STORM WATER IMPACT FEE FACILITIES PLAN (IFFP) AND IMPACT FEE ANALYSIS (IFA)

DRAPER CITY, UTAH

NOVEMBER 2017

PREPARED BY LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

IMPACT FEE CERTIFICATION

IFFP Certification

Lewis Young Robertson & Burningham, Inc. ("LYRB") certifies that the attached impact fee facilities plan:

1. includes only the costs of public facilities that are:
    a. allowed under the Impact Fees Act; and
    b. actually incurred; or
    c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid;
2. does not include:
    a. costs of operation and maintenance of public facilities;
    b. costs for qualifying public facilities that will raise the level of service for the facilities, through impact fees, above the level of service that is supported by existing residents;
    c. an expense for overhead, unless the expense is calculated pursuant to a methodology that is consistent with generally accepted cost accounting practices and the methodological standards set forth by the federal Office of Management and Budget for federal grant reimbursement; and, complies in each and every relevant respect with the Impact Fees Act.

IFA Certification

LYRB certifies that the Impact Fee Analysis ("IFA") prepared for storm water services:

1. includes only the costs of public facilities that are:
    a. allowed under the Impact Fees Act; and
    b. actually incurred; or
    c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid;
2. does not include:
    a. costs of operation and maintenance of public facilities;
    b. costs for qualifying public facilities that will raise the level of service for the facilities, through impact fees, above the level of service that is supported by existing residents; or
    c. an expense for overhead, unless the expense is calculated pursuant to a methodology that is consistent with generally accepted cost accounting practices and the methodological standards set forth by the federal Office of Management and Budget for federal grant reimbursement;
3. offsets costs with grants or other alternate sources of payment; and
4. complies in each and every relevant respect with the Impact Fees Act.

LYRB makes this certification with the following caveats:

1. All of recommendations for capital improvements identified in the IFA are completed by City Staff and elected officials.
2. If all or a portion of the IFA is modified or amended, this certification is no longer valid.
3. All information provided to LYRB is assumed to be correct, complete, and accurate. This includes information provided by the City as well as outside sources.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

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SECTION 1: EXECUTIVE SUMMARY

The purpose of the Storm Water Impact Fee Facilities Plan ("IFFP") and Impact Fee Analysis ("IFA"), is to fulfill the requirements established in Utah Code Title 11 Chapter 36a, the "Impact Fees Act", and assist Draper City (the "City") in determining the impacts of new development on public facilities. This document will address the existing and future storm water infrastructure needed to serve the City through the next six to ten years, as well as the appropriate impact fees the City may charge to new growth to maintain the existing level of service ("LOS"). Much of the information utilized in the analysis for the purposes of calculating impact fees comes from data provided by the City through updates to the 2008 Draper City Drinking Water System Master Plan.

- **Impact Fee Service Area:** The storm water Service Area includes all areas within the City's municipal boundaries.
- **Demand Analysis:** The demand units utilized in this analysis are equivalent residential units (ERUs) and the impervious area per ERU generated from different land-use types within the City. As residential and commercial growth occurs within the City, additional ERUs will be generated.
- **Level of Service:** Section 3 of this report summarizes the level of service (LOS) assumptions for this analysis. The LOS for the storm system is based on 3,000 square feet of impervious area per ERU, with a peak runoff limit of 0.1 cubic feet per second (CFS). Draper City has selected the 10-year storm event for the design of the initial storm drainage system and the 100-year storm event for design of the major storm drainage system.
- **Excess Capacity:** The buy-in cost included in this analysis for the storm system is estimated at $5,213,617.
- **Capital Facilities Analysis:** This analysis assumes a total of $40,789,248 in future storm related capital improvements, of which $14,769,141 is considered growth-related improvements needed to serve development anticipated within the next ten years.
- **Funding of Future Facilities:** The cost associated with alternative funding mechanisms (e.g. bonding) is not included in this analysis at this time. If future projects related to new growth require alternative funding sources, the IFFP and IFA should be updated to include any financing costs that may be incurred as a result of these proposed projects.

PROPOSED STORM IMPACT FEE

The storm water impact fees proposed in this analysis will be assessed within all areas of the City. **TABLE 1.1** below illustrates the appropriate buy-in component and the fee associated with projects occurring within the next ten years related to source. The proportionate share analysis determines the proportionate cost assignable to new development based on the proposed capital projects and the estimated ERUs served by the proposed projects.

TABLE 1.1: IMPACT FEE PER ERU

	TOTAL COST	% TO IFFP	COST TO IFFP	% TO 10-YEAR DEMAND	COST TO 10-YEAR DEMAND	ERUS SERVED	COST PER ERU
Buy-In	$33,725,159	87%	$29,347,176	18%	$5,213,617	10,744	$485
Future Facilities	$40,789,248	72%	$29,397,756	50%	$14,769,141	10,744	$1,375
Impact Fee Fund Balance	($1,418,751)	100%	($1,418,751)	100%	($1,418,751)	10,744	($132)
Professional Expense	$16,375	100%	$16,375	100%	$16,375	10,744	$2
Total Fee Per ERU							**$1,729**

NON-STANDARD STORM WATER IMPACT FEES

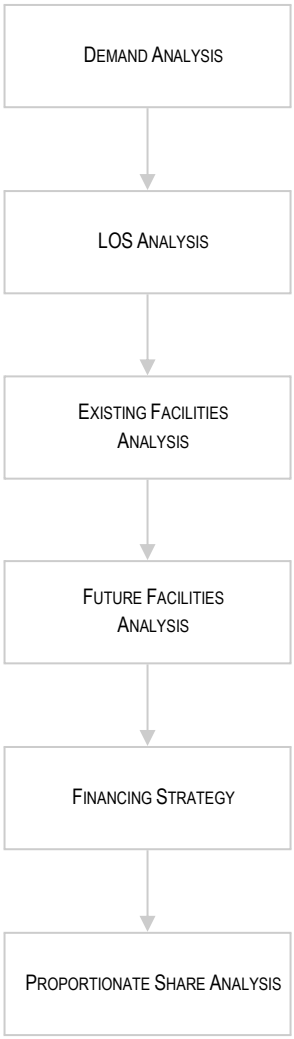
The City reserves the right under the Impact Fees Act to assess an adjusted fee that more closely matches the true impact that the land use will have upon public facilities.[1] This adjustment could result in a different impact fee if the City determines that a particular user may create a different impact than what is standard for its land use. To determine the impact fee for a non-standard use, the City should use the following formula:

- **ERU Count * $1,729 = Impact Fee**

[1] 11-36a-402(1)(c)

SECTION 2: GENERAL IMPACT FEE METHODOLOGY

FIGURE 2.1: IMPACT FEE METHODOLOGY



The purpose of this study is to fulfill the requirements of the Impact Fees Act regarding the establishment of an IFFP and IFA. The IFFP identifies the demands placed upon the City's existing facilities by future development and evaluate how these demands are met by the City. The IFFP also outlines the improvements funded by impact fees. The IFA proportionately allocates the cost of the new facilities and any excess capacity to new development, while ensuring that all methods of financing are considered. Each component must consider the historic level of service provided to existing development and ensure that impact fees do not raise that level of service. The following elements are important considerations when completing an IFFP and IFA.

DEMAND ANALYSIS

The demand analysis serves as the foundation for the IFFP. This element focuses on a specific demand unit related to each public service – the existing demand on public facilities and the future demand as a result of new development that will impact public facilities.

LEVEL OF SERVICE ANALYSIS

The demand placed upon existing public facilities by existing development is the existing "Level of Service" ("LOS"). Through the inventory of existing facilities, combined with the growth assumptions, this analysis identifies the level of service, which provided to a community's existing residents and ensures that future facilities maintain these standards. This analysis also applies any excess capacity identified within existing facilities to new development. Any demand generated from new development that overburdens the existing system beyond the existing capacity justifies the construction of new facilities.

EXISTING FACILITY INVENTORY

In order to quantify the demands placed upon existing public facilities by new development activity, the Impact Fee Facilities Plan provides an inventory of the City's existing system improvements. To the extent possible, the inventory valuation should consist of the following information:

- Original construction cost of each facility;
- Estimated date of completion of each future facility;
- Estimated useful life of each facility; and,
- Remaining useful life of each existing facility.

The inventory of existing facilities is important to determine the excess capacity of existing facilities and the utilization of excess capacity by new development.

FUTURE CAPITAL FACILITIES ANALYSIS

The demand analysis, existing facility inventory and LOS analysis allow for the development of a list of capital projects necessary to serve new growth and to maintain the existing system. This list includes any excess capacity of existing facilities as well as future system improvements necessary to maintain the level of service. Any demand generated from new development that overburdens the existing system beyond the existing capacity justifies the construction of new facilities.

FINANCING STRATEGY – CONSIDERATION OF ALL REVENUE SOURCES

This analysis must also include a consideration of all revenue sources, including impact fees, future debt costs, alternative funding sources and the dedication of system improvements, which may be used to finance system improvements.[2] In conjunction with this revenue analysis, there must be a determination that impact fees are necessary to achieve an equitable allocation of the costs of the new facilities between the new and existing users.[3]

PROPORTIONATE SHARE ANALYSIS

The written impact fee analysis is required under the Impact Fees Act and must identify the impacts placed on the facilities by development activity and how these impacts are reasonably related to the new development. The written impact fee analysis must include a proportionate share analysis, clearly detailing each cost component and the methodology used to calculate each impact fee. A local political subdivision or private entity may only impose impact fees on development activities when its plan for financing system improvements establishes that impact fees are necessary to achieve an equitable allocation to the costs borne in the past and to be borne in the future (UCA 11-36a-302).

[2] 11-36a-302(2)
[3] 11-36a-302(3)

SECTION 3: SERVICE AREA, DEMAND, AND LOS

SERVICE AREAS

Utah Code requires the impact fee enactment to establish one or more service areas within which impact fees will be imposed.[4] The storm water Service Area includes all areas within the City's municipal boundaries.

It is anticipated that the growth projected over the next five to ten years, and through buildout, will impact the City's existing services. Storm water infrastructure will need to be expanded in order to maintain the existing level of service. Impact fees are a logical and sound mechanism for funding growth-related infrastructure. The Master Plan, IFFP and this analysis are designed to accurately assess the true impact of a particular user upon the City's infrastructure and prevent existing users from subsidizing new growth. This analysis also ensures that new growth is not paying for existing system deficiencies. Impact fees should be used to fund the costs of growth-related capital infrastructure based upon the historic funding of the existing infrastructure and the intent of the City to equitably allocate the costs of growth-related infrastructure in accordance with the true impact that a user will place on the system.

DEMAND UNITS

Based on information provided by Draper City, the 2016 ERU's are estimated at 28,531. The estimated ERUs for 2017 are 29,433, with a total of 10,744 new ERUs anticipated through 2027.

TABLE 3.1: CITYWIDE ERU PROJECTIONS

YEAR	ERUS
2016	28,531
2017	29,433
2018	30,363
2019	31,323
2020	32,313
2021	33,334
2022	34,388
2023	35,474
2024	36,596
2025	37,752
2026	38,945
2027	40,176
IFFP Growth	**10,744**

IFFP Growth Based on average annual growth of 3.16 percent, based on historic water ERC growth.

LEVEL OF SERVICE

Impact fees cannot be used to finance an increase in the level of service ("LOS") to current or future users of system improvements. Therefore, it is important to identify the storm water LOS currently provided within the City to ensure that the new capacities of projects financed through impact fees do not exceed the established standard.

Draper City has required recent developments to limit peak runoff flow rates from a 10-year storm event to 0.1 cfs per acre. Individual developments are required to construct facilities necessary to meet this requirement. Local drainage facilities constructed to meet the 0.1-cfs per acre runoff restriction usually consist of small on-site detention basins with outlets that limit the storm water discharge to the specified rate. Facilities intended for local runoff control are usually constructed and maintained by the property owner. Hundreds of private detentions are located throughout the City. Over 100 City owned detention basins are maintained by the City.

Draper City has selected the 10-year storm event for the design of the initial storm drainage system and the 100-year storm event for design of the major storm drainage system. The 10- year storm event was selected by Draper City for the design of the initial storm drainage system because:

- The 10-year storm event is the design frequency selected by most large municipalities along the Wasatch Front; and,
- The 10-year storm event provides a level of protection most likely experienced historically throughout much of Draper City.

According to the City, an ERU is equivalent to 3,000 square feet of impervious area.

[4] UC 11-36a-402(a)

SECTION 4: EXISTING FACILITIES INVENTORY

EXCESS CAPACITY

The intent of the equity buy-in component is to recover the costs of the unused capacity in existing infrastructure from new development. The existing system section addresses any excess capacity within the storm water system.

TABLE 4.1: EXISTING SYSTEM VALUATION

EXISTING SYSTEM VALUES	COLLECTION
Total	33,725,158.89
Less Project Improvements	4,377,982.44
Plus Bonding Expense (Interest)	-
IFFP Value	**$29,347,176.45**
Source: 2016 Depreciation Statements, Draper City	

The determination of storm system buy-in is based on the ratio of the ERUs in the IFFP planning horizon relative the total demand served by the storm system at buildout. According to the City's buildout figures, a total of 60,475 ERUs will be served at buildout. It is anticipated that a total of 10,744 ERUs will be added to the system through the IFFP planning horizon, or a total of 18 percent of the total.

TABLE 4.2 EXISTING STORM SYSTEM BUY-IN

	ERUs	% of Total Buildout
Existing ERUs	28,531	47%
IFFP ERUs	10,744	18%
New ERUs	31,944	53%
Buildout ERUs	60,475	100%

MANNER OF FINANCING EXISTING PUBLIC FACILITIES

The City has funded its existing capital infrastructure through a combination of different revenue sources, including impact fees, user fees, dedications, and other financing mechanisms. There are currently no outstanding bonds related to the storm system. Thus, no additional financing costs are included in this analysis.

SECTION 5: CAPITAL FACILITY ANALYSIS

The City has identified several projects needed within the next ten years and beyond. The following table illustrates the new facilities anticipated in the Master Plan and the proportion required for new development within the next ten years.

TABLE 5.1: ILLUSTRATION OF CAPITAL IMPROVEMENTS

LOCATION	IMPROVEMENT	TOTAL COST WITH 30% ENGINEERING & CONTINGENCY	% TO IFFP	COST TO IFFP	% TO NEW GROWTH	COST TO NEW GROWTH	Time Frame
Region 1A							
out-of-street	18-inch	$183,820	100%	$183,820	69%	$126,028.58	5-10 Years
DET	5.8 acre-ft	$1,027,000	100%	$1,027,000	69%	$704,120.05	5-10 Years
Region 1B							
in-street	18-inch	$507,065	0%	$0	0%	$0.00	5-10 Years
curb and gutter		$44,928	0%	$0	0%	$0.00	5-10 Years
Region 1C							
in-street	18-inch	$452,400	0%	$0	0%	$0.00	5-10 Years
curb and gutter		$65,520	0%	$0	0%	$0.00	5-10 Years
Region 1D							
in-street	18-inch	$158,340	0%	$0	0%	$0.00	5-10 Years
curb and gutter		$14,040	0%	$0	0%	$0.00	5-10 Years
Region 2A							
in-street	48-inch	$165,167	100%	$165,167	26%	$43,341.84	2 Years
DET	14.9	$2,509,000	100%	$2,509,000	26%	$658,392.19	2 Years
Region 2B							
in-street	48-inch	$349,471	100%	$349,471	26%	$91,705.58	2 Years
Region 2C							
out-of-street	27-inch	$57,995	100%	$57,995	0%	$0.00	2 Years
Region 2D							
out-of-street	36-inch	$117,481	100%	$117,481	43%	$50,225.98	2 Years
out-of-street	42-inch	$268,488	100%	$268,488	43%	$114,785.05	2 Years
out-of-street	48-inch	$87,847	100%	$87,847	43%	$37,556.88	2 Years
Region 2E							
in-street	18-inch	$174,151	100%	$174,151	41%	$72,155.20	5-10 Years
in-street	21-inch	$245,178	100%	$245,178	41%	$101,583.21	5-10 Years
Region 2F							
out-of-street	30-inch	$255,904	100%	$255,904	49%	$126,569	2-5 Years
out-of-street	42-inch	$142,776	100%	$142,776	49%	$70,616	2-5 Years
out-of-street	48-inch	$65,363	100%	$65,363	49%	$32,328	2-5 Years
in-street	54-inch	$64,312	100%	$64,312	49%	$31,808	2-5 Years
Region 3H							
out-of-street	24-inch	$249,600	100%	$249,600	42%	$104,832	0-5 Years
Region 4A							
in-street	18-inch	$325,513	100%	$325,513	29%	$94,850	0-5 Years
in-street	24-inch	$124,930	100%	$124,930	29%	$36,403	0-5 Years
Region 4B							
out-of-street	24-inch	$51,649	100%	$51,649	29%	$14,790	0-5 Years
DET	5.3 acre-ft	$949,000	100%	$949,000	29%	$271,746	0-5 Years
Region 4C							
out-of-street	42-inch	$204,897	100%	$204,897	29%	$58,672	0-5 Years

LOCATION	IMPROVEMENT	TOTAL COST WITH 30% ENGINEERING & CONTINGENCY	% TO IFFP	COST TO IFFP	% TO NEW GROWTH	COST TO NEW GROWTH	Time Frame
in-street	36-inch	$104,923	100%	$104,923	29%	$30,045	0-5 Years
in-street	42-inch	$327,327	100%	$327,327	29%	$93,730	0-5 Years
Region 4D							
in-street	36-inch	$456,708	100%	$456,708	29%	$130,778	0-5 Years
in-street	42-inch	$187,911	100%	$187,911	29%	$53,808	0-5 Years
Region 4E							
in-street	18-inch	$151,654	100%	$151,654	29%	$43,426	5-10 Years
Region 4F							
out-of-street	18-inch	$26,260	100%	$26,260	21%	$5,563	5-10 Years
DET	4.35 ac-ft	$767,000	100%	$767,000	21%	$162,489	5-10 Years
Region 4G							
out-of-street	36-inch	$192,979	0%	$0	21%	$0	5-10 Years
		$107,120	100%	$107,120	21%	$22,693	5-10 Years
Region 4H							
DET	1.72 ac-ft	$91,000	0%	$0	0%	$0	
Region 4I							
in-street	24-inch	$591,780	0%	$0	100%	$0	5-10 Years
Region 5A							
out-of-street	24-inch	$153,166	100%	$153,166	9.8%	$14,991.89	0-2 Years
in-street	30-inch	$105,560	100%	$105,560	9.8%	$10,332.21	0-2 Years
in-street	36-inch	$0	0%	$0	9.8%	$0.00	0-2 Years
DET	1.5 acre-ft	$0	0%	$0	9.8%	$0.00	0-2 Years
Region 5B							
out-of-street	18-inch	$343,200	100%	$343,200	22.0%	$75,474	5-10 Years
DET	0.5	$65,000	100%	$65,000	22.0%	$14,294	5-10 Years
Region 5C							
DET	B&C Estimate	$2,499,999	0%	$0	0%	$0.00	Complete
In-street	24-inch	$267,150	0%	$0	0%	$0.00	5-10 Years
Region 5D							
In-street	18-inch	**$490,360**	**0%**	$0	0%	$0.00	5-10 Years
Region 6A - Traverse Ridge Road Improvements							
out-of-street	18-inch	$634,184	100%	$634,184	20%	$124,419.42	0-5 Years
out-of-street	30-inch	$218,596	100%	$218,596	20%	$42,885.90	0-5 Years
out-of-street	24-inch	$721,496	100%	$721,496	20%	$141,548.86	0-5 Years
out-of-street	30-inch	$246,981	100%	$246,981	20%	$48,454.83	0-5 Years
in-street	30-inch	$333,018	100%	$333,018	20%	$65,334.11	0-5 Years
curb and gutter		$257,400	100%	$257,400	20%	$50,498.82	0-5 Years
DET	6 acre-ft	$1,053,000	0%	$0	20%	$0.00	0-5 Years
Region 6B - Corner Creek Diversion							
out-of-street	42-inch	$535,042	50%	$267,521	20%	$52,484.48	0-5 Years
in-street	42-inch	$722,556	50%	$361,278	20%	$70,878.47	0-5 Years
DET	8 acre-ft	$325,000	50%	$162,500	20%	$31,880.57	0-5 Years
Region 6C - Corner Creek Diversion							
out-of-street	30-inch	$61,883	100%	$61,883	20%	$12,140.72	0-5 Years
out-of-street	36-inch	$31,228	100%	$31,228	20%	$6,126.59	0-5 Years
out-of-street	42-inch	$49,977	100%	$49,977	20%	$9,804.97	0-5 Years

LOCATION	IMPROVEMENT	TOTAL COST WITH 30% ENGINEERING & CONTINGENCY	% TO IFFP	COST TO IFFP	% TO NEW GROWTH	COST TO NEW GROWTH	Time Frame
in-street	24-inch	$202,306	100%	$202,306	20%	$39,690.08	0-5 Years
in-street	30-inch	$776,397	100%	$776,397	20%	$152,319.84	0-5 Years
DET	Structure	$26,000	100%	$26,000	20%	$5,100.89	0-5 Years
Region 6D - Corner Creek Diversion							
out-of-street	24-inch	$262,096	100%	$262,096	20%	$51,420.03	5-10 Years
out-of-street	30-inch	$367,826	100%	$367,826	20%	$72,163.00	5-10 Years
out-of-street	36-inch	$286,425	100%	$286,425	20%	$56,193.28	5-10 Years
Region 6E - Corner Creek Diversion							
out-of-street	18-inch	$398,782	100%	$398,782	20%	$78,236.24	5-10 Years
out-of-street	24-inch	$170,611	100%	$170,611	20%	$33,471.83	5-10 Years
in-street	24-inch	$143,512	100%	$143,512	20%	$28,155.32	5-10 Years
Region 6F - Upper Corner Creek Diversion							
in-street	24-inch	$498,147	100%	$498,147	0%	$0.00	5-10 Years
in-street	27-inch	$374,231	100%	$374,231	0%	$0.00	5-10 Years
in-street	30-inch	$264,458	100%	$264,458	0%	$0.00	5-10 Years
Region 6G - Upper Corner Creek Diversion							
out-of-street	18-inch	$82,764	100%	$82,764	0%	$0.00	5-10 Years
out-of-street	24-inch	$212,336	100%	$212,336	0%	$0.00	5-10 Years
out-of-street	36-inch	$392,699	100%	$392,699	0%	$0.00	5-10 Years
Region 6H - Upper Corner Creek Diversion							
out-of-street	36-inch	$171,526	100%	$171,526	0%	$0.00	5-10 Years
out-of-street	42-inch	$9,690	100%	$9,690	0%	$0.00	5-10 Years
out-of-street	48-inch	$474,093	100%	$474,093	0%	$0.00	5-10 Years
in-street	36-inch	$37,426	100%	$37,426	0%	$0.00	5-10 Years
in-street	42-inch	$389,197	100%	$389,197	0%	$0.00	5-10 Years
Region 6I - Point of the Mountain							
out-of-street	18-inch	$1,216,198	0%	$0	100%	$0.00	10+ Years
out-of-street	24-inch	$173,443	0%	$0	100%	$0.00	10+ Years
in-street	24-inch	$34,676	0%	$0	100%	$0.00	10+ Years
Region 7A							
out-of-street	36-inch	$862,316	0%	$0	100%	$0.00	Complete
DET	11.0 acre-ft	$1,885,000	0%	$0	100%	$0.00	Complete
Region 7B							
out-of-street	36-inch	$374,920	100%	$374,920	100%	$374,920.00	5-10 Years
DET	43.8 acre-ft	$7,150,000	100%	$7,150,000	100%	$7,150,000.00	5-10 Years
Region 7C							
out-of-street	36-inch	$1,151,540	100%	$1,151,540	100%	$1,151,540.00	5-10 Years
DET	Structure	$0	100%	$0	100%	$0.00	5-10 Years
Region 7D							
out-of-street	36-inch	$1,419,340	100%	$1,419,340	100%	$1,419,340.00	5-10 Years
Total		**$40,789,248.02**		**$29,397,755.53**		**$14,769,140.56**	

The City has determined the projects included in this IFA using capital project and engineering data, planning analysis and other information. The City has provided all future capital project data including project descriptions and estimated project costs. The accuracy and correctness of this plan is contingent upon the accuracy of the data and assumptions. Any deviations or changes in the assumptions due to changes in the economy or other relevant information used by the City for this study may cause this plan to be inaccurate and may require modifications.

SYSTEM VS. PROJECT IMPROVEMENTS

System improvements are defined as existing and future public facilities that are intended to provide services to service areas within the community at large.[5] Project improvements are improvements and facilities that are planned and designed to provide service for a specific development (resulting from a development activity) and considered necessary for the use and convenience of the occupants or users of that development.[6] This analysis only includes the costs of system improvements related to new growth within the proportionate share analysis.

FUNDING OF FUTURE FACILITIES

The IFFP must also include a consideration of all revenue sources, including impact fees and the dedication (donations) of system improvements, used to finance system improvements.[7] In addition, there must be a determination that impact fees are necessary to achieve an equitable allocation of the costs of the new facilities between the new and existing users.[8] Impact fees are an appropriate funding and repayment mechanism of the growth-related improvements. Where applicable, impact fees will offset the cost of future facilities. However, impact fees cannot be used to fund non-qualified expenses (i.e. the costs to cure existing deficiencies, to raise the level of service, to recoup more than the actual cost of system improvements, the cost to fund overhead cannot be included in the calculation of impact fees. Other revenues such as utility rate revenue, property taxes, grants, or loans can be used to fund these types of expenditures, as described below.

UTILITY RATE REVENUES

Utility rate revenues serve as the primary funding mechanism within enterprise funds. Rates are established to ensure appropriate coverage of all operations and maintenance expenses, debt service coverage, and fund non-growth related capital project needs.

PROPERTY TAX REVENUES

Property tax revenues are not specifically identified in this analysis as a funding source for growth-related capital projects, but inter-fund loans can be made from the general fund which will ultimately include some property tax revenues. Inter-fund loans will be repaid once sufficient impact fee revenues have been collected.

GRANTS AND DONATIONS

Grants and donations are not currently contemplated. However, the impact fees will be adjusted if grants become available to reflect the grant monies received. A donor will be entitled to a reimbursement for the value of the system improvements funded through impact fees if donations are made by new development.

IMPACT FEE REVENUES

Impact fees have become a logical mechanism for funding growth-related infrastructure. Impact fees are charged to ensure that new growth pays its proportionate share of the costs for the development of public infrastructure. Impact fee revenues can also be attributed to the future expansion of public infrastructure if the revenues are used to maintain an existing level of service. Increases to an existing level of service cannot be funded with impact fee revenues. Analysis is required to accurately assess the true impact of a particular user upon the City infrastructure and to prevent existing users from subsidizing new growth. Impact fee revenues are generally considered non-operating revenues and help offset future capital costs.

DEBT FINANCING

In the event the City has not amassed sufficient impact fees to pay for the construction of time sensitive or urgent capital projects needed to accommodate new growth, the City must look to revenue sources other than impact fees for funding. The Impact Fees Act allows for the costs related to the financing of future capital projects to be legally included in the impact fee. This allows the City to finance and quickly construct infrastructure for new development and reimburse itself later from impact fee revenues for the costs of principal and interest. **This analysis assumes future growth related facilities will be funded on a pay-as-you-go basis, utilizing impact fee and utility fee revenues.**

[5] UC 11-36a-102(20)
[6] UC 11-36a102(13)
[7] 11-36a-302(2)
[8] 11-36a-302(3)

EQUITY OF IMPACT FEES

Impact fees are intended to recover the costs of capital infrastructure that relate to future growth. The impact fee calculations are structured for impact fees to fund 100 percent of the growth-related facilities identified in the proportionate share analysis as presented in the impact fee analysis. Even so, there may be years that impact fee revenues cannot cover the annual growth-related expenses. In those years, other revenues such as general fund revenues may be used to make up any annual deficits. Any borrowed funds are to be repaid in their entirety through impact fees.

NECESSITY OF IMPACT FEES

An entity may only impose impact fees on development activity if the entity's plan for financing system improvements establishes that impact fees are necessary to achieve parity between existing and new development. This analysis has identified the improvements to public facilities and the funding mechanisms to complete the suggested improvements. Impact fees are identified as a necessary funding mechanism to help offset the costs of new capital improvements related to new growth. In addition, alternative funding mechanisms are identified to help offset the cost of future capital improvements.

SECTION 6: STORM WATER IMPACT FEE CALCULATION

The calculation of impact fees relies upon information provided by the City through updates to the 2008 Draper City Drinking Water System Master Plan. Impact fees are then calculated based on many variables centered on proportionality and level of service. The following paragraphs describe the methodology used for calculating impact fees in this analysis.

PLAN-BASED (FEE BASED ON DEFINED CAPITAL IMPROVEMENT PLAN)

This analysis uses a plan-based methodology. Under this methodology, impact fees are calculated using a specific set of costs identified for future development. The improvements are identified in the IFFP, CFP or CIP as growth related projects. The total project costs are divided by the total demand units the projects are designed to serve. Under this methodology, it is important to identify the existing LOS and determine any excess capacity in existing facilities that could serve new growth.

STORM WATER IMPACT FEE CALCULATION

The storm water impact fees proposed in this analysis will be assessed within Draper City's municipal boundaries. **TABLE 6.1** below illustrates the appropriate buy-in component, as well as the costs of constructing future storm water related improvements and any debt related expense. The proportionate share analysis determines the proportionate cost assignable to new development based on the proposed capital projects and the estimated ERUs served by the proposed projects**.**

TABLE 6.1: CALCULATION OF PROPORTIONATE IMPACT FEE

	TOTAL COST	% TO IFFP	COST TO IFFP	% TO 10-YEAR DEMAND	COST TO 10-YEAR DEMAND	ERUS SERVED	COST PER ERU
Buy-In	$33,725,159	87%	$29,347,176	18%	$5,213,617	10,744	$485
Future Facilities	$40,789,248	72%	$29,397,756	50%	$14,769,141	10,744	$1,375
Impact Fee Fund Balance	($1,418,751)	100%	($1,418,751)	100%	($1,418,751)	10,744	($132)
Professional Expense	$16,375	100%	$16,375	100%	$16,375	10,744	$2
Total Fee Per ERU							**$1,729**

NON-STANDARD STORM WATER IMPACT FEES

The City reserves the right under the Impact Fees Act[9] to assess an adjusted fee that more closely matches the true impact that the land use will have upon the City's storm water system. This adjustment could result in a different impact fee if evidence suggests a particular user will create a different impact than what is standard for its category. The impact fee for non-standard development would be determined based on the calculation of ERUs based on the stated LOS variables in this document, multiplied by the fee per ERU, as shown below.

FORMULA FOR NON-STANDARD STORM WATER IMPACT FEES:

- **ERU Count * $1,729 = Impact Fee**

[9] UC 11-36a-402(1)(c)

CONSIDERATION OF ALL REVENUE SOURCES

The Impact Fees Act requires the proportionate share analysis to demonstrate that impact fees paid by new development are the most equitable method of funding growth-related infrastructure. See **SECTION 5** for further discussion regarding the consideration of revenue sources.

EXPENDITURE OF IMPACT FEES

Legislation requires that impact fees should be spent or encumbered with six years after each impact fee is paid. Impact fees collected in the next five to six years should be spent only on those projects outlined in the IFFP as growth related costs to maintain the LOS.

PROPOSED CREDITS OWED TO DEVELOPMENT

The Impact Fees Act requires that credits be paid back to development for future fees that will pay for growth-driven system projects included in the Impact Fee Facilities Plan that would otherwise be paid for through user fees. Credits may also be paid to developers who have constructed and donated system facilities to that City that are included in the IFFP in-lieu of impact fees. This situation does not apply to developer exactions or improvements required to offset density or as a condition of development. Any project that a developer funds must be included in the IFFP if a credit is to be issued.

In the situation that a developer chooses to construct system facilities found in the IFFP in-lieu of impact fees, the decision must be made through negotiation with the developer and the City on a case-by-case basis.

GROWTH-DRIVEN EXTRAORDINARY COSTS

The City does not anticipate any extraordinary costs necessary to provide services to future development.

SUMMARY OF TIME PRICE DIFFERENTIAL

The Impact Fees Act allows for the inclusion of a time price differential to ensure that the future value of costs incurred at a later date are accurately calculated to include the costs of construction inflation. A construction inflation adjustment has been used in this IFA to project cost into the future.