0.0013**	**0.0013**	**0.0012**
Property Tax Generated in Town of Brighton from Equivalent County Rate	$434,266	$506,873	$500,974	$495,139	$489,367
Sales & Use	206,825	211,774	216,841	222,029	227,341
Permits	8,215	8,412	8,614	8,821	9,033
Class C Roads	17,594	18,533	19,532	20,610	21,770
Fines & Forfeitures	8,600	8,636	8,672	8,709	8,745
Cable TV Franchise Tax	3,399	3,481	3,564	3,650	3,737
TOTAL REVENUES	**$678,899**	**$757,709**	**$758,198**	**$758,957**	**$759,993**
Town of Brighton Expenditures					
Government Offices	$90,332	$323,987	$331,763	$339,725	$347,878
Roads & Public Works	65,000	30,235	30,960	31,703	32,464
Animal Services	11,815	12,098	12,389	12,686	12,990
Capital Projects	27,793	28,460	29,143	29,843	30,559
Courts	32,513	33,294	34,093	34,911	35,749
Incorporation Costs	23,000	0	0	0	0
TOTAL EXPENSES	**$250,453**	**$428,074**	**$438,348**	**$448,868**	**$459,641**
Revenues minus Expenditures	**$428,446**	**$329,635**	**$319,850**	**$310,089**	**$300,352**
Excess Revenue Remitted to SMD	0	$220,869	$201,401	$183,208	$166,230
Excess Revenue Retained within Brighton	0	$108,766	$118,449	$126,881	$134,122

*For Year 1 of incorporation, Brighton remains in the MSD. The MSD covers costs associated with incorporation, administration, and emergency management (grouped under "Government Offices") in addition to storm water management (Roads & Public Works)

The 5-year average annual tax burden within the Study Area is estimated at $278 for a primary residence with a taxable value of $400,000. This $278 tax burden would result whether the Study Area incorporated or remained unincorporated. For non-primary residents, the tax burden is estimated at $505 annually with a home whose taxable value is $400,000.

TABLE 6.5: SCENARIO 3 FISCAL IMPACT

	PROJECTED				
	2019	2020	2021	2022	2023
Total Town Rate	**0.0012**	**0.0014**	**0.0013**	**0.0013**	**0.0012**
Town of Brighton Estimated Certified Tax Value	$364,217,771	$374,163,180	$384,376,178	$394,863,883	$405,633,597
Annual Town Impact (Primary Home $400,000)	262	298	287	276	265
Annual Town Difference from MSD Levy	**$0**	**$0**	**$0**	**$0**	**$0**

As an incorporated Town, Brighton would also be able to raise revenues through transient room taxes, which would not have a direct impact on primary households. Estimated revenues from transient room taxes are illustrated below, assuming 47 percent of total taxable sales are TRT eligible.

6.6: SCENARIO 3 FISCAL IMPACT

	PROJECTED				
	2019	2020	2021	2022	2023
Municipal Transient Room Tax 1%	$164,628	$168,580	$172,625	$176,768	$181,011
Additional Municipal TRT 0.5%	82,314	84,290	86,313	88,384	90,505
Total Municipal Tax Revenue	**$246,943**	**$252,869**	**$258,938**	**$265,153**	**$271,516**

Additional revenue sources Brighton could consider as an incorporated town are Resort Community (Sales) Tax (up to 1.1 percent) and Additional Resort Community (Sales) Tax (0.5 percent). The following table projects potential revenues from these taxes based on estimated future sales within the Study area. For reference, Alta has a total Resort Community Tax rate of 1.5% but does not charge any municipal transient room taxes.

5.8: SCENARIO 2 ESTIMATED RESORT COMMUNITY TAX REVENUE

	PROJECTED				
	2019	2020	2021	2022	2023
Resort Community (Sales) Tax (1.1 percent)	$381,924	$391,090	$400,476	$410,088	$419,930
Additional Resort Community (Sales) Tax (0.5 percent)	173,602	177,768	182,035	186,403	190,877
Total Resort Community Tax (1.6 percent)	**$555,526**	**$568,858**	**$582,511**	**$596,491**	**$610,807**

SECTION 7: MSD'S LIKELY BUDGET IMPACT

Background

A statutory requirement for the feasibility study's analysis dictates that the analysis must assume a consistent level of service to the Study Area prior to and after incorporation. In the case of this specific feasibility analysis, using this required assumption results in a conclusion that differs from what will likely occur. The Study has, thus far, assumed the MSD would spend $35.6 million in 2019, which is slightly higher than its 2017 total expense, $35 million. The MSD's actual 2019 budget estimates its expenses will amount to $31.8 million, which is one million less than its estimated 2018 expense, $32.8 million.

The Study has assumed the MSD would levy a property tax to raise about $10 million in revenues to maintain the level of service to the MSD and Study Area. The 5-year average rate is 0.00124. This was done for two reasons, to fulfil the requirement of maintaining a consistent level of service and to illustrate the impact on residents. The MSD's tentative plan is to raise about $3 million through a property tax, raise another $3.5 million through a storm water service fee, and reduce expenses by about $4 million.

The following table illustrates the differences between the Study's assumptions and the MSD's tentative plans and the impact the different assumptions would have on revenues raised and the impact on primary and secondary residences.

Table 7.1: Differences Between Study & MSD's Budget Assumptions

2019 MSD Budget Assumptions	Feasibility Study Assumptions	MSD's Assumptions
Total Expense	$35,600,000	$31,800,000
Revenue from Storm Water Service Fees	0	3,500,000
Property Tax Rate	0.0012	0.0003
Property Tax Revenue Generated	10,078,949	3,000,000
Property Tax Revenue Generated in Brighton	434,266	129,259
Property Tax Impact on Primary Residence (Scenario 1)	727	78
Property Tax Impact on Secondary Residence (Scenario 1)	494	142

Applying the MSD's budget assumptions to Brighton's incorporation scenarios (2 and 3) would have a significant effect on the impact to the Town's revenues, property tax rate, and how much excess revenues the Town would retain and remit to the MSD. By applying the MSD's 2019 budget assumptions to Scenario 2 and 3, the Town's revenues and expenses are projected to be as follows.

Table 7.2: Fiscal Impact for Scenario 2, Using MSD's 2019 Budget Assumptions

	Projected					
	2019	**2020**	**2021**	**2022**	**2023**	**Average***
MSD Tax Rate Revenue to Brighton	$129,259	$127,756	$126,270	$124,799	$123,344	$125,542
Storm Drain Revenues to Brighton	36,840	74,160	74,520	74,880	75,240	74,700
Other Revenues to Brighton	244,633	250,836	257,224	263,818	270,626	260,626
Total Revenues to Brighton	**$410,733**	**$452,753**	**$458,013**	**$463,497**	**$469,210**	**$460,868**
Total Expenses for Brighton	227,453	425,978	436,202	446,670	457,390	441,560
Net Fund Balance	**$183,280**	**$26,775**	**$21,812**	**$16,827**	**$11,820**	**$19,308**
Additional Rate Needed	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

* The Average is only a 4-year average, 2020-2023. It is not capturing the year in which Brighton is still a member of the MSD

Note that the "Storm Drain Revenues to Brighton" were estimated based on assumptions that are still subject to change. The figures reflect the best possible estimate based on all available data and assumptions that were most defensible at the time.

Table 7.3: Fiscal Impact for Scenario 3, Using MSD's 2019 Budget Assumptions

	Projected					
	2019	2020	2021	2022	2023	Average*
MSD Tax Rate Revenue to Brighton	$129,259	$127,756	$126,270	$124,799	$123,344	$123,344
Storm Drain Revenues to Brighton	36,840	74,160	74,520	74,880	75,240	74,700
Other Revenues to Brighton	244,633	250,836	257,224	263,818	270,626	270,626
Total Revenues to Brighton	**$410,733**	**$452,753**	**$458,013**	**$463,497**	**$469,210**	**$460,868**
Total Expenses for Brighton	227,453	428,074	438,348	448,868	459,641	443,733
Net Fund Balance	**$183,280**	**$24,679**	**$19,666**	**$14,629**	**$9,569**	**$17,136**
Additional Rate Needed	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

* The Average is only a 4-year average, 2020-2023. It is not capturing the year in which Brighton is still a member of the MSD

By using the lower tax rate, which the MSD is more likely to adopt, and applying the revenues generated within Brighton from storm water service fees, the Town is projected to have a small net positive fund balance in both scenarios. The excess revenues are less than ten percent above the projected expenses for both scenarios, so Brighton would retain all the revenues from the positive fund balance each year and not have to remit any excess revenues to the MSD.

SECTION 8: PUBLIC SAFETY

BACKGROUND

Salt Lake County currently helps to support public safety services within its 3 main canyons, which include Big Cottonwood Canyon. The County provides revenues to Unified Fire Service Area ("UFSA"), which supports the Unified Fire Authority ("UFA") and to the Salt Lake Valley Law Enforcement Service Area ("SLVLESA"), which supports the Unified Police Department ("UPD"). The purpose of the County's support to UFA and UPD is to maintain a higher level and quality of public safety services in the canyons. Although UFSA and SLVLESA both levy property taxes within the canyons, the property tax revenues generated from the 3 canyons has not been enough to fund the level of public safety services necessary.

County support for public safety within the canyons is sensible because the canyons are used and enjoyed by residents across Salt Lake County. The canyons also attract many visitors from outside the county and State. While these visitors boost tax revenues received by the County, they also contribute to the cost of providing services, including public safety.

In 2018, the County budgeted to send UFA $3.1 million and to send UPD $3.2 million to support public safety services within the three canyons. The estimated portions of the support directed to Big Cottonwood Canyon are roughly $1 million for fire services and between $1.2 million and $1.5 million for police services. In total, the County will have spent between $2.2 million and $2.5 million within Big Cottonwood Canyon to support public safety services.

INCORPORATION

County representatives have stated that the County will likely cut financial support for public safety services within Big Cottonwood Canyon if the Town of Brighton votes to incorporate and becomes a town, regardless of whether it remains in the MSD or not. Based on an analysis of calls for service within Big Cottonwood Canyon, the County determined that over 90 percent of calls for fire service originated within the proposed Town's borders and 67 percent of calls for police service. The following table illustrates public safety costs and allocations within Big Cottonwood Canyon.

TABLE 7.1: BIG COTTONWOOD CANYON PUBLIC SAFETY COSTS

	Budgeted
County's Public Safety Support of all 3 Canyons	**2018**
Unified Fire Authority (USFA)	$3,175,713
Unified Police Department (SLVESA)	3,200,000
Total Public Safety Support in 3 Canyons	**$6,375,713**
County's Public Safety Support of Big Cottonwood Canyon	
Unified Fire Authority (USFA)	1,058,571
Unified Police Department (SLVESA)	1,200,000 – 1,500,000
Total Public Safety Support in Big Cottonwood Canyon	**$2,258,571 - $2,558,571**
County's Public Safety Support within Brighton	
Unified Fire Authority (USFA)	952,714
Unified Police Department (SLVESA)	780,000 – 975,000
Total Public Safety Support Within Brighton	**$1,732,714 - $1,927,714**

IMPACT

If Brighton incorporates and the County withdraws public safety support from the Town, it will leave a funding gap required to maintain the current level of public safety services in Brighton. The County estimated that between $1.7 million and $1.9 million of its support for public safety in the canyons could be allocated directly to Brighton in 2018. Adjusting for inflation, the public safety funding gap is estimated to be about $1,874,139 in 2019. This assumes that the County withdraws all public safety support from Brighton but continues to support public safety within the areas of Big Cottonwood Canyon that do not incorporate into Brighton.

The 3 most likely responses to this funding gap are:

1. The Town of Brighton raises revenues equal to the funding gap;
2. UFSA and SLVLESA maintain the level of service by increasing their property tax rates; or
3. UFSA and SLVLESA reduce the level of service.

Brighton Raises Revenues

As an incorporated town, Brighton would have the ability to raise tax revenues through a property tax, through transient room taxes, and or through a resort community tax. The Town could pursue any of these options to raise revenues equal to the public safety funding gap. The table below illustrates the property tax rate required to meet the funding gap with and without transient room taxes and community resort taxes. Note that the property tax rates are only enough to fill the funding gap. They do not relate to any of the 3 scenarios specifically or their potential revenue shortfalls or fund balances.

7.2: Brighton Public Safety Funding

	Projected		
	5 Year Average Rate	Primary Homeowner Annual Impact	Secondary Homeowner Annual Impact
Property Tax Rate (No TRT)	0.0051	$1,125	$2,045
Property Tax Rate (TRT)	0.0047	1,026	1,865
Property Tax Rate (TRT & Additional TRT)	0.0044	997	1,776
Property Tax Rate (TRT & Additional TRT & 1.6 % Resort Community Tax Revenues)	0.0029	643	1,169

Although it would be possible for Brighton to fill the public safety funding gap through additional taxes, the annual impact on primary and secondary homeowners would be significant.

Maintain Level of Service

If the County withdraws the public safety funding from Big Cottonwood Canyon, the governing boards of UFSA and SLVLESA would meet and discuss how to respond to the funding gap. If the boards decide that maintaining the current level of service throughout Big Cottonwood Canyon is an important enough priority, they will take measures to maintain the level of service. One such measure could include reducing the level of service slightly in other areas of the districts and directing those resources to Big Cottonwood Canyon. An alternative measure that could maintain the level of public safety service in Big Cottonwood Canyon would be to raise the property tax rates levied by the special service districts. The following table illustrates the impact increased tax rates would have.

7.3: Service Districts Public Safety Funding

	Projected		
	5 Year Average Rate	Primary Homeowner Annual Impact	Secondary Homeowner Annual Impact
Additional Property Taxes to Fire District	0.000036	$8	$14
Additional Property Taxes to Police District	0.000111	24	44
Total Additional Property Taxes	**0.000147**	**$32**	**$59**

When spreading the cost of Brighton's public safety funding gap over the entire special service districts, the annual additional tax burden per household is less significant. This appears to be a plausible outcome, though the decision ultimately rests with the service districts' governing boards. To maintain these services, only the members of the two special districts would be providing the funding for service in this recreational area instead of all residents of the County.

Reduce Level of Service

If the County withdraws the public safety funding from Big Cottonwood Canyon, the governing boards of UFSA and SLVLESA could meet, discuss the funding gap, and decide to reduce the level of public safety service to Brighton. If this decision were reached, the fire station in Brighton, Station 108, could be staffed during selected peak demand periods with the 24/7 fire and rescue service to Big Cottonwood Canyon delivered by fire station 116 at 8303 South Wasatch Blvd in Cottonwood Heights. Overall, however, not fully funding the public safety funding gap in Brighton would have a noticeable impact on the level of service in the canyon.

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JUSTICE CENTER
SALT LAKE COUNTY

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SIM GILL
DISTRICT ATTORNEY

Ralph Chamness
Chief Deputy
Civil Division

Lisa Ashman
Administrative
Operations

Jeffrey William Hall
Chief Deputy
Justice Division

Blake Nakamura
Chief Deputy
Justice Division

October 8, 2018

Rick Graham
Deputy Mayor
2001 S. State Street N2-100
Salt Lake City, UT 84190

Subject: Funding Public Safety Services in Brighton

Dear Rick:

You have recently asked for a legal opinion from our office regarding the future of funding public safety services in Brighton, should it incorporate as a town. At this time, those services in Brighton – including police patrol, fire and paramedic services – are funded by Salt Lake County, using moneys from the county general fund. The law regarding how the county pays for municipal services in the unincorporated areas is set out in state statute and Utah case law and those laws establish specific procedures and requirements for funding municipal services.

"Municipal service" means a government service or function which is similar to those provided by municipalities to their citizens. Salt Lake County provides some municipal services in the unincorporated areas of the county. These functions are not provided on a county-wide basis, in that they are not available to residents living within municipalities. Municipal services are defined in state statute to include the following: police patrol, fire protection, water service, water conservation, local parks, sewage, cemeteries, garbage, street lighting, planning and zoning, code enforcement, animal control, building inspection, code enforcement, business licensing, local streets and roads, curbs, gutters, sidewalks, snow removal, ambulance, and paramedic service. See Utah Code Ann, Sections 17-34-1(1)(c) and 17-36-3(23).

When a county provides any of these municipal services in such a way that they are available exclusively or primarily to residents in the unincorporated areas and not in municipalities, the municipal services may only be funded by taxes and fees raised from the unincorporated area – that is, the municipal services fund. If money from the county-wide general fund is used, it will result in "double taxation." This concept is so called because the residents of cities would be taxed twice for services, once for the municipal services they receive from their city and once for the municipal services they do not receive from the county. The practice is prohibited by statute and by a decision of the Utah Supreme Court. See Utah Code Ann, Section 17-34-1(2), and <u>Salt Lake City Corp. v. Salt Lake County</u>, 550 P.2d 1291 (1976).

In order to comply with the statute and Supreme Court decision, Salt Lake County established a municipal services fund in the late 1970s to provide municipal services to unincorporated areas outside municipalities. With the recent creation of the Municipal Services District, most of those monies are now transferred from Salt Lake County to the MSD for public works-related municipal services.

There is a variation in this rule, also provided by statute. A county may designate an unincorporated location as a "recreational area" if it includes canyons, ski resorts, wilderness areas, lakes and reservoirs, campgrounds, and picnic areas and if the county legislative body makes a finding that the area is regularly used by residents from both cities and unincorporated areas. In the 1990s, the County designated the mountain and canyon areas east of the valley as a recreational area. When a county makes such a designation, it may use general fund money – that is, it is not limited solely to municipal services funds – to provide fire, paramedic and police protection services. Thus, while other municipal services would still be funded only by money from the unincorporated areas, public safety services in a recreational area may be funded by county-wide money. Utah Code Ann, Section 17-34-1(5).

However, when a municipality within a designated recreational area incorporates, the rule allowing use of general funds for public safety services changes. Currently, the law permitting the county to use general fund money for public safety in the canyons expressly limits the use of those funds to services only to areas "outside the limits of cities and towns." Utah Code Ann, section 17-34-1(5)(b). Based on this statutory limitation, the county may not legally rely on the recreational area exception to use general funds to pay for public safety services within any municipality in the canyons, including a newly incorporated Brighton.

I hope this adequately responds to your question. If you need further information, please let me know.

Sincerely,

Gavin

Gavin J. Anderson
Division Administrator