



Box Elder County

Willard Annexation Feasibility Study

ZIONS BANK  PUBLIC FINANCE

April 2014

Contents

Chapter 1: Executive Summary	3
Chapter 2: Population and Population Density	4
Chapter 3: Geography, Geology, Topography, and Boundaries.....	7
Chapter 4: Elimination or Creation of Unincorporated Island or Peninsula	10
Chapter 5: Prevention of Future Logical and Beneficial Incorporation or Annexation.....	11
Chapter 6: Fiscal Impact on Unincorporated Areas, Other Municipalities, Local Districts, Special Service Districts, School Districts, and Other Governmental Entities	13
Chapter 7: Current and Five-Year Projections: Demographics and Economic Base.....	19
Chapter 8: Five-Year Projected Growth in the Study Area and Adjacent Areas.....	24
Chapter 9: Present and Five-Year Cost Projections.....	25
Chapter 10: Projected City Revenues	35
Chapter 11: Projected Tax Impacts	43
Chapter 12: Past Expansion in Terms of Population and Construction.....	47
Chapter 13: Extension of Nearby Municipal Boundaries	48
Chapter 14: History, Culture, and Social Aspects of the Proposed Annexation Area and Surrounding Area.....	49
Chapter 15: Service Provision.....	50
Chapter 16: Impact on School Districts	51
Appendix: Box Elder County Road Service Contract – Estimated Bid	52

1 Executive Summary

Utah Code 10-2-413(2)(b): submit with the full written results of the feasibility study a summary of the results no longer than a page in length;

The annexation study considers two zones – Zones A and B. Zone A primarily represents the area known as South Willard and Zone B includes parcels east of the current Willard boundaries.

Willard City and the annexation areas have similar characteristics: Willard has a 2013 population of 1,823, almost identical to the 1,830 persons in the annexation areas. Willard has 50.16 weighted road miles, similar to the 56.2 miles in the two proposed annexation areas. However, taxable value is considerably higher in the annexation areas than it is in Willard City. The taxable value of Zone A is \$118,477,268 and Zone B is at \$8,060,954, for a total of \$126,538,222. In comparison, the taxable value of Willard City is \$73,396,122.

The results of this study indicate that annexation is feasible from Willard City's perspective but will result in additional costs for property owners in the annexation areas.

All property owners in Zones A & B will be required to pay Willard City's municipal services tax rate (0.000993) which will be an increased tax to these property owners because these services are now being paid for through PILT funds for which Zones A & B do not pay directly. Table 1 below shows the net revenues, assuming that startup costs are leased over a 7-year period.

Table 1: Net Operating Revenues Including Startup Costs – Zones A & B Only

	2013	2014	2015	2016	2017	2018
Total Revenues	\$594,665	\$625,587	\$658,370	\$692,959	\$729,352	\$767,655
Total Expenditures	(\$500,605)	(\$515,623)	(\$531,091)	(\$547,024)	(\$563,435)	(\$580,338)
Net Operating Revenues	\$94,060	\$109,964	\$127,279	\$145,935	\$165,917	\$187,317
Startup Costs	(\$30,978)	(\$30,978)	(\$30,978)	(\$30,978)	(\$30,978)	(\$30,978)
Net Revenues with Startup	\$63,082	\$78,986	\$96,301	\$114,957	\$134,939	\$156,339

By applying Willard City's current tax rate, for every \$100,000 of primary residential market value, a property owner will pay \$54.62 annually; however, Willard City could see a tax reduction while the annexation areas will see an increase over current taxes.

Table 2: Tax Rates per \$100,000 of Primary Residential Market Value – Willard City Services

	2013	2014	2015	2016	2017	2018
Willard City Existing Rate	\$54.62	\$54.62	\$54.62	\$54.62	\$54.62	\$54.62
Decreased Tax Rate – (Willard)	-\$17.35	-\$21.01	-\$24.74	-\$28.51	-\$32.27	-\$36.04
TOTAL (Willard; Zones A & B)	-\$31.55	-\$38.19	-\$44.98	-\$51.83	-\$58.68	-\$65.53

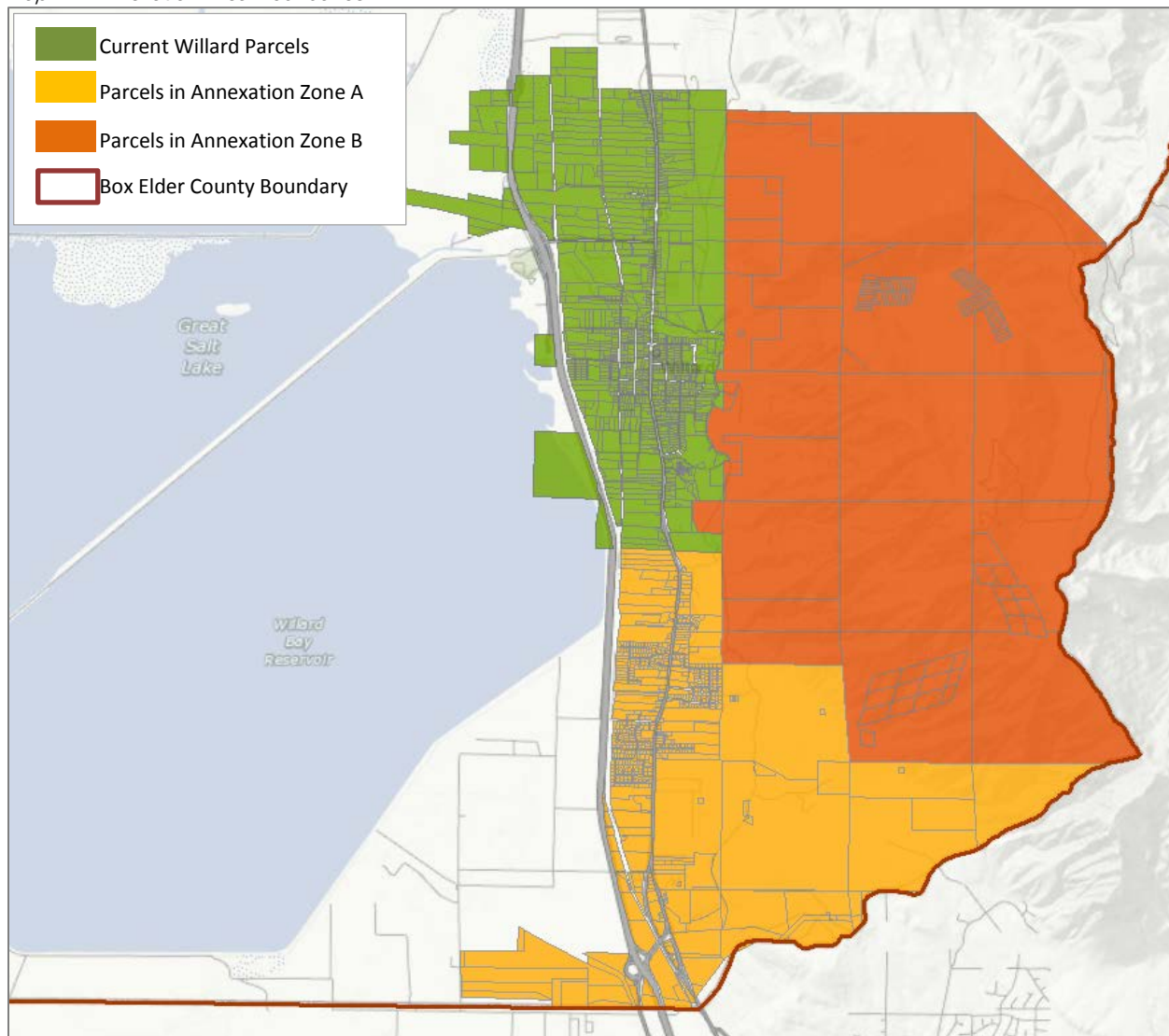
For a home in Zone A or B with \$200,000 of market value, the increased property taxes in year 2014 would be \$67.22. Increased utility taxes based on an average bill of \$150 per month would be \$108 and the increased County impacts would be \$5.23 for a total of \$180 annually. This increased cost could be partially offset by improved trash removal services which would save several dollars per month per residential unit.

2 Population and Population Density

Utah Code 10-2-413(3)(j): the population and population density within the area proposed for annexation, the surrounding unincorporated area, and, if a protest was filed by a municipality with boundaries within ½ mile of the area proposed for annexation, that municipality;

Throughout this study, the proposed annexation area will be considered in two zones – Zones A and B. Zone A primarily represents the area known as South Willard and Zone B includes parcels east of the current Willard boundaries. Throughout this report these zones will generally be discussed separately, but will be called the “total study area” if discussing collectively. Both of these proposed zones to be annexed would extend the Willard boundaries to the County line – Zone A to the County line to the south and Zone B to the County line to the East. These zones are shown in the map of parcels below.

Map 1 – Annexation Area Boundaries

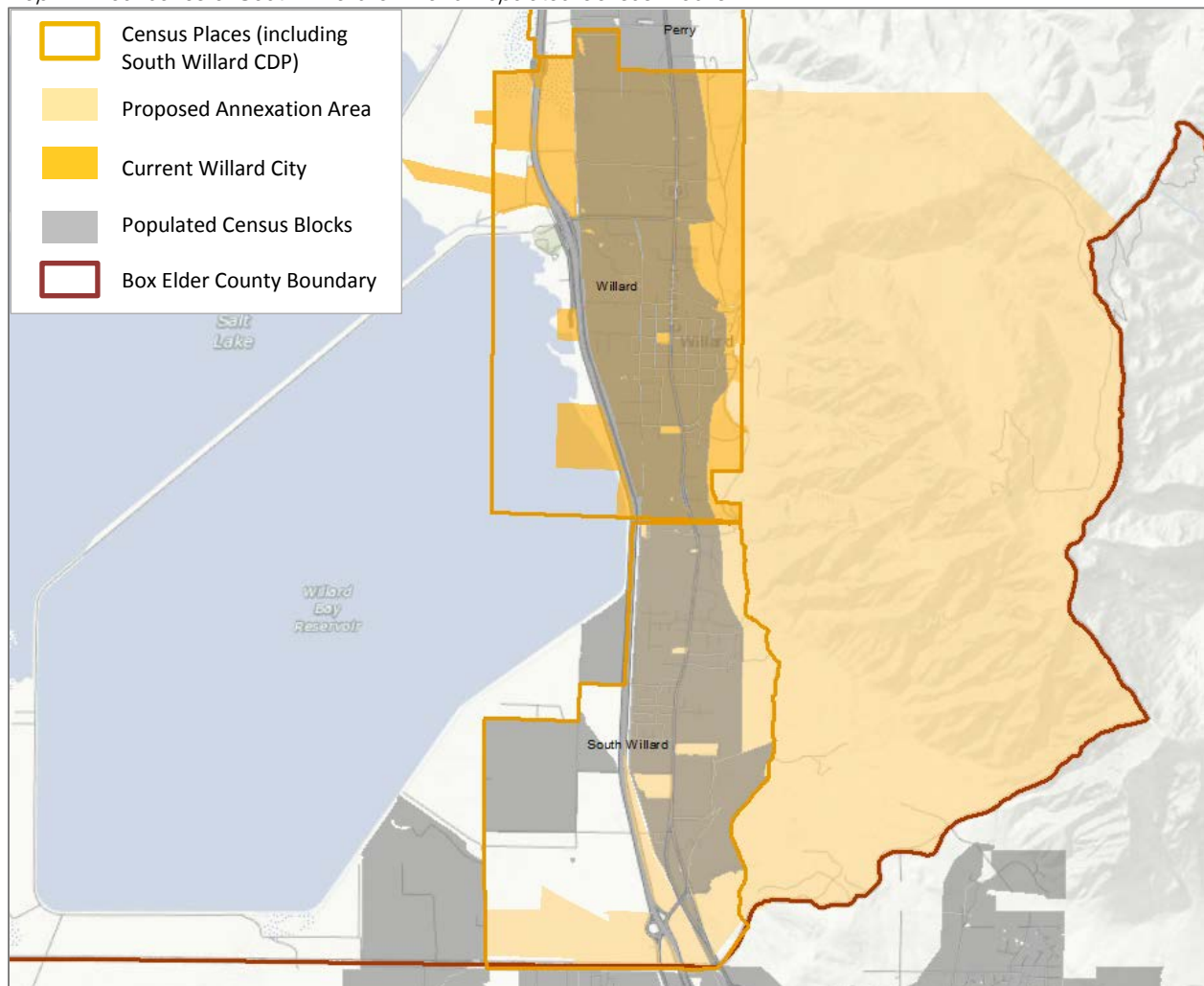


The estimated 2013 population for both Zone A and the full proposed area to be annexed to Willard is 1,830 persons, based on 2010 Census data and subsequent growth. Currently only the

parcels included in Zone A are populated – see Map 2 below. There is no development and hence no population in Zone B.

The 2010 population was estimated in this unincorporated area from Census data that best matched the proposed area. Growth from 2010 to present was projected using building permit activity. The Census Designated Place (CDP) for South Willard encompasses all of the populated areas of the proposed annexation area. There are two populated Census blocks within the CDP that are not included in the annexation area. To estimate the 2010 population in the study area, the population of the Census blocks not included in annexation were subtracted from the total CDP population, resulting in a 2010 population estimate within Zone A (and the total study area) of 1,560 persons and 471 households and a population of zero for Zone B. The map below shows the annexation area in relation to the CDP boundaries and the area Census blocks that are populated.

Map 2 – Boundaries of South Willard CDP and Populated Census Blocks



Using the 2010 population of Zone A (and the total area), the current total population was estimated to be 1,830. The 2013 population was calculated from the 2010 population by taking the average number of residential building permits issued over the past 13 years and multiplying by

the average household size of 3.31 persons per home.¹ The average annual building permit per year was 27.23; this number was used because the historical number of building permits by year is not known by the County. However, the County does know that the total number of residential permits in the last ten years is 279, with 354 permits issued in the last 13 years. Both of these averages are close to each other, with the 13-year average of 27.23 permits per year used for further calculations. Zone B has a 2013 population of zero people.

Table 3: Current Population and Households

	Zone A		Zone B		Total Study Area	
	2010	2013	2010	2013	2010	2013
Estimated Population	1,560	1,830	0	0	1,560	1,830
Estimated Households	471	553	0	0	471	553
Area of Proposed Study (sq mi)	6.93	6.93	13.49	13.49	20.42	20.42
Estimated Populated Density (persons per sq. mile)	225	264	0	0	76	90

The total area proposed for annexation has an area of 20.42 square miles, with Zone A having 6.93 square miles and Zone B with 13.49 square miles. This provides an estimated population density in the total annexation area of about 90 persons per square mile in 2013. The density in Zone A is 264 persons per square mile and zero persons per square mile in Zone B. This calculation excludes population and land already incorporated into Willard City.

In the surrounding area of unincorporated Box Elder County, the 2010 population was 38 people and 11 households. This is the total of populated Census blocks between the west border of the proposed annexation area and Willard Bay. The study area fully extends to the County line on the east and south sides, and all population north of the study area is within Perry City. Beyond the County line into Weber County, there is an additional population of 225 in surrounding unincorporated areas.

¹ Household size was determined using the population and number of households known from 2010 Census block data. This is the same household size noted for the South Willard CDP in the 2010 Census.

3 Geography, Geology, Topography, and Boundaries

Utah Code 10-2-413(3)(ii): the geography, geology, and topography of and natural boundaries within the area proposed for annexation, the surrounding unincorporated area, and, if a protest was filed by a municipality with boundaries within ½ mile of the area proposed for annexation, that municipality;

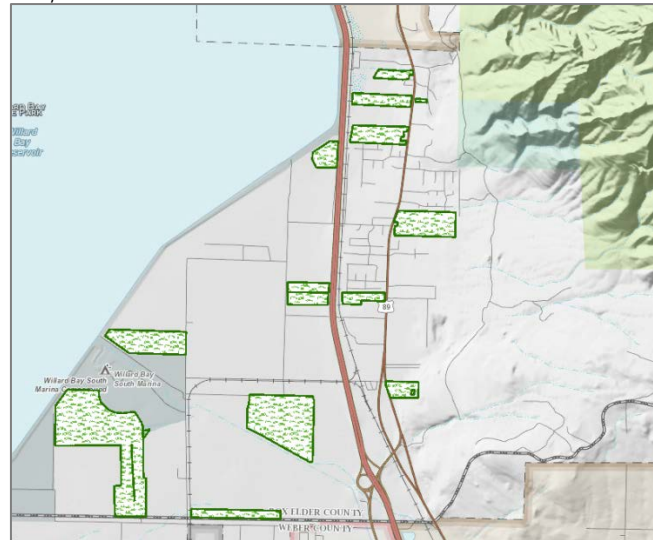
Geography

The total proposed annexation area encompasses approximately 20.42 square miles or 13,070.22 acres. Zone A is 4,437.97 acres and Zone B is 8,632.24 acres. If annexed, the entirety of all Willard parcels would cover 25.43 square miles. All population within the proposed annexation is south of the current incorporated Willard boundaries within the proposed Annexation Zone A.

This area, especially within Zone B, includes a large amount of mountainous, federally-owned land on the east side; about 10.43 square miles of the total annexation area is federally owned. Most of that area – 10.05 square miles is in Annexation Zone B. This is about half of two areas proposed for annexation and 75 percent of Zone B. The Forest Service and Federal Government are responsible for land use and conservation decisions in these areas. Planning and development projects involving national forest lands must follow the National Environmental Protection Act (NEPA) process.

The area also has several protected areas including agriculture protection, wetland protection, and FEMA flood zones. These areas are all in Zone A. The two primary areas for flood zones and wetland protection are the northern area of Zone A near I-15 and Willard Bay, and in the southern end of Zone A between I-15 and US-89. There are smaller areas for projected wetland and flood zones scattered throughout Zone A. Additionally, there are several Agriculture Protection zones throughout Zone A. These zones are shown in the map below as those areas outlined in green, as marked by Box Elder County.

Map 3 – Protected Areas



Geology

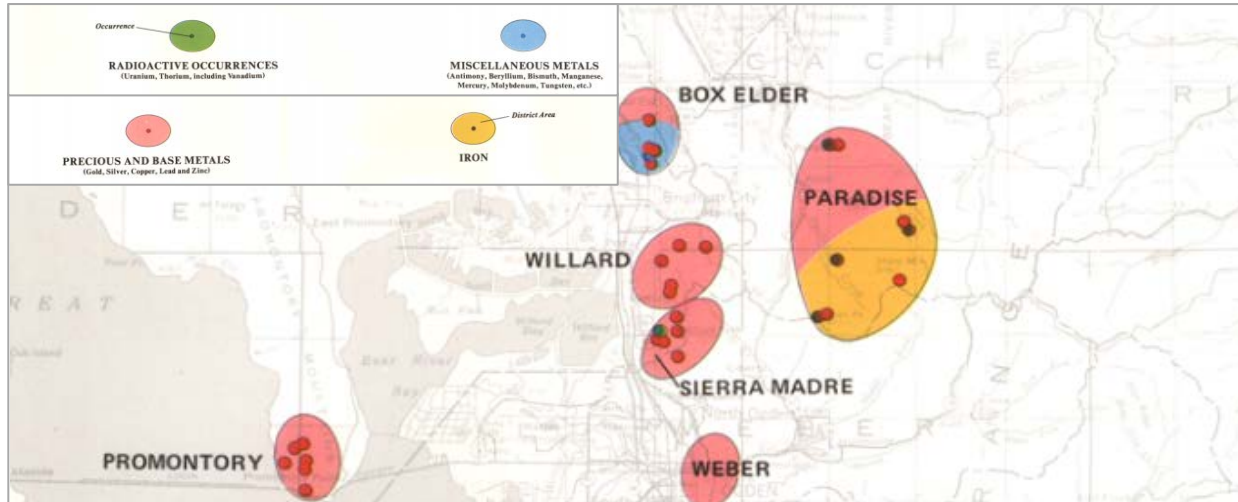
The total study area included canyon, foothill, mountain, and valley areas representing a vast area of geologic factors. As discussed in the geography and topography sections, Zone B and part of Zone A include unpopulated mountain areas that include possible mining areas.

Due to the differences in topography, there are significant soil differences² as well. Much of Zone A's valley portion is in an alluvial fan that became exposed as Lake Bonneville receded. It has surficial alluvium and colluvium soil deposits – mixed sand and rock deposits. Other areas throughout Zones A and B also have surficial deposits traced from Lake Bonneville. Zone B has areas with these soil types, in addition to metamorphic and other rock forms in the mountainous areas.

² Utah Geological Survey

In regards to mining, according to the USGS and Utah Geological and Mineral Survey,³ the Willard area in Zone B (also called “Sierra Madre” in data) is noted as a mining district area and principal metal occurrence area for precious and base metals. Precious and base metals include Gold, Silver, Copper, Lead, and Zinc. There is also a minor occurrence of radioactive materials and miscellaneous metals.

Map 4 – Mining Districts and Metal Occurrence Areas

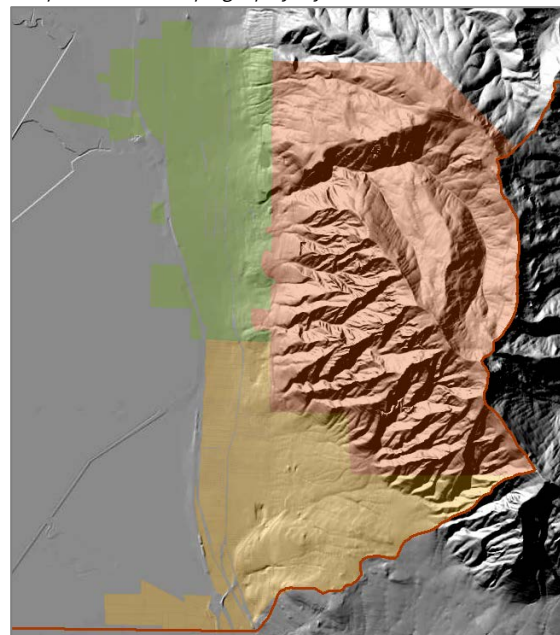


Both proposed annexation zones, like much of the Wasatch Front, are near the Wasatch Fault Line. Zone B also has some areas that intersect with a smaller thrust fault that connects to the Wasatch Fault. This thrust fault line runs near Willard Peak. Those areas in Zone A in the valley are at high potential for liquefaction in case of an earthquake.⁴

Topography

The topography of the proposed annexation areas is highly varied. Zone A is primarily in the valley, including some shoreline on the west side and with some mountain areas and foothills on the east side. Zone B is primarily mountains and forest area. Elevation in the study area starts near 4,200 feet above sea level in Zone A, with the highest elevation about 9,500 feet above sea level in Zone B.⁵ Zone B includes Grizzly Peak (8,733 feet), Willard Mountain (9,406 feet), and White Rock (6,138 feet). Willard Peak (9,593 feet) is along the border, though the summit falls within Weber County. The parcels on the west side of Zone A are close to Willard Bay, with some reaching the shoreline. The total annexation area covers approximately 0.3 percent of Box Elder County.

Map 5 – Area Topography by Annexation Zone



³ <http://geology.utah.gov/online/m/m-70.pdf>

⁴ <http://geology.utah.gov/online/c/c-106/c-106liquefaction.pdf>

⁵ Utah AGRC

The high mountains have sheer rock cliffs that historically contributed to flooding issues. These issues are now being addressed by the area flood control district through reservoirs and pipelines.

Natural Boundaries

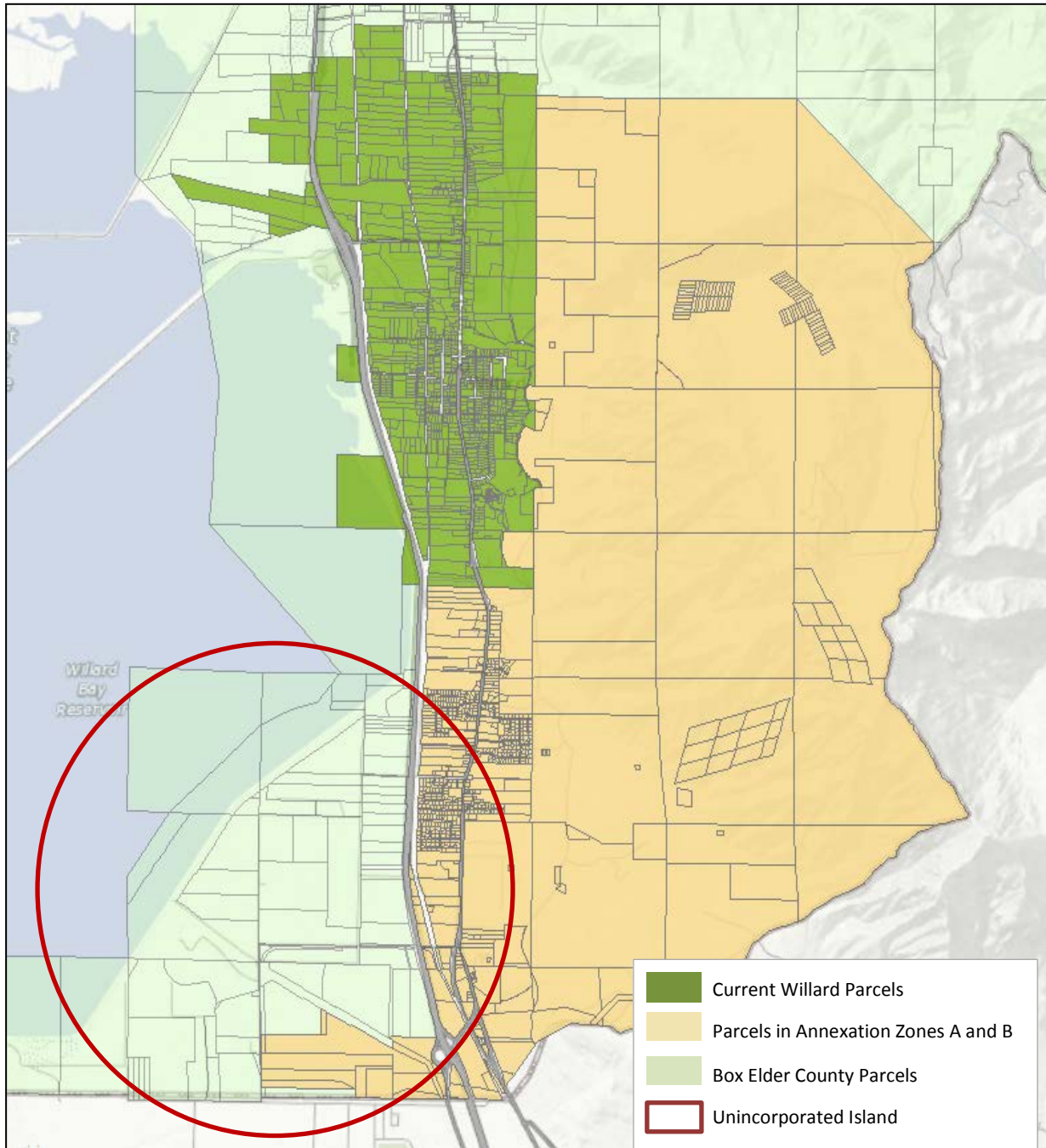
The total annexation area is bounded on the east and south by the Box Elder County boundary. The northernmost boundary at the top of Zone B runs eastward from the current Willard City boundary line. Only half of the parcel furthest to the north and east within Zone B is included. The division within this boundary cuts diagonally within the square parcel from the northwest corner to the south east corner, with the southern portion included in the study area. The east boundary of Zone 2 is the Willard City line, along with the north boundary of Zone A. The east boundary of Zone A is primarily along Interstate 15, with some parcels on the south edge beyond the I-15 boundary, lying west of the freeway. There are few natural boundaries for these parcels west of I-15. Half of the parcels are bounded on the south by the County line; much of the western side of this group follows 2000 West, and a portion of the north side is diagonally bounded by Willard Canal.

4 Elimination or Creation of Unincorporated Island or Peninsula

Utah Code 10-2-413(3)(iii): whether the proposed annexation eliminates, leaves, or creates an unincorporated island or unincorporated peninsula;

The total annexation area eliminates some unincorporated peninsulas by extending the Willard City boundaries to the county line. However, there is an island left between the annexation study area Zone A and Willard Bay that would remain unincorporated.

Map 6 – Unincorporated Island



5

Prevention of Future Logical and Beneficial Incorporation or Annexation

Utah Code 10-2-413(3)(iv): whether the proposed annexation will hinder or prevent a future and more logical and beneficial annexation or a future logical and beneficial incorporation;

The analysis of other potential incorporation and annexation scenarios was based on the following criteria:

- Visual inspection of boundaries or geographic constraints;
- Ability to provide services; and
- Willingness of surrounding municipalities to annex the area.

Visual Inspection

The total area of Zone A and Zone B is naturally blocked from annexation by other cities by the County boundary, Willard Bay and Willard City. The north boundary does not extend beyond the north boundary of Willard City, making the extension of Willard City to the east to the County line most logical.

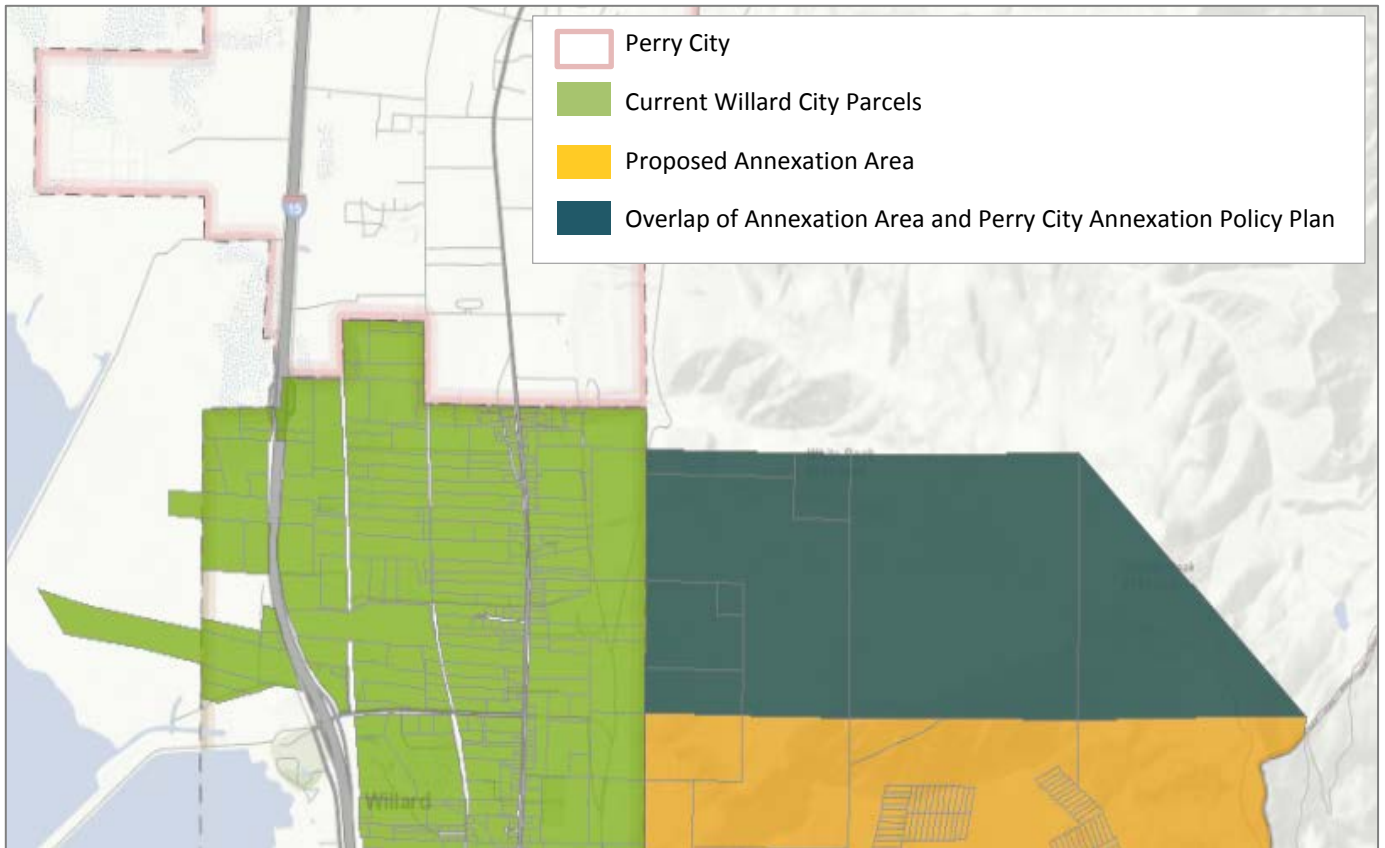
Service Provision

Willard City is the only City within Box Elder County that neighbors the populated Zone A. Zone B would require little service provision as it has no current residents. If the total area were to be annexed to Perry, service provision from Perry to Zone A would be difficult and illogical as it would require Perry officials to cross through Willard to reach Zone A. Crossing through Zone B to Zone A would be unlikely because there are few roads, none of which cross from Perry to Zone A.

Willingness of Surrounding Areas

Perry is the only other municipality near the study area and within Box Elder County besides Willard City. The Perry City Annexation Policy Plan does have some overlap with Zone B shown in Map 7. Interviews with Perry City staff indicate that annexation of these overlapping areas to Willard most likely would not be protested. While there are annexation areas on the west side that the two cities are negotiating, the overlapping areas to the east are not a major concern in Perry's future annexation plans.

Map 7 – Overlap with Perry City Annexation Policy Plan



6 Fiscal Impact on Unincorporated Areas, Other Municipalities, Local Districts, Special Service Districts, School Districts, and Other Governmental Entities

Utah Code 10-2-413(3)(v): the fiscal impact of the proposed annexation on the remaining unincorporated area, other municipalities, local districts, special service districts, school districts, and other governmental entities;

There are currently four different tax districts in the proposed annexation area. They are districts 135, 147, 148 and 177. The tax districts are located as follows:

Table 4: Tax Districts in the Proposed Annexation Area

	Zone A	Zone B
Tax District 135	Yes	No
Tax District 147	Yes	Yes
Tax District 148	Yes	No
Tax District 177	Yes	Yes

All of the four tax districts have a portion of the district within Zone A; only two of the tax districts are partially located within Zone B.

These four tax districts are served by the following service providers:

- Box Elder School District
- Box Elder Mosquito Abatement District
- Willard Precinct Cemetery Maintenance District
- Weber Basin Water Conservancy District
- Box Elder County and Willard City Flood Control and Drain
- Bear River Water Conservancy District
- Box Elder County Library
- South Willard Special Service District (has no tax rate)
- Box Elder County

A breakdown of the service providers by tax district is as follows:

Table 5: Tax District 135 Service Providers and Tax Rates

Entity	Rate
Box Elder	0.002697
Box Elder School District	0.008725
Box Elder Mosquito Abatement District	0.000208
Willard Precinct Cemetery Maintenance District	0.000173
Weber Basin Water Conservancy District	0.000215
Box Elder County and Willard City Flood Control and Drain	0.000246
Bear River Water Conservancy District	0.0002
Box Elder County Library	0.00015
Total Rate	0.012614

Table 6: Tax District 147 Service Providers and Tax Rates

Entity	Rate
Box Elder	0.002697
Box Elder School District	0.008725
Box Elder Mosquito Abatement District	0.000208
Willard Precinct Cemetery Maintenance District	0.000173
Box Elder County and Willard City Flood Control and Drain	0.000246
Bear River Water Conservancy District	0.0002
Box Elder County Library	0.00015
Total Rate	0.012399

Table 7: Tax District 148 Service Providers and Tax Rates

Entity	Rate
Box Elder	0.002697
Box Elder School District	0.008725
Box Elder Mosquito Abatement District	0.000208
Willard Precinct Cemetery Maintenance District	0.000173
South Willard Special Service District	0.0
Box Elder County and Willard City Flood Control and Drain	0.000246
Bear River Water Conservancy District	0.0002
Box Elder County Library	0.00015
Total Rate	0.012399

Table 8: Tax District 177 Service Providers and Tax Rates

Entity	Rate
Box Elder	0.002697
Box Elder School District	0.008725
Box Elder Mosquito Abatement District	0.000208
Willard Precinct Cemetery Maintenance District	0.000173
Box Elder County and Willard City Flood Control and Drain	0.000246
Bear River Water Conservancy District	0.0002
Box Elder County Library	0.00015
Total Rate	0.012399

All of the taxing entities will experience some fiscal impacts if annexation occurs due to a change in distribution of the motor vehicle property tax revenues. There is a set amount of motor vehicle property tax revenues to be distributed to the taxing entities that is based on total motor vehicle fees paid. The local distribution to the taxing entities comes from the age-based portion of the annual registration fee that is charged to vehicle owners. Currently, there is no distribution to Zones A and B because they are not taxing entities. However, if annexation occurs, it is estimated that Willard City will receive an additional \$30,000 in motor vehicle property tax revenues. This \$30,000 will be a redistribution of funds currently being distributed to the other taxing entities in tax districts 135, 147, 148 and 177.

The motor vehicle tax impact to each of the taxing entities is summarized as follows:

Table 9: Tax District Impacts from Motor Vehicle Tax Redistribution

District	Total Impact
Box Elder	-\$6,525
Box Elder School District	-\$21,110
Box Elder Mosquito Abatement District	-\$503
Willard Precinct Cemetery Maintenance District	-\$419
Box Elder County and Willard City Flood Control and Drain	-\$595
Bear River Water Conservancy District	-\$484
Box Elder County Library	-\$363
Weber Basin Water Conservancy	-\$1
Total	-\$30,000

Box Elder School District

The Box Elder School District will see a potential reduction of \$21,110 from redistribution of motor vehicle taxes if annexation occurs. There are no other forecasted impacts from the proposed annexation on the Box Elder School District. All four taxing districts include the Box Elder School District.

Box Elder Mosquito Abatement District

The Box Elder Mosquito Abatement District will see a potential reduction of \$503 from redistribution of motor vehicle taxes if annexation occurs. There are no other forecasted impacts from the proposed annexation on Box Elder Mosquito Abatement District. All four taxing districts include the Box Elder Mosquito Abatement District.

Willard Precinct Cemetery Maintenance District

The Willard Precinct Cemetery Maintenance District will see a potential reduction of \$419 from redistribution of motor vehicle taxes if annexation occurs. There are no other forecasted impacts from the proposed annexation on Willard Precinct Cemetery Maintenance District. All four taxing districts include the Willard Precinct Cemetery Maintenance District.

Weber Basin Water Conservancy District

The Weber Basin Water Conservancy District will see a potential reduction of \$1 from redistribution of motor vehicle taxes if annexation occurs. There are no other forecasted impacts from the proposed annexation on Weber Basin Water Conservancy District. Weber Basin Water provides services only to Tax District 135.

Box Elder County and Willard City Flood Control and Drain

The Box Elder County and Willard City Flood Control and Drain District will see a potential reduction of \$595 from redistribution of motor vehicle taxes if annexation occurs. There are no other forecasted impacts from the proposed annexation on Box Elder County and Willard City Flood Control and Drain. All four taxing districts receive services from Box Elder County and Willard City Flood Control and Drain.

Bear River Water Conservancy District

Bear River Water Conservancy has the authority for providing water for all of Box Elder County although it does not directly provide wet water to all areas. Currently, in S. Willard, Bear River Water Conservancy sells water, on a wholesale basis, to the South Willard Water Company. The

South Willard Water Company then sells water directly, on a retail basis, to individual residential units and businesses. In addition to selling water to the South Willard Water Company, Bear River Water Conservancy also sells water to two other public water systems located within the proposed annexation area: (1) Hotsprings Trailer Court; and (2) Coleman's Mobile Home Park. This arrangement could continue if the proposed annexation takes place.

Bear River Water Conservancy District currently does not provide any wet water to Willard City. However, property owners within Willard City pay taxes to Bear River Water Conservancy. Bear River tries to provide some equity in this regard by providing water-related engineering services to Willard City.

If annexation occurs, Willard City may choose to provide water directly through the City. However, there is nothing about the annexation that requires a change from the current service provider and therefore no impacts have been assessed regarding water provision.

The Bear River Water Conservancy District will see a potential reduction of \$484 from redistribution of motor vehicle taxes if annexation occurs. There are no other forecasted impacts from the proposed annexation on the Bear River Water Conservancy District. All four taxing districts receive services from Bear River Water Conservancy.

Box Elder County Library

Box Elder County Library will see a potential reduction of \$363 from redistribution of motor vehicle taxes if annexation occurs. There are no other forecasted impacts from the proposed annexation on Box Elder County Library. All four taxing districts receive services from Box Elder County Library.

South Willard Special Service District

The South Willard Special Service District is listed as a taxing entity for only Tax District 148. No tax rate has been established and there are, therefore, no fiscal impacts on the South Willard Special Service District from the proposed annexation.

Box Elder County

Box Elder County is a taxing entity in each of the four tax districts. It will see a potential reduction of \$6,525 in the General Fund from redistribution of motor vehicle taxes if annexation occurs.

In addition, the County could see a gain of approximately \$25,000⁶ in the General Fund from increased landfill revenues. The South Willard area is currently serviced by Republic Services (formerly known as Allied Waste) which takes the waste items to the Weber County landfill and pays a fee for doing so. However, Willard City contracts with Econo-Waste that uses the Box Elder County landfill. Thus, if South Willard were to annex as part of Willard it would presumably be serviced by Econo-Waste which would pay its landfill usage fees to Box Elder County rather than to Weber County.

There would be no other impacts to the General Fund and the County will continue to provide those services to Zones A and B, if annexed, that it now provides countywide. Note that the total gain in revenue would be approximately \$18,475 to the General Fund which represents only 0.14 percent of the County's \$13 million General Fund.

⁶ Calculated at a rate of \$30 per ton and an average of 1.5 tons per household per year.

However, there will also be impacts to the County's Municipal Services Fund. This fund will see decreased revenues from sales tax, Class B/C road fund revenues, and charges for services for planning and fire. The County will also be able to reduce some costs as it would no longer need to provide some services. The reduction in service costs would be for fire control, noxious weeds and maintenance of roads and highways in the South Willard area. Estimated reductions in expenditures have been provided through interviews with various departments in Box Elder County.

Table 10: Box Elder County Municipal Services Budgets Impacts

Municipal Services Budget		Revenue Reduction		
Revenues	2013	Zone A	Zone B	Total
Sales & Use Tax	\$950,000	(\$159,939)	\$0	(\$159,939)
Pilt - Fed / Pymt in Lieu	\$2,741,669	\$0	\$0	\$0
Weed Control Grants	\$18,500	\$0	\$0	\$0
Road Fund Allotment	\$2,000,000	(\$68,606)	(\$4,272)	(\$72,878)
St of Utah/Mineral Rev Sharing	\$25,000	\$0	\$0	\$0
County - Fire MOU	\$25,000	\$0	\$0	\$0
Planning (chg for Services)	\$12,500	(\$2,613)	\$0	(\$2,613)
Fire (chg for Services)	\$25,000	(\$5,226)	\$0	(\$5,226)
Highway Const/Cities & Towns	\$95,000	\$0	\$0	\$0
Interest	\$9,700	\$0	\$0	\$0
Road Interest	\$4,400	(\$43)	\$0	(\$43)
Sundry	\$2,500	\$0	\$0	\$0
Reimburse Fire Marshal	\$20,000	\$0	\$0	\$0
Appropriated Class B Funds	\$300,000	\$0	\$0	\$0
Appropriated Fund Balance	\$876,632	\$0	\$0	\$0
Total	\$7,105,901	(\$236,428)	(\$4,272)	(\$240,700)
Expenditures		A	B	Zones A & B
Community Development	\$313,699	\$0	\$0	\$0
Economic Development	\$73,944	\$0	\$0	\$0
Fire Control	\$1,025,922	(\$8,800)	\$0	(\$8,800)
Noxious Weeds	\$281,001	(\$3,800)	\$0	(\$3,800)
Roads – Highways	\$4,611,336	(\$45,000)	\$0	(\$45,000)
Transfers & Contributions	\$800,000	\$0	\$0	\$0
Total	\$7,105,901	(\$57,600)	\$0	(\$57,600)
Net Gain (Loss)	\$0	(\$178,828)	(\$4,272)	(\$183,100)

It appears that Box Elder County would see reduced revenues of \$236,428 in Zone A, offset by only \$57,600 in reduced costs; this results in a shortfall of \$178,828. Zone B would see reduced revenues of \$4,272 from the road fund allotment (weighted road mile distribution portion) and the County would see no reduced costs to service Zone B. Thus, the overall shortfall for the County's Municipal Services Fund would be \$183,100 that would need to be made up through increased tax rates for the remaining unincorporated County.

The reduced revenues and expenses are calculated as follows:

Sales Tax Revenues

Sales tax revenues distributed by population are based on 1,830 persons multiplied by a per capita distribution of \$83.68.⁷ This totals \$153,134.40. In addition, point of sale revenues are estimated at \$6,805⁸ for a total reduction in sales tax revenues of \$159,939. Both of these reductions are attributable to Zone A.

Road Fund Allotment

Road funds are distributed based on weighted road miles and population. Zone A has 48.7 weighted road miles and a population of 1,830 persons. Zone B has 7.5 weighted road miles and no population. The amount paid per mile for each weighted road mile is \$572.34 (and varies slightly depending on revenues received from gasoline taxes). The per capita distribution amount is \$22.26.⁹

Charges for Services

These revenues are apportioned and reduced on a per capita basis according to the current revenues received.

Road Interest

This fund is very small and would be reduced only slightly based on the slightly lower level of cash on hand in the road fund.

Fire Control

Based on conversations with Box Elder County, it is anticipated that expenses in this category could be reduced by \$8,800 annually if annexation were to occur.

Noxious Weeds

Based on conversations with Box Elder County, it is projected that expenses in this category could be reduced by \$3,800 annually if annexation were to occur.

Roads – Highways

Based on conversations with Box Elder County, it is estimated that expenses in this category could be reduced by \$45,000 annually if annexation were to occur. This includes reduced costs for slurry seal and for snow removal.

Box Elder County will also see a minor reduction in its public safety fund, estimated at only \$850 from the state liquor allotment. Interviews with County public safety officials suggest that the calls for service from the proposed annexation areas are minor and that the County would not be able to decrease any of its public safety costs if annexation occurs.

⁷ Data provided by the Utah State Tax Commission and analyzed by ZBPF to arrive at a per capita distribution amount. The distribution amounts change slightly depending on sales taxes generated statewide.

⁸ Source: Utah State Tax Commission

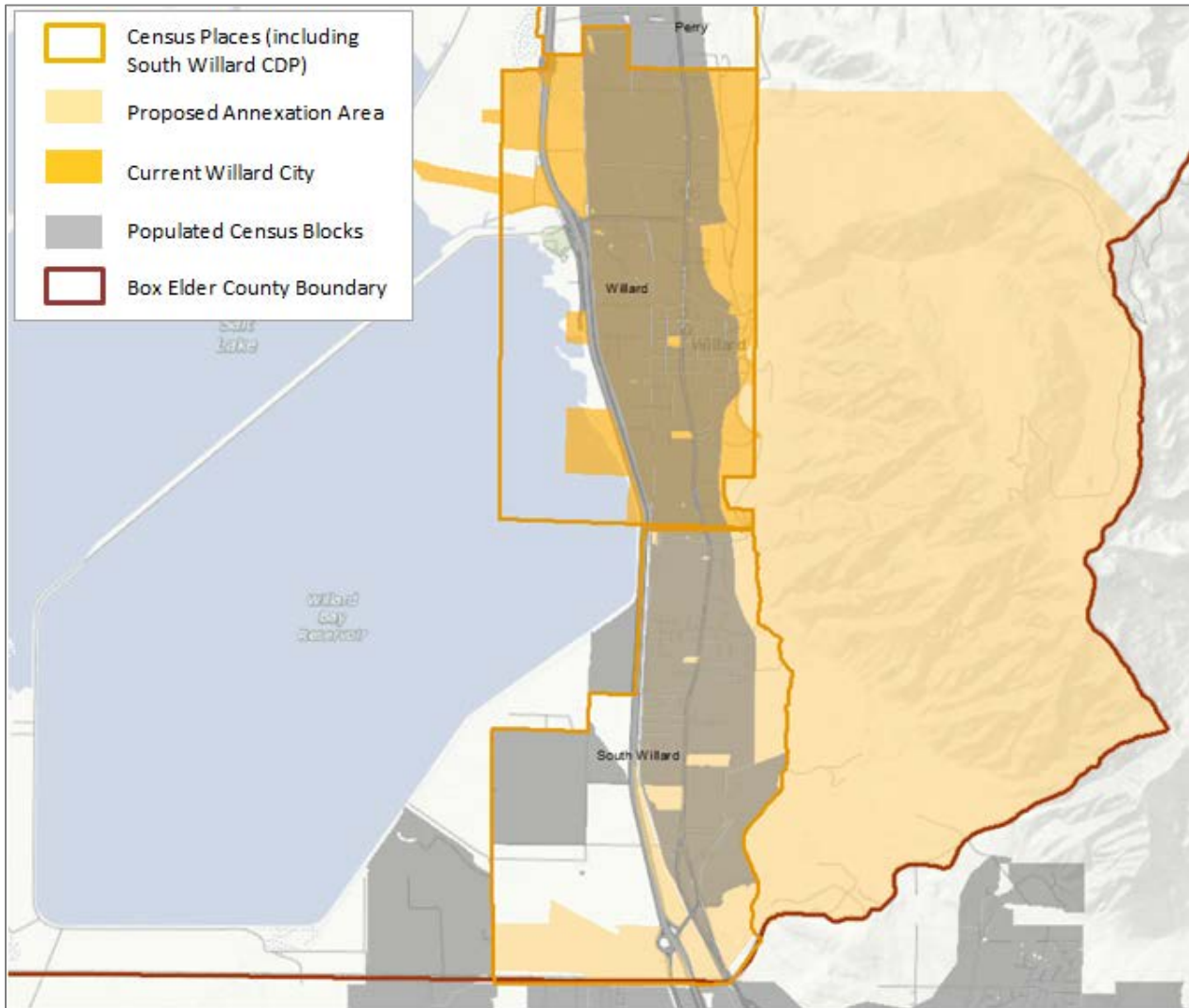
⁹ Data provided by UDOT and analyzed by ZBPF. The distribution amounts change slightly depending on motor vehicle fuel taxes generated statewide.

7 Current and Five-Year Projections: Demographics and Economic Base

Utah Code 10-2-413(3)(vi): current and five-year projections of demographics and economic base in the area proposed for annexation and surrounding unincorporated area, including household size and income, commercial and industrial development, and public facilities

Demographics in the area are primarily determined through data given by the Census for the South Willard CDP. While Census blocks more closely match the study area than the CDP, demographic data beyond population and number of households are not provided at the block level. The CDP only included an extra twelve people in the 2010 Census outside the proposed annexation area, a number that is unlikely to significantly influence demographic statistics. The CDP provides data for Zone A; Zone B is unpopulated and thus has no demographic data to report. Demographics for the total area for Zone A and B will therefore match those of Zone A. As demographic information is not provided at the block level, isolated demographics for the surrounding unincorporated area are unavailable.

Map 8 – Census Designated Places and Populated Census Blocks



Population Projections

Study Area

Historic building permits from the last 13 years have been used to evaluate population growth trends in Zone A, as well as population trends since the 2010 Census population. There were 354 residential permits given in the last 13 years, with an average of 27.23 per year. Given the rate of building permits relative to 2010 households, an average annual growth rate of 5.8 percent is used to determine future growth in the number of households. The projected number of households is then multiplied by the 2010 average household size of 3.31 to forecast population. This analysis projects a 2018 population of 2,427 with 733 households, reflecting an average growth of 36 residential units per year over the five-year period.

Table 11: Current Population Estimate by Annexation Zone

	Zone A		Zone B		Total Study Area	
	2010	2013	2010	2013	2010	2013
Estimated Population	1,560	1,830	0	0	1,560	1,830
Estimated Households	471	553	0	0	471	553

Table 12: Future Population and Households Projection – Zone A (and Total Study Area)

	2013	2014	2015	2016	2017	2018
Estimated Population	1,830	1,937	2,049	2,168	2,294	2,427
Estimated Households	553	585	619	655	693	733

Community input suggested that growth might occur at faster rates than those projected using the historical basis provided from building permits in the proposed annexation area. Therefore, two other approaches were used to evaluate future population growth: 1) review of historical building permits from surrounding cities; and 2) review of the Governor's Office of Planning and Budget (GOPB) projections for surrounding cities.

Table 13: Historical Residential Building Permits by Year for Surrounding Area

Community	2008	2009	2010	2011	2012
Pleasant View	21	49	39	60	85
Farr West	27	18	32	36	25
Willard	6	2	4	4	4
Perry	24	12	11	6	12
Plain City	28	29	51	53	40
North Ogden	20	38	33	41	57
Brigham City	58	48	147	134	101
Unincorporated Box Elder County	38	41	37	17	20
Total	222	237	354	351	344

Based on historical building permits, growth in surrounding areas will average approximately 350 units per year. If this growth trend continues, the projections for the South Willard area (36 residential building permits per year) would represent a capture rate of roughly ten percent of the market area.

Another approach is based on forecasted, rather than historical, data and is based on information provided by the Governor's Office of Planning and Budget. This data shows population projections as follows:

Table 14: Population Projections by Year for Surrounding Areas

	2010 Census	GOPB Projections				
		2020	2030	2040	2050	2060
Pleasant View	7,979	9,204	11,876	15,626	18,860	22,337
Farr West	5,928	6,835	7,238	8,163	9,479	11,593
Willard	1,772	1,945	2,036	2,182	2,545	2,773
Perry	4,512	5,566	6,538	7,764	8,531	10,168
Plain City	5,476	6,431	8,727	10,694	13,492	16,572
North Ogden	17,357	19,927	25,351	36,923	43,802	51,103
Brigham City	17,899	19,100	21,397	22,970	25,028	27,346
Unincorporated Weber Co.	14,074	15,613	17,796	20,408	29,826	38,798
Unincorporated Box Elder Co.	9,187	9,452	8,971	9,305	9,308	8,835

These population projections for each community were analyzed in terms of the estimated number of households for each community, resulting in a range of projected residential growth from a high of 78 units per year in North Ogden to a low of five units per year in Willard. Neighboring Pleasant View projects an average of 37 units per year – similar to the 36 units per year projected for Zone A. Further, the projections for Zone A are similar to those made for Brigham City and Perry – at 36 units and 32 units per year respectively.

Surrounding Unincorporated

The surrounding unincorporated area in Box Elder County had a 2010 population of 38 people and 11 households. This population is in unincorporated Box Elder County near Willard Bay, west of the proposed annexation area. There are other populated unincorporated areas to the south of Zone A, but these are in Weber County. There are no other populated unincorporated areas surrounding the proposed annexation area since the east side of study area extends to the County line and the area is otherwise surrounded by Willard Bay, incorporated cities, and unpopulated mountains. Assuming a similar growth rate of 5.8 percent for the population west of the study area, with a household size of 3.45 in 2010, the 2018 population is estimated to be about 59 people.

Table 15: Projected Population for Surrounding Unincorporated Areas

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Estimated Population	38	40	42	45	47	50	53	56	59
Estimated Households	11	12	13	13	14	15	16	17	18

Household Size

The average household size in the South Willard CDP has risen since 2000. The average household size in 2000 was 2.8 persons per household, whereas in 2010 it was 3.31. The 2011 ACS estimates show it even higher at 3.5 percent. The 2010 average household size for Census blocks within Zone A were the same as the CDP at 3.31 persons per household. The surrounding unincorporated blocks outside the study area had a 2010 household size of 3.45 persons.

Five-year projections show that household size will not change significantly. While recent trends have shown an increasing household size in the South Willard CDP, national and statewide trends are for decreasing household sizes. If, however, a large amount of new housing product is introduced in the area, one that will have a strong appeal to either larger or smaller household sizes, then average household sizes could be impacted somewhat.

Income

Median household income in the South Willard CDP (Zone A) in the most recent 2011 ACS estimate is \$51,389. This is a 41 percent increase since the 2000 Census and one of the fastest growth rates in the area; the Box Elder County median income grew only 25 percent over the same period. Median income in South Willard and the annexation area is still lower than the County and nearby Willard and Perry. However, assuming similar rates of income increases, incomes in the South Willard area could surpass the County and Willard median in the next five years.

Table 16: Median Incomes for Study Area and Surrounding Areas

	South Willard CDP	Willard	Perry	Box Elder	Utah
2000 Census Median HH Income (1999 Dollars)	\$36,538	\$51,875	\$52,589	\$44,457	\$45,661
2011 ACS Median HH Income (2011 Dollars)	\$51,389	\$59,000	\$72,120	\$55,588	\$57,783
Percent Change 2000-2011	40.65%	13.73%	37.14%	25.04%	26.55%
AAGR 2000-2011	3.70%	1.25%	3.38%	2.28%	2.41%
Estimated 2013 Median HH Income	\$55,257	\$60,483	\$77,072	\$58,147	\$60,606
Projected 2018 Median HH Income	\$66,248	\$64,354	\$90,992	\$65,073	\$68,281

Commercial and Industrial Development

The County reports no new commercial or industrial permits in either annexation zone in the past 13 years. The area is primarily residential with some commercial development along Interstate 15. There are approximately 21 parcels currently noted by the County as having commercial buildings, with another 68 parcels noted as being commercial or industrial land. Most commercial activity in the area is agricultural in nature, with some retail and services.

There is also industrial activity from Utah Power in Zone A and gravel pits in Zone B. Outside of industrial activity in Zone B, most of Zone B is vacant and undeveloped. Zone B has great potential in industrial uses like mining and these uses are expected to increase in the future. Parts of Zone B are noted by the USGS and the Utah Geological and Mineral Survey as being occurrence areas for precious and base metals, as well as some radioactive materials.

Of the business licenses recorded by the County in both of the proposed annexation zones, 11 are home occupations, 29 are service oriented, three are construction, seven are retail, seven are agricultural, and five are manufacturing.

Zone A is well situated as a primary gateway to Box Elder County with ample transportation and freight resources for commercial and industrial development. Zone A is along Interstate 15, State Highway 89, and the area's main rail system. The Utah Transit Authority notes a possible extension of the Frontrunner Commuter Rail to Brigham City in its 2040 plan, with the route and a possible

stop passing through Zone A. These access points in Zone A and Willard facilitate industrial and recreational uses for Zone B and Willard Bay.

Taxable Value

The average taxable value per capita in the total annexation area is \$69,147, with Zone A specifically being \$64,741. The taxable value per capita in the current Willard City Area is lower at \$40,261 per person.

Table 17: Taxable Value in Study Area and Willard City

Community	2013 Taxable Value	Taxable Value Per Capita
Zone A	\$118,477,268	\$64,741
Zone B	\$8,060,954	NA
Total Annexation Areas	\$126,538,222	\$69,147
Willard City	\$73,396,122	\$40,261

Public Facilities

There are currently no public facilities within the study area. Interviews with Box Elder School District and Box Elder County indicate no plans within the next five years to construct public facilities within the area.

Available Land

Both Zones A and B have ample vacant land within their respective boundaries. However, while Zone B is mostly vacant with no population, its mountainous terrain and federal management makes significant residential or commercial development unlikely.

8

Five-Year Projected Growth in the Study Area and Adjacent Areas

Utah Code 10-2-413(3)(vii): projected growth in the area proposed for annexation and the surrounding unincorporated area during the next five years;

Study Area

Historic building permits from the last 13 years have been used to determine population growth trends in Zone A; a comparison with GOPB population projections for surrounding communities has also been used. There were 354 residential permits issued in the last 13 years within the boundaries of Zone A, with an average of 27.23 permits per year. Given the rate of building permits relative to 2010 households, an average annual growth rate of 5.8 percent is used to determine future growth in the number of households. This projected number of households is then multiplied by the 2010 average household size of 3.31 to project population. This analysis projects a 2018 population of 2,427 with 733 households, which averages 36 new residential units per year.

Table 18: Current Population Estimate by Annexation Zone

	Zone A		Zone B		Total Study Area	
	2010	2013	2010	2013	2010	2013
Estimated Population	1,560	1,830	0	0	1,560	1,830
Estimated Households	471	553	0	0	471	553

Table 19: Future Population and Households Projection – Zone A (and Total Study Area)

	2013	2014	2015	2016	2017	2018
Estimated Population	1,830	1,937	2,049	2,168	2,294	2,427
Estimated Households	553	585	619	655	693	733

Surrounding Unincorporated

The surrounding unincorporated area in Box Elder County had a 2010 population of 38 people and 11 households. This population is in unincorporated Box Elder County near Willard Bay, west of the proposed annexation area. There are other populated unincorporated areas to the south of Zone A, but these are in Weber County. There are no other populated unincorporated areas surrounding the proposed annexation area since the east side of study area extends to the County line and the area is otherwise surrounded by Willard Bay, incorporated cities, and unpopulated mountains. Assuming a similar growth rate of 5.8 percent for the population west of the study area, with a household size of 3.45 in 2010, the 2018 population in surrounding unincorporated areas is estimated to be about 59 people.

Table 20: Projected Population for Surrounding Unincorporated Areas

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Estimated Population	38	40	42	45	47	50	53	56	59
Estimated Households	11	12	13	13	14	15	16	17	18

9

Present and Five-Year Cost Projections

Utah Code 10-2-413(3)(viii): the present and five-year projections of the cost of governmental services in the area proposed for annexation;

Expenses are generally evaluated by identifying excess capacity in a department, how much of the excess capacity can be used to service new development, and any expansion costs incurred in order to meet the growing demand. In order to identify the impacts to Willard City's budget, two approaches have been taken: 1) Willard City held a workshop to review and assess the potential costs associated with the annexation; and 2) the consultants have compared costs on a per capita basis with per capita costs in comparable cities. Comparable cities were selected based on a similarly-sized population, as well as other factors such as geographic location, level of commercial development, and proximity to major highways.

Start-up costs are not considered in the operating expenditure categories below but rather are included in a separate section "Start-Up Costs" located at the end of this chapter. The expenditure categories immediately below are intended to reflect ongoing, operating costs only.

Utah law also states that the existing level of service of the annexing municipality should be used in cost analysis: "For purposes of Subsection (3)(a)(viii), the feasibility consultant shall assume that the level and quality of governmental services that will be provided to the area proposed for annexation in the future is essentially comparable to the level and quality of governmental services being provided within the proposed annexing municipality at the time of the feasibility study."¹⁰

Court

Based on a memorandum from Willard City dated November 25, 2013, the City stated that it had held a workshop to review potential costs from the annexation and, "For the Justice Court . . . we have not listed any initial start-up costs or additional ongoing costs at this time."

However, additional revenue has been projected, based on the additional calls for service from the proposed annexation areas. Therefore, there would be some additional workload to service the increased calls for service. South Willard had 419 calls for service during the past year, while Willard City had 2,452 calls for service. Willard City pays \$700 per month for Prosecutor services. Using the call ratio, Willard City would need to pay an additional \$1,435 in professional fees.

Administrative

Administrative costs in Willard currently average just over \$115 per capita. The City has projected (based on the workshop it held to discuss costs of annexation) that future administrative costs will double, if annexation occurs, thereby resulting in the same overall per capita costs. One might expect that there would be economies of scale with annexation. In other words, there might be some excess capacity available in some staff positions that could absorb the additional workload of a larger geographic area. For example, most cities only have one city recorder; if additional resources are needed, part-time positions could be added to assist with the workload of existing and more experienced staff.

¹⁰ Utah Code, 10-2-413 (3)(c)

The following table shows expenditures as projected by Willard City. No expenditures are expected for Zone B as there is no population in that area.

Table 21: Projected General Fund Administrative Expenditures

	Willard City	Annexation Zone A	Willard City – Per Capita	Zone A – Per Capita
Wages - Perm Employees	\$78,000	\$78,000	\$42.79	\$42.62
Wages - Temp Employees	\$0		\$0.00	\$0.00
FICA	\$6,500	\$6,500	\$3.57	\$3.55
Retirement	\$14,000	\$14,000	\$7.68	\$7.65
Training	\$2,000	\$4,000	\$1.10	\$2.19
Public Notices	\$500	\$500	\$0.27	\$0.27
Office Supplies	\$2,000	\$2,500	\$1.10	\$1.37
Equip mtc & Supplies	\$4,600	\$6,500	\$2.52	\$3.55
Professional Fees	\$15,000	\$15,000	\$8.23	\$8.20
Bank Charges	\$100	\$100	\$0.05	\$0.05
Insurance & Surety Bonds	\$43,000	\$29,000	\$23.59	\$15.85
Misc. Supplies	\$11,000	\$4,000	\$6.03	\$2.19
4th of July	\$11,500	\$5,000	\$6.31	\$2.73
Building Inspector	\$22,500	\$45,000	\$12.34	\$24.59
CDBG Expenses	\$0	\$0	\$0.00	\$0.00
Subtotal	\$210,700	\$210,100	\$115.58	\$114.81

Source: Willard City

In an effort to fairly evaluate the administrative costs associated with the potential annexation, the consultants researched the administrative costs of cities of similar size. The cities researched are shown below, along with their populations and average per capita expenditures for administrative costs:

Table 22: Comparative Cities Administrative Costs Per Capita

City	Population	Per Capita Administrative Costs
Fruit Heights	4,987	\$136.68
Hyde Park	3,833	\$117.38
Midway	3,845	\$401.22
Morgan	3,687	\$70.71
Perry	4,512	\$141.76

If annexation occurs, Willard will have a population of 3,653. The administrative expenditures projected by the City are within the range experienced by other cities. However, based upon further City and County input, it was determined that Willard could service the South Willard area with the addition of one new employee rather than two new employees. This reduces the projected administrative budget for South Willard from \$210,100 to \$158,850 and reduces the cost per capita to \$86.80.

Table 23: Revised Projected General Fund Administrative Expenditures

	Willard City	Annexation Zone A	Willard City – Per Capita	Zone A – Per Capita
Wages - Perm Employees	\$78,000	\$39,000	\$42.79	\$21.31
Wages - Temp Employees	\$0		\$0.00	\$0.00
FICA	\$6,500	\$3,250	\$3.57	\$1.78
Retirement	\$14,000	\$7,000	\$7.68	\$3.83
Training	\$2,000	\$2,000	\$1.10	\$1.09
Public Notices	\$500	\$500	\$0.27	\$0.27
Office Supplies	\$2,000	\$2,500	\$1.10	\$1.37
Equip mtc & Supplies	\$4,600	\$6,500	\$2.52	\$3.55
Professional Fees	\$15,000	\$15,000	\$8.23	\$8.20
Bank Charges	\$100	\$100	\$0.05	\$0.05
Insurance & Surety Bonds	\$43,000	\$29,000	\$23.59	\$15.85
Misc. Supplies	\$11,000	\$4,000	\$6.03	\$2.19
4th of July	\$11,500	\$5,000	\$6.31	\$2.73
Building Inspector	\$22,500	\$45,000	\$12.34	\$24.59
CDBG Expenses	\$0	\$0	\$0.00	\$0.00
Subtotal	\$210,700	\$158,850	\$115.58	\$86.80

Source: Willard City

General Government Buildings

Based on a memorandum from Willard City dated November 25, 2013, the City stated that it had held a workshop to review potential costs from the annexation and, “For General Government (general building maintenance) . . . we have not listed any initial start-up costs or additional ongoing costs at this time.”

Public Safety/Police Department

Table 22 below shows the existing police costs, on a per capita basis, for Willard City, as well as the projected costs if annexation should occur. Currently, the per capita cost for Willard City is \$131.32 per capita; the same level per capita cost has been projected for South Willard.

Interviews with the Willard Police Department reveal that Zone A has an existing level of service that is higher than that of Willard City (i.e., more around-the-clock coverage). However, Utah law clearly states that the level of service provided by the annexing municipality must be used in the analysis.

Table 24: Projected General Fund Police Expenditures

	Willard City	Annexation Zone A	Willard City – Per Capita	Zone A – Per Capita
Wages - Perm Employees	\$97,000	\$97,372.46	\$53.21	\$53.21
Wages - Part Time Employees	\$30,000	\$30,115.19	\$16.46	\$16.46
FICA	\$10,000	\$10,038.40	\$5.49	\$5.49
Retirement	\$32,000	\$32,122.87	\$17.55	\$17.55
Training	\$2,500	\$2,509.60	\$1.37	\$1.37
Office Supplies	\$1,000	\$1,003.84	\$0.55	\$0.55

	Willard City	Annexation Zone A	Willard City – Per Capita	Zone A – Per Capita
Equip Maintenance	\$10,000	\$10,038.40	\$5.49	\$5.49
Vehicle Maintenance	\$18,000	\$18,069.12	\$9.87	\$9.87
Uniforms	\$1,500	\$1,505.76	\$0.82	\$0.82
MDT Expense	\$3,000	\$3,011.52	\$1.65	\$1.65
Radio Expense	\$900	\$903.46	\$0.49	\$0.49
Insurance	\$26,000	\$26,099.84	\$14.26	\$14.26
Grant	\$5,000	\$5,019.20	\$2.74	\$2.74
Alcohol Allotment	\$2,500	\$2,509.60	\$1.37	\$1.37
Subtotal	\$239,400	\$240,319	\$131.32	\$131.32

Source: Willard City

Fire Department

Based on a memorandum from Willard City, dated November 25, 2013, the City stated that it had held a workshop to review potential costs from the annexation. Regarding the Fire Department, the City wrote: “The Fire Department currently services the area through a contract with Box Elder County and does not see an increase in operations costs, but feels there would be a loss of approximately \$6,800 per year of income from calls in the Box Elder County contract area.” This adjustment has been made in Chapter 10 in the discussion of revenue projections.

Streets Department

The average per capita cost for the Willard City Streets Department is \$73.67 per capita, not including the expenses associated with the one-time Tourism Grant for 200 West. The City has projected a per capita cost that is double that amount – \$147.54 per capita – for the annexation areas. This does not include the City’s projection for start-up costs that are discussed at the end of this chapter.

Table 25: Projected General Fund Street Expenditures

	Willard City	Annexation Zone A	Willard City – Per Capita	Zone A – Per Capita
Wages - Perm Employees	\$41,000	\$123,000.00	\$22.49	\$67.21
Wages - Part Time Emp	\$0		\$0.00	\$0.00
FICA	\$3,300	\$9,500.00	\$1.81	\$5.19
Retirement	\$7,100	\$21,500.00	\$3.89	\$11.75
Equip Maint & Supplies	\$7,500	\$7,500.00	\$4.11	\$4.10
Utilities	\$12,000		\$6.58	\$0.00
Class C Expenditures	\$54,300	\$65,000.00	\$29.79	\$35.52
Insurance	\$9,100	\$43,500.00	\$4.99	\$23.77
Tourism Grant - 200 W	\$35,250		\$19.34	\$0.00
Subtotal	\$169,550	\$270,000	\$93.01	\$147.54
Less: Tourism Grant	\$134,300	\$270,000	\$73.67	\$147.54

Source: Willard City

However, it is more important to look at roads in terms of road miles which have a better correlation with the costs actually incurred. Willard City has 50.2 weighted road miles; Zone A has 48.7 weighted road miles; and Zone B has 7.5 weighted road miles.

Table 26: Projected Cost – Weighted Road Mile Analysis

Road Analysis	Willard	Annexation Zone A	Annexation Zone B	Annexation Zones A and B
Budgeted Amount	\$134,300	\$270,000	\$0	\$270,000
Weighted Road Miles	50.16	48.70	7.46	56.16
Cost per Weighted Road Mile	\$2,677.43	\$5,544.60	\$0.00	\$4,807.65

The cost per weighted road mile is \$2,677.43 in Willard City. The projected cost is \$4,807.65 per weighted road mile for both annexation areas combined. Because the projected cost for the annexation areas was significantly higher than the cost for Willard City, a comparison with other cities was conducted in order to more fairly evaluate the true costs associated with the annexation.

Table 27: Comparative City Cost – Weighted Road Mile Analysis

	Fruit Heights	Hyde Park	Midway	Morgan	Perry
Street Budget	\$489,500	\$244,430	\$107,525	\$570,822	\$533,679
Weighted Road Miles	118.65	135.57	133.05	113.2	133.6
Expenses per Weighted Road Mile	\$4,125.58	\$1,802.98	\$808.15	\$5,042.60	\$3,994.60

The *average* cost per weighted road mile is \$3,069 for the five comparative cities. However, both Morgan and Perry are significantly higher than the average; Perry is felt to be the most comparable with South Willard.

Another approach to the roadway costs is to consider the number of full-time employees required by the Streets Department in order to service streets. Currently, the City's Streets Department has two full-time employees, plus hires a part-time person seasonally to assist with parks maintenance. Interviews with the City suggest that the two full-time employees split their time between water and streets. The budgets would reflect this as well, as total wages and benefits for the Streets Department are \$51,400; total wages and benefits for the Water Department are \$94,800.

Additional wages and benefits that would be necessary for the Water Department, if annexation occurs, should be covered through water rates and are not a focus of this annexation feasibility study. Separate service areas for rates could be established that would fairly reflect the relative cost of providing water in each service area and that would not impact the rates being paid by current residents.

The City has proposed that \$154,000 in wages (including benefits) would be required for the annexation of Zone A. This is three times the existing wages and benefits paid by Willard City in its current Streets budget. Zone A has roughly the same population and number of road miles as Willard City. Therefore, the analysis below reduces the City's estimate by 1.5 FTEs – to a total of \$77,000 for additional wages and benefits attributable to Zone A. This still results in higher per road mile costs than is currently experienced by Willard City, but also recognizes that road mile maintenance costs are higher in comparative cities – such as Morgan and Perry – than in Willard.

Revised streets expenditures are therefore as follows:

Table 28: Revised Street Expenditures

Streets	Willard City	Annexation Zones
Wages - Perm Employees	\$41,000	\$61,500
Wages - Part Time Employment	\$0	
FICA	\$3,300	\$4,750
Retirement	\$7,100	\$10,750
Equip Maint & Supplies	\$7,500	\$7,500
Utilities	\$12,000	
Class C Expenditures	\$54,300	\$65,000
Insurance	\$9,100	\$43,500
Tourism Grant - 200 W	\$35,250	
<i>Subtotal</i>	\$169,550	\$193,000
Adjusted Subtotals less Grants	\$134,300	\$193,000
Cost per Weighted Road Mile	\$2,677	\$3,437

The cost of \$3,437 per weighted road mile is less than the cost of \$3,995 per weighted road mile experienced in the neighboring city of Perry but higher than the cost of \$2,667 in Willard.

A further analysis was conducted by asking Box Elder County to provide the cost of contracting to provide roadway services in Zones A and B. The estimate for roadway services is attached as Appendix A, and reflects an annual cost of \$100,000.

Parks and Recreation

No parks expenses have been projected for Zones A or B because there are no parks in either area.

Summary of Projected Expenditures

Budgeted expenses for Willard City have declined from \$807,122 in 2011-2012 to \$786,350 in 2013-2014 – a decrease that averages a reduction in cost of 0.9 percent per year. The average annual increase or reduction in expenditures by expenditure category is summarized as follows:

Table 29: Average Annual Budget Growth Rates 2011-2014, Willard City

Category	AAGR – 2011-2014
Court	4.5%
Administrative	-7.6%
General Government Buildings	-16.3%
Police Department	0.8%
Fire Department	-4.6%
Streets	9.0%
Parks	-1.4%
Total	-0.9%

This information is included because Utah Code requires a five-year projection of expenses for the City, if annexation occurs. There are two components to increased costs experienced by a City:

1) inflationary factors; and 2) growth and development-related expenses. Because of the recent trends, but also recognizing that substantial growth could occur in this area, the consultants have conservatively estimated an annual growth rate in expenditures of three percent per year. Further, the City did not project any expenses for Zone B; therefore all expenses have been compiled below as Zones A & B.

Table 30: Zones A & B – Projected Expenditures

Expenditures	2013	2014	2015	2016	2017	2018
Court						
Salary - Judge	\$0	\$0	\$0	\$0	\$0	\$0
Wages - Court Clerk	\$0	\$0	\$0	\$0	\$0	\$0
FICA	\$0	\$0	\$0	\$0	\$0	\$0
Retirement	\$0	\$0	\$0	\$0	\$0	\$0
Training	\$0	\$0	\$0	\$0	\$0	\$0
Office Supplies	\$0	\$0	\$0	\$0	\$0	\$0
Equip mtc & Supplies	\$0	\$0	\$0	\$0	\$0	\$0
Professional Fees	\$1,435	\$1,478	\$1,523	\$1,568	\$1,616	\$1,664
Bank Charges	\$0	\$0	\$0	\$0	\$0	\$0
Insurance	\$0	\$0	\$0	\$0	\$0	\$0
Mileage	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$1,435	\$1,478	\$1,523	\$1,568	\$1,616	\$1,664
Administrative						
Wages - Perm Employees	\$39,000	\$40,170	\$41,375	\$42,616	\$43,895	\$45,212
Wages - Temp Employees	\$0	\$0	\$0	\$0	\$0	\$0
FICA	\$3,250	\$3,348	\$3,448	\$3,551	\$3,658	\$3,768
Retirement	\$7,000	\$7,210	\$7,426	\$7,649	\$7,879	\$8,115
Training	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319
Public Notices	\$500	\$515	\$530	\$546	\$563	\$580
Office Supplies	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$2,898
Equip mtc & Supplies	\$6,500	\$6,695	\$6,896	\$7,103	\$7,316	\$7,535
Professional Fees	\$15,000	\$15,450	\$15,914	\$16,391	\$16,883	\$17,389
Bank Charges	\$100	\$103	\$106	\$109	\$113	\$116
Insurance & Surety Bonds	\$29,000	\$29,870	\$30,766	\$31,689	\$32,640	\$33,619
Misc. Supplies	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502	\$4,637
4th of July	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796
Building Inspector	\$45,000	\$46,350	\$47,741	\$49,173	\$50,648	\$52,167
CDBG Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$158,850	\$163,616	\$168,524	\$173,580	\$178,787	\$184,151
General Government Buildings						
Maintenance & Supplies	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$0	\$0	\$0	\$0	\$0	\$0
Telephone	\$0	\$0	\$0	\$0	\$0	\$0
Capital Outlay Improv.	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Police Department						
Wages - Perm Employees	\$97,372	\$100,294	\$103,302	\$106,402	\$109,594	\$112,881
Wages - Part Time Emp	\$30,115	\$31,019	\$31,949	\$32,908	\$33,895	\$34,912
FICA	\$10,038	\$10,340	\$10,650	\$10,969	\$11,298	\$11,637
Retirement	\$32,123	\$33,087	\$34,079	\$35,102	\$36,155	\$37,239

Expenditures	2013	2014	2015	2016	2017	2018
Training	\$2,510	\$2,585	\$2,662	\$2,742	\$2,825	\$2,909
Office Supplies	\$1,004	\$1,034	\$1,065	\$1,097	\$1,130	\$1,164
Equip Maintenance	\$10,038	\$10,340	\$10,650	\$10,969	\$11,298	\$11,637
Vehicle Maintenance	\$18,069	\$18,611	\$19,170	\$19,745	\$20,337	\$20,947
Uniforms	\$1,506	\$1,551	\$1,597	\$1,645	\$1,695	\$1,746
MDT Expense	\$3,012	\$3,102	\$3,195	\$3,291	\$3,389	\$3,491
Radio Expense	\$903	\$931	\$958	\$987	\$1,017	\$1,047
Insurance	\$26,100	\$26,883	\$27,689	\$28,520	\$29,376	\$30,257
Grant	\$5,019	\$5,170	\$5,325	\$5,485	\$5,649	\$5,819
Alcohol Allotment	\$2,510	\$2,585	\$2,662	\$2,742	\$2,825	\$2,909
Subtotal	\$240,319	\$247,529	\$254,955	\$262,603	\$270,481	\$278,596
Fire Department						
Expense CK - Volunteers	\$0	\$0	\$0	\$0	\$0	\$0
FICA	\$0	\$0	\$0	\$0	\$0	\$0
Training	\$0	\$0	\$0	\$0	\$0	\$0
Equip Maint & Supplies	\$0	\$0	\$0	\$0	\$0	\$0
CERT Supplies	\$0	\$0	\$0	\$0	\$0	\$0
Matching Grant Fund	\$0	\$0	\$0	\$0	\$0	\$0
Capital Outlay - Equip	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Streets						
Wages - Perm Employees	\$0	\$0	\$0	\$0	\$0	\$0
Wages - Part Time Emp	\$0	\$0	\$0	\$0	\$0	\$0
FICA	\$0	\$0	\$0	\$0	\$0	\$0
Retirement	\$0	\$0	\$0	\$0	\$0	\$0
Equip Maint & Supplies	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$0	\$0	\$0	\$0	\$0	\$0
Class C Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Insurance	\$0	\$0	\$0	\$0	\$0	\$0
Tourism Grant - 200 W	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal – Contract Amt	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927
Parks						
Wages - Perm Employees	\$0	\$0	\$0	\$0	\$0	\$0
Wages - Temp Employees	\$0	\$0	\$0	\$0	\$0	\$0
FICA	\$0	\$0	\$0	\$0	\$0	\$0
Retirement	\$0	\$0	\$0	\$0	\$0	\$0
Equip Maint & Supplies	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$0	\$0	\$0	\$0	\$0	\$0
Youth Baseball	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$500,605	\$515,623	\$531,091	\$547,024	\$563,435	\$580,338

It is interesting to note that total operating costs, not including startup costs for Zones A & B, are just over \$500,000; in comparison, Willard City has total expenditures of \$786,350.

Start-Up Costs

Willard City provided start-up costs for the following departments: Administrative, Police and Public Works/Streets.

The City has estimated \$6,000 in administrative startup costs to serve the equipment needs of two new employees. This number was reduced to \$3,000 to service one new employee.

The Police Department has estimated \$190,000 in start-up costs to include the following:

Table 31: Police Start-Up Costs

Equipment	Amount
3 New Vehicles	\$78,000
3 In Car Cameras	\$15,000
3 Vehicle Lighting Packages	\$45,000
3 Digital Cameras	\$3,000
3 In Car Computers	\$6,000
2 Duty Sidearms with Lights & Holsters	\$1,600
3 Rifles	\$4,500
3 Shotguns for Less Lethal	\$2,100
3 Handheld Radios	\$10,500
Training and duty ammunition	\$2,000
3 Tasers	\$2,100
Uniforms	\$3,500
3 Radar Units	\$9,000
MDT Reporting	\$3,000
Radio Maintenance Fees	\$1,200
Training	\$3,500
Total	\$190,000

Willard City has estimated Public Works/Streets Department expenses as follows and ZBPF has adjusted some of the equipment to reflect that a portion of the new equipment is intended for use by the Water Department. The portion attributable to the Water Department should be paid for through water rates, not the General Fund. The equipment costs have also been adjusted after consultation with City and County staff and officials. Note that the startup costs below assume that Willard City provides street services rather than the County. If the County provides street services, there are no startup costs for roads.

Table 32: Public Works/Streets Startup Costs

Equipment	Amount	Adjusted Amount
F550 with sander and snow plow	\$73,700	\$73,700
10-wheeler snow plow	\$320,000	\$160,000
Tools and equipment	\$81,750	\$44,963
Heavy haul trailer	\$12,500	\$8,375
Backhoe	\$82,000	\$54,940
Salt shed and covered storage	\$43,000	\$43,000
2 maintenance vehicles – pick ups	\$52,000	\$26,000
Total	\$664,950	\$410,978

Table 33: Summary of Administrative, Police and Public Works/Startup Costs if Willard Provides Street Services

Summary of Startup Costs	
Administrative	\$3,000
Police	\$190,000
Streets	\$410,978
Total	\$603,978

If Willard were to lease this equipment, an annual payment of \$96,942 is calculated as follows:

Table 34: Annual Lease Payments

Annual Lease Payments	
Term in Years	7
Lease Rate	3.0%
Lease Amount	\$603,978
Annual Payment	(\$96,942)

If Willard contracts with Box Elder County to provide roadway services for Zones A & B, the cost is reduced significantly. The County anticipates a cost of \$100,000 per year to provide the current service levels. This is \$93,000 per year less than the projections of \$193,000 cited previously. Further, it reduces the need for startup costs for Street equipment by \$410,978, thus reducing the annual lease payments for capital equipment from \$96,942 annually to \$30,978.

10

Projected City Revenues

Utah Code 10-2-413(3)(ix): the present and five-year projected revenue to the proposed annexing municipality from the area proposed for annexation;

Property Tax Revenues

Property tax revenues are based on the 2013 taxable value of the proposed annexation areas multiplied by Willard City's property tax rate now being paid by property owners in Willard for municipal-type services. State assessed areas are included in property tax revenues according to the parcel valuation.¹¹

Table 35: Taxable Value and Property Tax Revenues by Area

Tax District	Taxable Value	Tax Rate	Tax Revenues	Taxable Value per Capita
Willard	\$73,396,122	0.000993	\$72,882	\$40,261.17
Zone A	\$118,477,268	0.000993	\$117,648	\$64,741.68
Zone B	\$8,060,954	0.000993	\$8,005	

The taxable value in Zones A and B has a significant component that is centrally assessed: this amount is \$52,170,114 in Zone A and \$7,940,737 in Zone B.

Sales Tax Revenues

Sales tax revenues are distributed on both population and point of sale. Point of sale tax revenues are calculated based on one-half of one percent of local sales. Of the business licenses recorded by the County in both of the proposed annexation zones, 11 are home occupations, 29 are service oriented, three are construction, seven are retail, seven are agricultural, and five are manufacturing.

This list of businesses was provided by the Utah State Tax Commission which reported that total taxable sales in the proposed annexation area reached \$1,361,000 in 2012. Point of sale tax revenues, based on one-half of one percent, are therefore an estimated \$6,805 annually.

One-half of all local sales tax revenues are distributed statewide based on population. The ratio of a community's population, compared to the statewide population, is used to assess the community's fair share of these revenues. Based on data provided by the Utah State Tax Commission, during the past one-year period the average per capita distribution in Box Elder County was \$83.68.

Table 36: Box Elder County Sales Tax Distribution Based on Population per Month

Box Elder Sales Distribution	Population Distribution	Population	Per Capita Distribution
\$101,661	\$69,582	9,244	\$7.53
\$77,896	\$58,049	9,244	\$6.28
\$84,940	\$60,883	9,244	\$6.59
\$107,190	\$79,110	9,244	\$8.56
\$92,808	\$60,186	9,244	\$6.51

¹¹ The Property Tax Division within the Utah State Tax Commission values mines, utilities and railroad property that operates as a unit in the state. Values are set and apportioned to taxing entities based on situs of the parcel. Property tax revenues from these state assessed properties are included in the total revenues according to their valuation in the annexation area.

Box Elder Sales Distribution	Population Distribution	Population	Per Capita Distribution
\$77,833	\$56,858	9,244	\$6.15
\$107,538	\$75,142	9,244	\$8.13
\$66,511	\$49,228	9,151	\$5.38
\$85,849	\$59,949	9,151	\$6.55
\$113,931	\$74,174	9,151	\$8.11
\$96,452	\$61,919	9,151	\$6.77
\$92,233	\$65,329	9,151	\$7.14
Total			\$83.68

The total estimated sales tax distribution based on the population portion of the distribution formula is \$83.68 per capita. This results in a total annual distribution of \$153,134 from Zone A.

The point of sale distribution and population distribution combined together total \$159,939 annually for Zone A. There is no sales tax distribution for Zone B.

Municipal Energy (Franchise) Tax Revenues

This revenue source is available only to cities, and not to counties. Therefore, the residents and businesses in Zones A and B are not currently paying this tax. However, if annexed, the municipal energy tax will be applied to energy-related utility bills – gas and electric. Willard has chosen to enact this tax to the full six percent allowable by law and anticipates receiving \$107,000 from this source in FY 2013-2014. This represents approximately \$55.64 per person and employee, calculated by taking the \$107,000 and dividing by the total population and number of employees in Willard City. This average franchise tax paid of \$55.24 per person/employee per year is then applied to the population and employment in Zone A to project annual franchise tax revenues from this area of \$108,768 annually.

Motor Vehicle Revenues

Motor vehicle property tax revenues have been estimated to be approximately \$30,000 per year based on revenues received in comparative cities, as well as in consultation with Box Elder County.

Telecommunications Tax

Verizon Wireless has a tower on the Rocky Mountain Power site in South Willard. However, the County does not currently charge a telecommunications tax and therefore no revenues are received from this tower. This could be a potential source of added revenue to Willard City in the future, in annexation occurs.

Licenses and Permits

Business License Fees

Business license fee revenues of \$407 were calculated based on the existing businesses and average fees.

Building Permits

Building permit fees are generally charged based on the 1997 Uniform Building Code which levies fees based on construction cost. The theory behind these fees is that they are used to directly

offset the costs associated with building inspections. Using an average home value of \$250,000 for new construction, the average building permit fee would be \$1,484.¹² Using the projected growth rates shown earlier in this study, this results in anticipated annual revenues of approximately \$44,981. This is similar to the additional building inspector expenditures, provided by Willard City, of \$45,000 annually. Fees charged for building permits should be offset by the services provided; in other words, the cost of providing those services.

Class C Road Funds

Class C Road Funds are distributed both on population and weighted road miles. In FY 2012, the last year for which figures were available, the total road distribution was \$125,077,927. Half of this amount was distributed based on population; therefore, with a statewide population of 2,809,213 persons, the per capita distribution was \$22.26.

The road mile distribution portion of the formula is based on 109,270 weighted road miles statewide. Road miles are “weighted” based on five miles per paved mile, two miles per gravel mile and one mile per dirt road mile. The state distribution per weighted road mile is therefore \$572.34.

Table 37: Class C Road Funds

Class B&C Road Distribution FY 2012	\$125,077,927
Percent by population	50%
Percent by weighted road miles	50%
Total amount by population - Utah Cities	\$62,538,964
Amount by weighted road miles	\$62,538,964
Utah total weighted road miles	109,270
Utah 2011 population (distributed on prior year population)	2,809,213
Distribution per weighted road mile	\$572.34
Distribution per population	\$22.26

Zone A has 18.5 actual road miles and 48.7 weighted road miles that would be the City’s obligation to maintain and for which it would receive Class C revenues. Based on these distribution amounts, Zone A would generate \$40,735.80 for the population distribution portion and \$27,870.48 for the road mile distribution of the formula, for total revenues of \$68,606.28 from Zone A.

Zone B will not receive any funds from the population distribution portion of the formula but, with 7.4 weighted road miles, will receive an estimated \$4,272 from the road mile distribution portion of the formula.

State Liquor Fund Allotment

State liquor funds are allotted based on four factors:

- 1) percent of local population to State population;
- 2) percent of statewide convictions to alcohol-related offenses;

¹² Assumes that 25 percent of the value is attributable to the land and therefore is not included in the calculation of the fee.

- 3) percent based on total retail outlets for liquor; and
- 4) percent to counties for confinement and treatment purposes.

Table 38: State Liquor Fund Allotment

State Liquor Fund Allotment	Utah Code 32B-2-404
% of local population to State population	25%
% of statewide convictions for alcohol-related offenses	30%
% based on total retail outlets	20%
% to counties for confinement and treatment purposes	25%
2013 Statewide distribution amount	\$5,308,900
Amount allocated based on local populations	\$1,327,225
Zone A population	1,830
State of Utah population	2,855,287
Population Ratio (Zone A to State)	0.000641
Zone A distribution amount	\$850.64

For purposes of this analysis, it was assumed that Zone A would receive revenues only for the population distribution portion of the formula. Using this basis, along with a statewide total distribution amount of \$5,308,900, Zone A would receive \$850.64 in state liquor fund allotment revenues.

Charges for Services

Willard City has established fees to offset the cost of providing services in various areas: recreation, property rentals, etc. It is assumed that the residents of Zone A would be charged the same fees and that, therefore, the increase in charges for services would be proportionate to the amounts now being paid per resident in these categories.

Table 39: Per Capita Average Charges for Services in Willard

Charges for Services	Per Capita Average
Charges – Planning Commission & Board of Adjustment	\$1.10
PK & Public Property Rental	\$6.58
Recreation Fees	\$3.57

These per capita assumptions have been used to project revenues from Zone A. Because there is no population in Zone B, no revenues from Charges for Services have been provided for Zone B. Further, Willard City would see a loss in revenue of an estimated \$6,800 per year from fire calls in Zone A. Willard City currently provides fire services to Zones A and B, and while it would continue to provide these services in the future, it would not see this additional revenue if the areas were annexed.

Fines and Forfeitures

Willard City maintains services for the Willard Justice Court and currently receives revenue from the fines and forfeitures paid for infractions that occur within City limits and that are prosecuted by the City. These fines and forfeitures amount to approximately \$150,000 annually. Fines and forfeitures

are related to service calls and Zone A has significantly fewer calls than Willard City. According to Box Elder County Dispatch, for the past year South Willard had 419 calls for service and Willard City had 2,452 calls for service. Therefore, the projected revenues from Zone A are \$25,632 annually based on the ratio of calls for service in Zone A as compared to Willard City. However, if annexed to Willard City, it is anticipated that the fines might increase to a level of \$35,000 annually based on a higher level of police services in this regard.

Because there were no calls for service from Zone B, no fines and forfeiture revenues have been projected for Zone B.

Summary of Revenues

Table 40: Zone A Projected Revenues

Revenues	2013	2014	2015	2016	2017	2018
Taxes						
Current Year Property	\$117,648	\$124,527	\$131,727	\$139,377	\$147,478	\$156,028
Prior Year Property	\$0					
Sales and Use	\$159,939	\$169,285	\$179,098	\$189,497	\$200,481	\$212,100
Franchise	\$108,768	\$115,120	\$121,804	\$128,875	\$136,332	\$144,232
Taxes Penalty/Interest	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Sinking Fund	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications	\$0	\$0	\$0	\$0	\$0	\$0
Fee in Lieu of	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Subtotal	\$416,355	\$438,932	\$462,630	\$487,749	\$514,291	\$542,360
Licenses and Permits						
Business Licenses & Permits	\$407	\$431	\$456	\$482	\$510	\$539
Building Permits	\$44,981	\$47,480	\$50,448	\$53,415	\$56,383	\$59,350
Animal Licenses	\$2,409	\$2,550	\$2,698	\$2,854	\$3,020	\$3,195
Subtotal	\$47,797	\$50,461	\$53,601	\$56,751	\$59,912	\$63,084
Intergovernmental Revenue						
State Grants	\$0	\$0	\$0	\$0	\$0	\$0
State Fire Grants	\$0	\$0	\$0	\$0	\$0	\$0
State Grants - Police	\$0	\$0	\$0	\$0	\$0	\$0
Class "C" Road Funds	\$68,606	\$70,988	\$73,481	\$76,130	\$78,935	\$81,895
State Liquor Allotment	\$851	\$900	\$952	\$1,008	\$1,066	\$1,128
Grants	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$69,457	\$71,888	\$74,434	\$77,138	\$80,001	\$83,024
Charges for Service						
Charges - PC & Board of Adj	\$2,008	\$2,125	\$2,248	\$2,378	\$2,517	\$2,663
Fire Protection	-\$6,800	-\$6,800	-\$6,800	-\$6,800	-\$6,800	-\$6,800
PK & Public Prop Rental	\$12,046	\$12,750	\$13,488	\$14,271	\$15,100	\$15,976
Recreation Fees	\$6,525	\$6,906	\$7,306	\$7,730	\$8,179	\$8,654
Subtotal	\$13,779	\$14,982	\$16,241	\$17,580	\$18,996	\$20,492
Fines and Forfeitures						
Court Fines	\$35,000	\$37,046	\$39,189	\$41,464	\$43,874	\$46,418

Revenues	2013	2014	2015	2016	2017	2018
Interest & Misc						
1038100	\$0	\$0	\$0	\$0	\$0	\$0
1038900	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Contributions & Transfers						
GF Surplus - Fire Rest	\$0	\$0	\$0	\$0	\$0	\$0
Class C Balance	\$0	\$0	\$0	\$0	\$0	\$0
BE Tourism Grant	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$582,388	\$613,310	\$646,094	\$680,682	\$717,075	\$755,378

Table 41 Zone B Projected Revenues

Revenues	2013	2014	2015	2016	2017	2018
Taxes						
Current Year Property	\$8,005	\$8,005	\$8,005	\$8,005	\$8,005	\$8,005
Prior Year Property	\$0	\$0	\$0	\$0	\$0	\$0
Sales and Use	\$0	\$0	\$0	\$0	\$0	\$0
Franchise	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Penalty/Interest	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Sinking Fund	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications	\$0	\$0	\$0	\$0	\$0	\$0
Fee in Lieu of	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$8,005	\$8,005	\$8,005	\$8,005	\$8,005	\$8,005
Licenses and Permits						
Business Licenses & Permits	\$0	\$0	\$0	\$0	\$0	\$0
Building Permits	\$0	\$0	\$0	\$0	\$0	\$0
Animal Licenses	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental Revenue						
State Grants	\$0	\$0	\$0	\$0	\$0	\$0
State Fire Grants	\$0	\$0	\$0	\$0	\$0	\$0
State Grants - Police	\$0	\$0	\$0	\$0	\$0	\$0
Class "C" Road Funds	\$4,272	\$4,272	\$4,272	\$4,272	\$4,272	\$4,272
State Liquor Allotment	\$0	\$0	\$0	\$0	\$0	\$0
Grants	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$4,272	\$4,272	\$4,272	\$4,272	\$4,272	\$4,272
Charges for Service						
Charges - PC & Board of Adj	\$0	\$0	\$0	\$0	\$0	\$0
Fire Protection	\$0	\$0	\$0	\$0	\$0	\$0
PK & Public Prop Rental	\$0	\$0	\$0	\$0	\$0	\$0
Recreation Fees	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0

Revenues	2013	2014	2015	2016	2017	2018
Fines and Forfeitures						
Court Fines	\$0	\$0	\$0	\$0	\$0	\$0
Interest & Misc						
1038100	\$0	\$0	\$0	\$0	\$0	\$0
1038900	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Contributions & Transfers						
GF Surplus - Fire Rest	\$0	\$0	\$0	\$0	\$0	\$0
Class C Balance	\$0	\$0	\$0	\$0	\$0	\$0
BE Tourism Grant	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$12,277	\$12,277	\$12,277	\$12,277	\$12,277	\$12,277

Table 42: Zones A & B Projected Revenues

Revenues	2013	2014	2015	2016	2017	2018
Taxes						
Current Year Property	\$125,652	\$132,531	\$139,732	\$147,382	\$155,482	\$164,033
Prior Year Property	\$0	\$0	\$0	\$0	\$0	\$0
Sales and Use	\$159,939	\$169,285	\$179,098	\$189,497	\$200,481	\$212,100
Franchise	\$108,768	\$115,120	\$121,804	\$128,875	\$136,332	\$144,232
Taxes Penalty/Interest	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Sinking Fund	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications	\$0	\$0	\$0	\$0	\$0	\$0
Fee in Lieu of	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Subtotal	\$424,360	\$446,937	\$470,634	\$495,754	\$522,296	\$550,364
Licenses and Permits						
Business Licenses & Permits	\$407	\$431	\$456	\$482	\$510	\$539
Building Permits	\$44,981	\$47,480	\$50,448	\$53,415	\$56,383	\$59,350
Animal Licenses	\$2,409	\$2,550	\$2,698	\$2,854	\$3,020	\$3,195
Subtotal	\$47,797	\$50,461	\$53,601	\$56,751	\$59,912	\$63,084
Intergovernmental Revenue						
State Grants	\$0	\$0	\$0	\$0	\$0	\$0
State Fire Grants	\$0	\$0	\$0	\$0	\$0	\$0
State Grants - Police	\$0	\$0	\$0	\$0	\$0	\$0
Class "C" Road Funds	\$72,878	\$75,260	\$77,753	\$80,402	\$83,207	\$86,168
State Liquor Allotment	\$851	\$900	\$952	\$1,008	\$1,066	\$1,128
Grants	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$73,729	\$76,161	\$78,706	\$81,410	\$84,273	\$87,296
Charges for Service						
Charges - PC & Board of Adj	\$2,008	\$2,125	\$2,248	\$2,378	\$2,517	\$2,663
Fire Protection	-\$6,800	-\$6,800	-\$6,800	-\$6,800	-\$6,800	-\$6,800

Revenues	2013	2014	2015	2016	2017	2018
PK & Public Prop Rental	\$12,046	\$12,750	\$13,488	\$14,271	\$15,100	\$15,976
Recreation Fees	\$6,525	\$6,906	\$7,306	\$7,730	\$8,179	\$8,654
Subtotal	\$13,779	\$14,982	\$16,241	\$17,580	\$18,996	\$20,492
Fines and Forfeitures						
Court Fines	\$35,000	\$37,046	\$39,189	\$41,464	\$43,874	\$46,418
Interest & Misc						
1038100	\$0	\$0	\$0	\$0	\$0	\$0
1038900	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Contributions & Transfers						
GF Surplus - Fire Rest	\$0	\$0	\$0	\$0	\$0	\$0
Class C Balance	\$0	\$0	\$0	\$0	\$0	\$0
BE Tourism Grant	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$594,665	\$625,587	\$658,370	\$692,959	\$729,352	\$767,655

11

Projected Tax Impacts

Utah Code 10-2-413(3)(x): the projected impact the annexation will have over the following five years on the amount of taxes that property owners within the area proposed for annexation, the proposed annexing municipality, and the remaining unincorporated county will pay;

Box Elder County Tax Impacts

Municipal Services Fund

Property owners in unincorporated Box Elder County will feel some negative impacts as the County will experience reduced revenues to its Municipal Services Fund in the amount of \$236,428 for Zone A and \$4,272 for Zone B. These revenue reductions will come from a decrease in the Class B/C Road Fund Allotment in both Zones A and B, as well as a reduction in Zone A of the following: sales tax, planning charges for services, fire charges for services, and interest on road funds. These reductions are explained in more detail in Chapter 6.

No expenses can be reduced in Zone B if it is annexed; Zone A will see some cost reductions (\$57,600) for fire control, noxious weeds and roads/highway costs. Again, these cost reductions are set forth in more detail in Chapter 6.

The shortfall between reduced revenues and expenditures is \$178,828 in Zone A and \$4,272 in Zone B. Therefore, the remaining property owners in unincorporated Box Elder County will see an increase in their tax rate sufficient to generate \$2.91 for every \$100,000 of primary residential market value. This means that for every \$100,000 of home value, a property owner will pay an additional \$2.91 annually. Because primary residential property is taxed on only 55 percent of market value, this means that the impacts to commercial property owners are greater. For every \$100,000 of commercial value, property owners in the unincorporated county will see an increase of \$5.29 annually. However, these tax impacts from the municipal services fund will be slightly offset by the increased revenues to the General Fund. See Table 44 below for tax impacts to the General Fund.

Table 43: Municipal Service Budget Tax Impacts by Annexation Zone

Tax Impacts Analysis - Zone A

Taxable Value of Box Elder County	\$3,462,472,869
Revenue Shortfall	\$178,828
Tax Rate Needed	0.0000516
Tax Impacts per \$100,000 Primary Residential Market Value	\$2.84
Tax Impacts per \$100,000 Commercial Value	\$5.16

Tax Impacts Analysis - Zone B

Taxable Value of Box Elder County	\$3,462,472,869
Revenue Shortfall	\$4,272
Tax Rate Needed	0.0000012
Tax Impacts per \$100,000 Primary Residential Market Value	\$0.07
Tax Impacts per \$100,000 Commercial Value	\$0.12
Total Impacts Zones A & B – Primary Residential per \$100,000 Market Value	\$2.91
Total Impacts Zones A & B – Commercial per \$100,000 Market Value	\$5.29

General Fund

The General Fund will see increased revenues of \$18,475 annually.

Table 44: General Fund Tax Impacts

Tax Impacts Analysis

Taxable Value of Box Elder County	\$3,462,472,869
Revenue Gain	\$18,475
Tax Rate Offset	(0.0000053)
Tax Impacts per \$100,000 Primary Residential Market Value	(\$0.29)
Tax Impacts per \$100,000 Commercial Value	(\$0.53)

Therefore, the tax impacts for every \$100,000 of primary residential value in the remaining unincorporated County will be an increase of \$2.62 (\$2.91-\$0.29). The total tax impacts per \$100,000 of commercial value will be an increase of \$4.76 (\$5.29-\$0.53) annually.

Willard City Tax Impacts

Net Operating Costs

Net operating costs are summarized as follows, showing that revenues are positive even when startup and capital costs are considered.

Table 45: Net Revenues, Zones A & B

	2013	2014	2015	2016	2017	2018
Total Revenues	\$594,665	\$625,587	\$658,370	\$692,959	\$729,352	\$767,655
Total Expenditures	(\$500,605)	(\$515,623)	(\$531,091)	(\$547,024)	(\$563,435)	(\$580,338)
Net Operating Revenues	\$94,060	\$109,964	\$127,279	\$145,935	\$165,917	\$187,317
Startup Costs	(\$30,978)	(\$30,978)	(\$30,978)	(\$30,978)	(\$30,978)	(\$30,978)
Net Revenues with Startup	\$63,082	\$78,986	\$96,301	\$114,957	\$134,939	\$156,339

Willard City property owners would see a net benefit from the annexation as shown below.

Table 46: Property Tax Impacts – Reduction in Tax Rates for Willard City

	2013	2014	2015	2016	2017	2018
Zone A - Taxable Value	\$118,477,268	\$125,359,938	\$132,642,441	\$140,348,005	\$148,501,206	\$157,128,049
Zone B - Taxable Value	\$8,060,954	\$8,060,954	\$8,060,954	\$8,060,954	\$8,060,954	\$8,060,954
Willard Taxable Value	\$73,396,122	\$73,396,122	\$73,396,122	\$73,396,122	\$73,396,122	\$73,396,122
Total Taxable Value	\$199,934,344	\$206,817,014	\$214,099,517	\$221,805,081	\$229,958,282	\$238,585,125
Shortfall	\$63,082	\$78,986	\$96,301	\$114,957	\$134,939	\$156,339
Additional Tax Rate Needed	(0.000316)	(0.000382)	(0.000450)	(0.000518)	(0.000587)	(0.000655)
Tax Impact per \$100,000 Primary Res. Market Value	-\$17.35	-\$21.01	-\$24.74	-\$28.51	-\$32.27	-\$36.04
Tax Impact per \$100,000 Commercial Market Value	-\$31.55	-\$38.19	-\$44.98	-\$51.83	-\$58.68	-\$65.53

Zones A and B Tax Impacts

Zones A and B property owners currently do not pay any property taxes to Willard City. While they pay property taxes to Box Elder County, these taxes are paid to the General Fund and property owners will continue to pay these County taxes if annexation occurs. Property owners in Zones A and B, however, will need to pay property taxes to Willard City if annexation occurs. This results in increased property taxes of approximately \$33.61 in 2014 for every \$100,000 of primary residential market value in order to pay for municipal services provided by Willard City.

Table 47: Property Tax Impacts to Zones A & B for Willard City Services

	2013	2014	2015	2016	2017	2018
Zone A - Taxable Value	\$118,477,268	\$125,359,938	\$132,642,441	\$140,348,005	\$148,501,206	\$157,128,049
Zone B - Taxable Value	\$8,060,954	\$8,060,954	\$8,060,954	\$8,060,954	\$8,060,954	\$8,060,954
Willard Taxable Value	\$73,396,122	\$73,396,122	\$73,396,122	\$73,396,122	\$73,396,122	\$73,396,122
Total Taxable Value	\$199,934,344	\$206,817,014	\$214,099,517	\$221,805,081	\$229,958,282	\$238,585,125
Deficit or Surplus	\$63,082	\$78,986	\$96,301	\$114,957	\$134,939	\$156,339
Willard City Current Tax Rate	0.000993	0.000993	0.000993	0.000993	0.000993	0.000993
Change in Tax Rate for Willard and Zones A & B	(0.000316)	(0.000382)	(0.000450)	(0.000518)	(0.000587)	(0.000655)
TOTAL	0.000677	0.000611	0.000543	0.000475	0.000406	0.000338
Tax Impacts per \$100,000 Primary Residential Value	\$37.26	\$33.61	\$29.88	\$26.11	\$22.34	\$18.57
Tax Impacts per \$100,000 Commercial Value	\$67.75	\$61.11	\$54.32	\$47.47	\$40.62	\$33.77

In addition, property owners in Zones A & B will now need to pay increased Box Elder County property taxes in order to cover the “deficit” if they annex. This deficit amounts to an additional \$2.62 per \$100,000 of primary residential market value.

If annexed, property owners in Zones A & B will also pay a municipal energy (“franchise”) tax on all taxable portions of their utility bills. Costs per household are based on average monthly bills, a sample of which is included below.

Table 48: Municipal Energy Impacts to Zones A & B

Municipal Energy Tax Impacts				
Average Monthly Utility Bill	\$100	\$150	\$200	\$250
Monthly Cost	\$6.00	\$9.00	\$12.00	\$15.00
Yearly Cost	\$72.00	\$108.00	\$144.00	\$180.00

While not a tax impact, there is the potential for South Willard property owners to experience reduced garbage and sanitation fees if incorporated into Willard. Willard City currently contracts with Econo-Waste while Republic Services (formerly Allied Waste) provides services to the South Willard area. Econo-Waste charges somewhat less per can than Republic and could potentially provide some savings to households and business owners in South Willard.

Interviews conducted with Econo-Waste suggest that the company would be interested in collecting trash from South Willard if it could contract with Willard for the entire area. Econo-Waste is not interested in collecting waste, at this point in time, from the unincorporated area as it would need to contract separately with each property owner and would have a sporadic pattern of clients that would increase costs. It is costly for waste removal companies to skip properties when picking up trash. Therefore, it appears that this cost savings may only be available to property owners in South Willard if annexation occurs.

Summary of Tax Impacts in Zones A & B

For a home with \$200,000 of market value, the increased property taxes in year 2014 would be \$67.22; increased utility taxes based on an average bill of \$150 per month would be \$108; the increased County impacts would be \$5.23 for a total of \$180 annually. This cost could be reduced slightly by lower trash removal services which could save several dollars per month.

Table 49: Projected Financial Impacts for a \$200,000 Primary Residence

Tax Impacts	
Property Taxes	\$67.22
Municipal Energy Franchise Tax	\$108
County Impacts	\$5.23
Total	\$180

12

Past Expansion in Terms of Population and Construction

Utah Code 10-2-413(3)(xi): past expansion in terms of population and construction in the area proposed for annexation and the surrounding unincorporated area;

Past expansion in construction can be tracked through the historic number of building permits issued in the annexation area. The County has not tracked these building permits by year, but reports that there have been 354 residential permits since 2000, with two significant developments between 2000 and 2003. 279 of those permits have been since 2003. The County reports no commercial building permits in the same time period or permits in the limited surrounding unincorporated area.

Population in the proposed annexation area and the surrounding unincorporated area has increased since 2000. The population in the South Willard Census Designated Place was 586 in 2000. The boundaries of this area include Zone A and the remaining unincorporated census blocks on the west side extending to Willard Bay. This total population increased to 1,571 people in the 2010 Census. It is estimated by observing Census block data and aerial photography that about 10 of those people are in the surrounding unincorporated area with the remaining 1,560 being in Zone A. Zone B had a population of zero in both time periods.

13

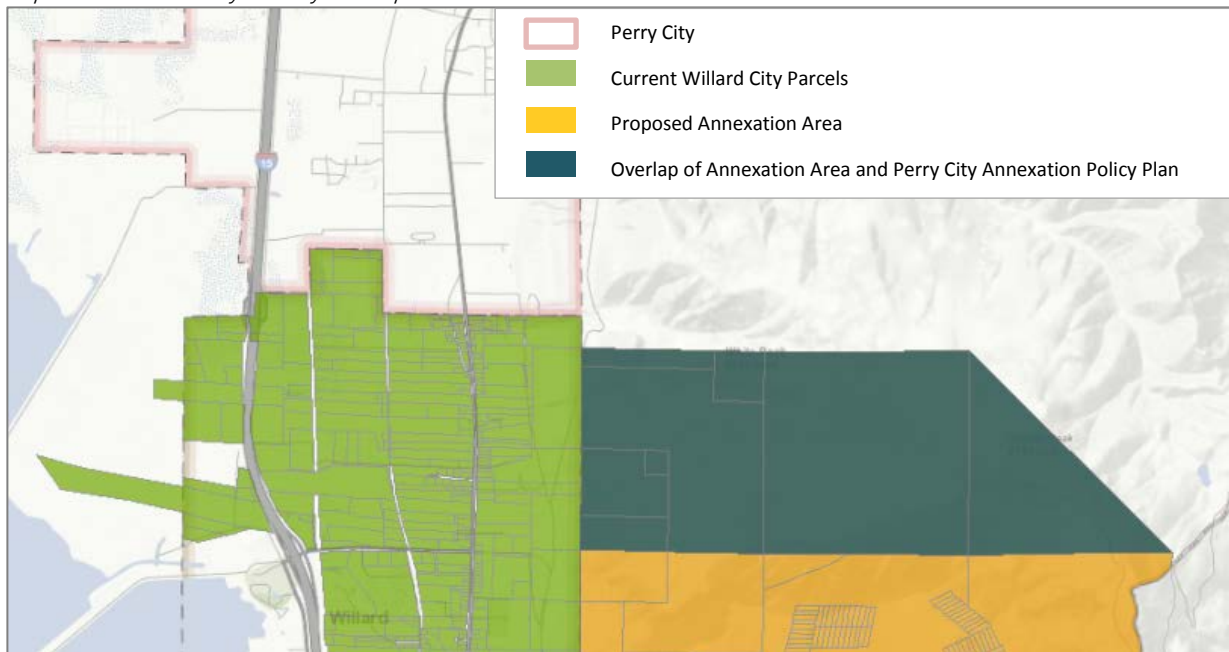
Chapter 13: Extension of Nearby Municipal Boundaries

Utah Code 10-2-413(3)(xii): the extension during the past 10 years of the boundaries of each other municipality near the area proposed for annexation, the willingness of the other municipality to annex the area proposed for annexation, and the probability that another municipality would annex some or all of the area proposed for annexation during the next five years if the annexation did not occur;

Perry City is the only other municipality in the County near the area proposed for annexation. Interviews with the City Manager indicate that there have been no extensions in the past ten years outside of an annexation currently underway in cooperation with Willard City. This annexation is for the other half of the Port of Entry along Willard's northwest border. Perry City plans any annexations in the next five years to be around this Port of Entry or elsewhere along this west side of the City. This area does not overlap with the proposed Willard annexation zones.

The willingness and probability that Perry would annex a portion of the proposed annexation area in the next five years is low. While a portion of Zone B overlaps with the "East Parcel" included in Perry's Annexation Policy Plan, there are no current plans for active annexation for this area. The City Manager indicates that Perry would not plan to protest any annexation activity by Willard in this area.

Map 9 – Annexation by Nearby Municipalities



14

History, Culture, and Social Aspects of the Proposed Annexation Area and Surrounding Area

Utah Code 10-2-413(3)(xiii): the history, culture, and social aspects of the area proposed for annexation and surrounding area;

Zone A and Surrounding Area

Zone A and the remaining surrounding area have in the past been known as South Willard. Much like Willard, this area's history lies in agriculture and fruit crops. This corridor along I-15, and especially Highway 89, is known as Utah's Famous Fruitway. The abundance of orchards and farming in the area have created a culture of beautiful country and fresh produce, often sold at roadside stands along Highway 89. While agriculture is not the primary source of income in the area any more, it's still a prominent feature in the area's culture.

Demographics for Zone A and the surrounding area are reflected in demographics for the South Willard Census Designated Place. These statistics show 76 percent of households as married-couple families and 44 percent of households have children at home. 80 percent of people in the area are white. The median age is 32.9, which is slightly higher than the state median, but still much lower than the national median of 36.

Zone B

Zone B is mountainous, forested, and unpopulated. While this area is rich in natural resources, beauty and recreation potential, it lacks history, culture, and the social aspects of a permanent population. However, this area is culturally notable through its tourism and recreation opportunities in the mountains. Hiking, biking, and ATV trails along the mountain ridges bring an outdoor-loving and active temporary population.

15

Service Provision

Utah Code 10-2-413(3)(xiv): the method of providing and the entity that has provided municipal-type services in the past to the area proposed for annexation and the feasibility of the municipal-type services being provided by the proposed annexing municipality;

The table below lists how municipal services have been provided to Zones A and B in the past and also shows the most likely options for future provision of municipal services. \

Table 50: Service Provision

Service Provided	Past Provision of Services	Future Provision of Water Services
Water	South Willard Water Company Bear River Water Conservancy	South Willard Water Company Bear River Water Conservancy Willard
Police	Box Elder County Sheriff's Department	Willard City
Fire	Willard City	Willard City
Streets	Box Elder County Public Works	Willard City

Water

Bear River Water Conservancy has the authority for providing water for all of Box Elder County although it does not directly provide wet water to all areas. Currently in South Willard, Bear River Water Conservancy sells water, on a wholesale basis, to the South Willard Water Company. The South Willard Water Company then sells water directly, on a retail basis, to individual residential units and businesses. In addition to selling water to the South Willard Water Company, Bear River Water Conservancy also sells water to two other public water systems located within the proposed annexation area: (1) Hotsprings Trailer Court; and (2) Coleman's Mobile Home Park. This arrangement could continue if the proposed annexation takes place.

If annexation occurs, Willard City may choose to provide water directly through the City. However, there is nothing about the annexation that requires a change from the current service provider and therefore no impacts have been assessed regarding water provision.

Police

Box Elder County currently provides police protection to Zones A and B through the Sheriff's Department. If annexation occurs, these services would most likely be provided by Willard City.

Fire

Willard City currently provides fire services to Zones A & B. This arrangement would continue in the future.

Roads

Box Elder County currently provides street maintenance to Zones A and B through the Public Works Department. If annexation occurs, these services could be provided by either Willard City or through Box Elder County.

16

Impact on School Districts

Utah Code 10-2-413(3)(xv): the effect on each school district whose boundaries include part or all of the area proposed for annexation or the proposed annexing municipality.

All of Box Elder County, including Willard City and the proposed annexation Zones A and B are within the Box Elder School District Boundaries. Annexation of Zone A and/or B to Willard City would not change any enrollment for Box Elder School District. The School District would lose a minimal amount of motor vehicle property tax revenues (\$21,110) as discussed in Chapter 6.



RE: ROAD MAINTENANCE COST FOR SOUTH WILLARD AREA
Date: Feb. 20, 2014

The following is an estimated cost that Box Elder County Road Department would contract a yearly amount for the following services Snow Removal, Pavement maintenance, sign maintenance, storm gutter or barrow maintenance, weed control and mowing. The yearly amount for the South Willard Area from I-15 east, north to the current City boundary would be \$100,000 per year. The contract amount could be amended by no more than 2% per year unless new roads/subdivisions are added to the area. If there is an increase in roadways in the South Willard area the contract amount will increase by approximately \$15,000 a running mile. If the South Willard area increases more than 10% of the current roadways, then the county would have to increase the contract amount by \$65,000 per year to help offset the cost of a property, Salt Shed, Loader, 1 ton snow plow, & increased personnel costs. We guarantee the same level of service that current residents have currently, (We usually have the main roadways plowed before the school buses get there).

A handwritten signature in cursive script that reads "Bill Gilson". The ink is dark and the signature is fluid and legible.

Bill Gilson
Box Elder County Road Supervisor