CULINARY 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 culinary 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 Culinary 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 culinary 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 Service Area for this analysis is all areas in the Draper City Water Service Area, as shown in Figure 3.1.
- **Demand Analysis:** The demand units utilized in this analysis are equivalent residential connections (ERCs) generated from land-use types. As residential and commercial growth occurs within the City, additional ERCs will be generated.
- **Level of Service:** Section 3 of this report summarizes the level of service (LOS) assumptions for this analysis. The LOS for source is 0.98 gpm per ERC, with equalization storage of 711 gallons per ERC.
- **Excess Capacity:** The buy-in cost to growth calculated for source is **$681,196**, with a storage excess capacity value of approximately **$889,221**. The buy-in cost to growth within the impact fee horizon for distribution is approximately **$2,675,733**.
- **Capital Facilities Analysis:** This analysis does not include any growth-related improvements within the next ten years.
- **Funding of Future Facilities:** Additional funding mechanisms are not included in this analysis at this time. If future projects related to new growth become necessary, the IFFP and IFA should be updated to include any financing costs that may be incurred as a result of these proposed projects.

PROPOSED CULINARY IMPACT FEE

The culinary 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 ERCs served by the proposed projects. **TABLE 1.2** shows the appropriate ERC multipliers for various meter sizes and is based on relative capacity of each.

TABLE 1.1: IMPACT FEE PER ERC

	TOTAL COST	% TO 10-YEAR DEMAND	COST TO 10-YEAR DEMAND	ERCS SERVED	COST PER ERC
Source Buy-In	$4,453,406	15.3%	$681,196	2,033	$335
Storage Buy-In	$4,761,445	18.7%	$889,221	2,033	$437
Distribution Buy-In	$16,484,778	16.2%	$2,675,733	2,033	$1,316
Professional Expense	$16,375	100.0%	$16,375	2,033	$8
Total					**$2,097**

TABLE 1.2: IMPACT FEE SCHEDULE

IMPACT FEE SCHEDULE	PROPOSED FEE
Single Family	$2,097
All Other Housing	$1,606
Non-Residential (Water Meter Size	
0.75	$2,097
1	$3,501
1.5	$6,982
2	$11,175
3	$24,468
4	$41,933
6	$87,368
8	$167,733

NON-STANDARD CULINARY WATER IMPACT FEES

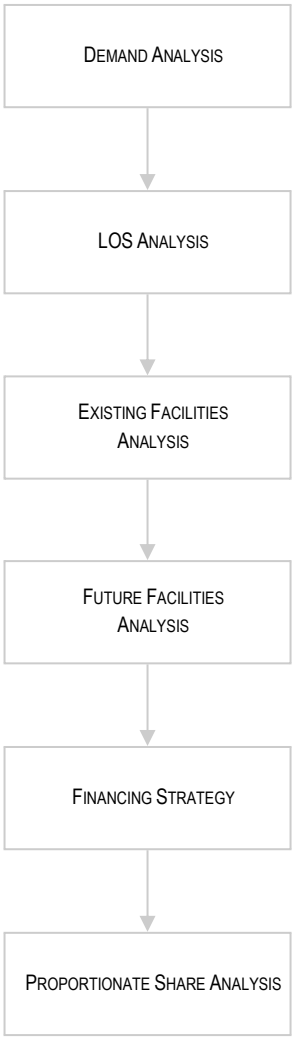
The City reserves the right under the Impact Fees Act to assess an adjusted fee that more closely matches the true impact that the land use will have upon public facilities.[1] This adjustment could result in a different impact fee if the City determines that a particular user may create a different 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:

- **ERC Count * $2,097 = 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).

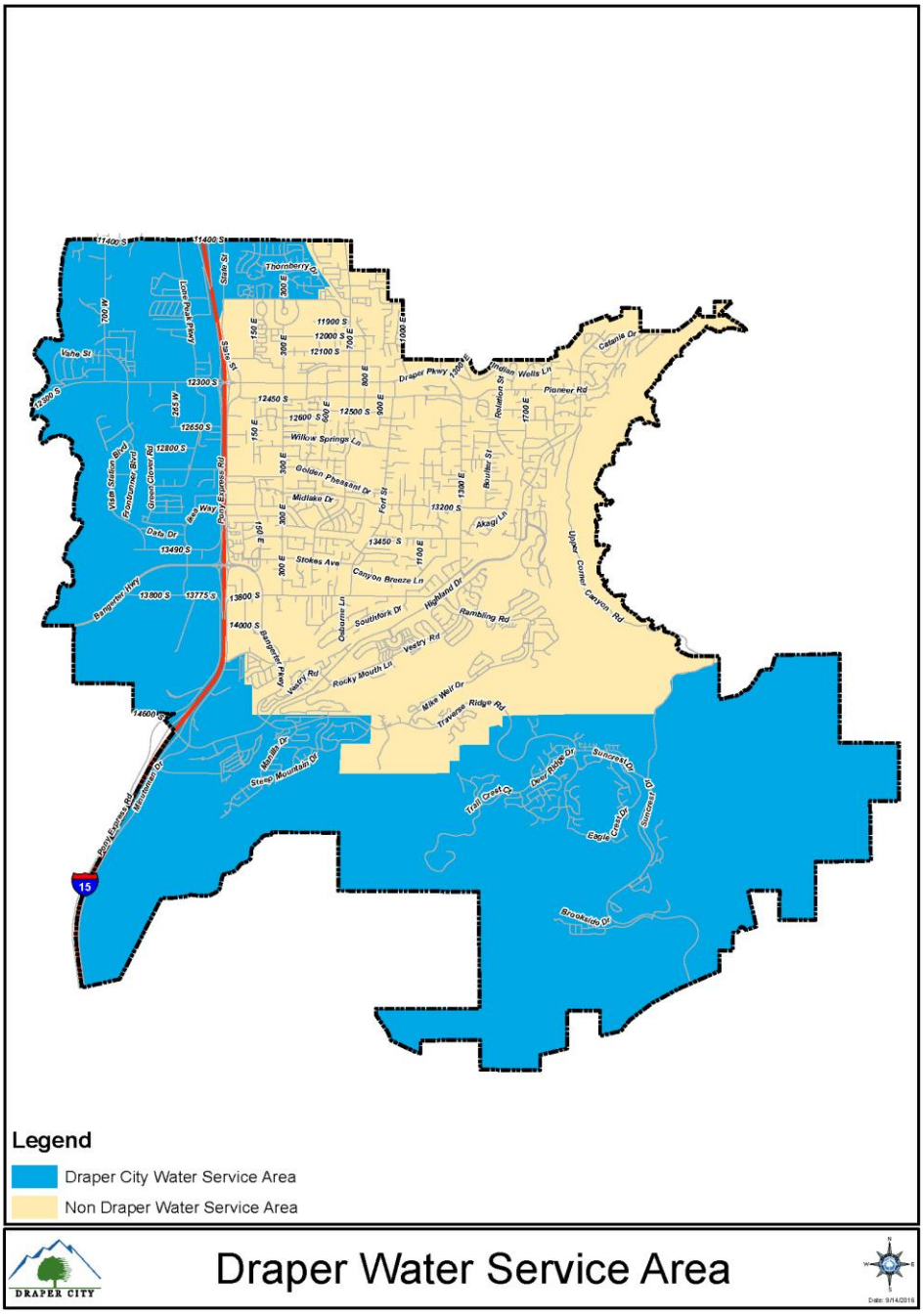
[2] 11-36a-302(2)
[3] 11-36a-302(3)

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 impact fees identified in this document will be assessed all areas in the Draper City Water Service Area, as shown in the figure below.

FIGURE 3.1: DRAPER CITY WATER SERVICE AREA



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

It is anticipated that the growth projected over the next five to ten years, and through buildout, will impact the City's existing services. Culinary 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 ERC's are estimated at 5,400 (rounded), an increase of 3.16 percent annually from the 2008 master plan ERC figure of 4,210. The level of service figures for this analysis are based on the 2016 ERCs. The estimated ERCs for 2017 are 5,571, with a total of 2,033 new ERCs anticipated through 2027.

TABLE 3.1: CITYWIDE ERC PROJECTIONS

YEAR	ERCS
2008 Master Plan	4,210
2016 (Rounded)	5,400
2017	5,571
2018	5,747
2019	5,929
2020	6,116
2021	6,309
2022	6,508
2023	6,714
2024	6,926
2025	7,145
2026	7,371
2027	7,604
IFFP Growth	**2,033**

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

SOURCE

The current and proposed LOS for Source is 0.98 gallons per minute (gpm) per ERC, based on existing source peak-day demand. Based on the current rated capacity of the system (13,025 gpm/ERC), the City can serve a total of 13,291 ERCs.

STORAGE

TABLE 3.2 summarizes the level of service for indoor, outdoor, emergency, and fire storage. The City currently provides 722 gallons of equalization storage. The proposed LOS is 711 gallons for the Service Area.

DISTRIBUTION

This analysis assumes the existing distribution system will be allocated across total ERCs at buildout. No new distribution facilities are contemplated in this analysis.

TABLE 3.2: 2016 EXISTING STORAGE LOS CALCULATIONS

ZONE	ERCS	MILLION GALLONS (MG)								LOS PER ERC (GALLONS)
		EQUALIZATION	PUMP OPERATION	FIRE SUPPRESSION	EMERGENCY STORAGE	TOTAL	EXISTING STORAGE	CAPACITY REMAINING	CAPACITY REMAINING (ERCS)	
Total	5,400	3.90	0.70	2.20	0.70	7.50	11.40	3.90	5,486	711

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. This section addresses any excess capacity within the culinary water system.

TABLE 4.1: EXISTING SYSTEM VALUATION

EXISTING SYSTEM VALUES	PRVS, PUMP STATIONS*	STORAGE	DISTRIBUTION
Total	4,453,405.79	4,185,507.63	20,223,934.58
Less Project Improvements	-	-	(3,739,157.00)
Plus Bonding Expense (Interest)	-	575,937.45	-
IFFP Value	**$4,453,405.79**	**$4,761,445.08**	**$16,484,777.58**

Source: 2016 Depreciation Statements, Draper City

* JVSCD Provides Water Source to Draper City. Only PRV and Pump Station Value Included.

SOURCE

Currently, the City's water sources can provide a total rated capacity of 13,025 gpm. As shown in **Table 4.2**, the City currently has sufficient capacity to meet existing demand, with the ability to serve another 7,720 ERCs, based on the LOS of 0.98 gpm.

STORAGE

The City's existing storage facilities also show excess capacity. The existing capacity of all storage facilities is 11.4 million gallons (MG). Subtracting out storage related to pump operations, fire suppression, emergency storage, and for existing development; the remaining storage capacity is 3.9 MG. Based on the proposed LOS of 711 gallons, the excess capacity can serve a total of 5,486 ERCs, which exceeds the anticipated ERCs in the IFFP planning horizon. The anticipated ERCs in the next ten years will utilize 18.7 percent of the existing system.

TABLE 4.2: EXCESS CAPACITY CALCULATIONS

	Source
Existing Rated Capacity (gpm)	13,025
Proposed LOS (gpm)	**0.98**
ERCs Served by Existing Capacity	13,291
Existing ERCs	5,571
Excess ERC Capacity	7,720
Excess Capacity as % of Total ERCs	58.1%
ERCs in IFFP	2,033
IFFP ERCs as % of Total	15.3%
Remaining to be Served in IFFP	-

Existing Source Value	**$4,453,406**
Buy-In Value	**$681,196**

	Storage
Existing Capacity	11,400,000
Less Pump Op., Fire Suppression & Emergency	3,600,000
Less Existing Storage Requirements	3,900,000
Available Capacity	3,900,000
Proposed LOS	**711**
ERCs Served by Existing Capacity	10,886
Excess ERC Capacity	5,486
Excess Capacity as % of Total ERCs	50.4%
ERCs in IFFP	2,033
IFFP ERCs as % of Total	18.7%
Remaining to be Served in IFFP	-

Existing Storage Value	**$4,761,445**
Buy-In Value	**$889,221**

DISTRIBUTION

The determination of distribution buy-in is based on the ratio of the ERCs in the IFFP planning horizon relative the total demand served by the distribution system at buildout. According to the City's buildout figures, a total of 12,525 ERCs will be served at buildout. It is anticipated that a total of 2,033 ERCs will be added to the system through the IFFP planning horizon, or a total of 16 percent of the total.

TABLE 4.2 EXISTING DISTRIBUTION SYSTEM BUY-IN

	ERCs	% of Total
Existing ERCs	5,571	44%
IFFP ERCs	2,033	16%
Buildout ERCs	12,525	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 the issuance of debt. This analysis includes interest associated with the outstanding 2011 Water Revenue Bonds. According to the City, this bond was used to fund storage related system improvements.

TABLE 4.3: OUTSTANDING BONDS RELATED TO SYSTEM IMPROVEMENTS

DATE	PRINCIPAL	COUPON	INTEREST	TOTAL P&I	FISCAL TOTAL	DSRF	NET FISCAL TOTAL	BOND BALANCE
7/1/2011	-	-	14,655	14,655	14,655		14,655	2,015,000
7/1/2012	80,000	2.47%	49,771	129,771	129,771		129,771	1,935,000
7/1/2013	82,000	2.47%	47,795	129,795	129,795		129,795	1,853,000
7/1/2014	84,000	2.47%	45,769	129,769	129,769		129,769	1,769,000
7/1/2015	85,000	2.47%	43,694	128,694	128,694		128,694	1,684,000
7/1/2016	88,000	2.47%	41,595	129,595	129,595		129,595	1,596,000
7/1/2017	90,000	2.47%	39,421	129,421	129,421		129,421	1,506,000
7/1/2018	92,000	2.47%	37,198	129,198	129,198		129,198	1,414,000
7/1/2019	94,000	2.47%	34,926	128,926	128,926		128,926	1,320,000
7/1/2020	96,000	2.47%	32,604	128,604	128,604		128,604	1,224,000
7/1/2021	99,000	2.47%	30,233	129,233	129,233		129,233	1,125,000
7/1/2022	101,000	2.47%	27,788	128,788	128,788		128,788	1,024,000
7/1/2023	103,000	2.47%	25,293	128,293	128,293		128,293	921,000
7/1/2024	106,000	2.47%	22,749	128,749	128,749		128,749	815,000
7/1/2025	108,000	2.47%	20,131	128,131	128,131		128,131	707,000
7/1/2026	111,000	2.47%	17,463	128,463	128,463		128,463	596,000
7/1/2027	114,000	2.47%	14,721	128,721	128,721		128,721	482,000
7/1/2028	116,000	2.47%	11,905	127,905	127,905		127,905	366,000
7/1/2029	119,000	2.47%	9,040	128,040	128,040		128,040	247,000
7/1/2030	122,000	2.47%	6,101	128,101	128,101		128,101	125,000
7/1/2031	125,000	2.47%	3,088	128,088	128,088	(128,000)	88	-
Total	**2,015,000**		**575,937**	**2,590,937**	**2,590,937**	**(128,000)**	**2,462,937**	

SECTION 5: CAPITAL FACILITY ANALYSIS

The City has identified several projects needed within the next ten years and beyond. As shown in Section 4, the City has sufficient capacity to serve the new development estimated to occur within the next ten years. Thus, no new projects are included in the impact fee facilities plan.

TABLE 5.1: ILLUSTRATION OF CAPITAL IMPROVEMENTS

Type	Recommended Project	Cost	Year	City Portion	City Funded Construction Year Cost	% to IFA	Cost to IFA
Source	Freeway Pump (PS1&2) Capacity - 500 gpm	$137,500	2019	0%	-	0%	-
	Centennial Pump (PS3) Capacity - 1650 gpm	$371,250	2019	100%	$393,859	0%	-
	2 Peaking Flow Control Valves on 11400 Souh JVWCD Connections	$25,000	2021	0%	-	0%	-
	3 WaterPro Interconnects	$405,000	2021	100%	$455,831	0%	-
Storage	Zone 3 Storage - 2.4 MG	$3,000,000	2020	42%	$1,365,909	0%	-
Distribution	4500 ft 12-inch on Highland	$1,058,000	2019	0%	-	0%	-
	12000 ft Transmission Pipeline	$1,800,000	2021	0%	-	0%	-
	Cranberry Hill Subdivision - 6-inch Cul-de-Sac Pipe Replacement	$247,000	2021	100%	$278,001	0%	-
	Total	**$7,043,750**			**$2,493,600**		-

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.

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

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.**

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: CULINARY 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.

CULINARY WATER IMPACT FEE CALCULATION

The culinary water impact fees proposed in this analysis will be assessed the Draper City Culinary Water Service Area. **TABLE 6.1** below illustrates the appropriate buy-in component, as well as the costs of constructing future 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 ERCs served by the proposed projects. The impact fee per meter size is illustrated in the **TABLE 6.2.**

TABLE 6.1: CALCULATION OF PROPORTIONATE IMPACT FEE

	TOTAL COST	% TO 10-YEAR DEMAND	COST TO 10-YEAR DEMAND	ERCS SERVED	COST PER ERC
Buy-In					
Source Buy-In	$4,453,406	15.3%	$681,196	2,033	$335
Storage Buy-In	$4,761,445	18.7%	$889,221	2,033	$437
Distribution Buy-In	$16,484,778	16.2%	$2,675,733	2,033	$1,316
Future Facilities					
Source	$849,690	-	-	2,033	-
Storage	$1,365,909	-	-	2,033	-
Distribution	-	-	-	2,033	-
Other					
Impact Fee Fund Balance	-	100.0%	-	2,033	-
Professional Expense	$16,375	100.0%	$16,375	2,033	$8
Total					**$2,097**

TABLE 6.2: IMPACT FEE PER METER SIZE

IMPACT FEE SCHEDULE	PROPOSED FEE
Single Family	$2,097
All Other Housing	$1,606
Non-Residential (Water Meter Size	
0.75	$2,097
1	$3,501
1.5	$6,982
2	$11,175
3	$24,468
4	$41,933
6	$87,368
8	$167,733

NON-STANDARD CULINARY 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 culinary 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 ERCs based on the stated LOS variables in this document, multiplied by the fee per ERC, as shown below.

FORMULA FOR NON-STANDARD WATER IMPACT FEES:

ERC Count * $2,097 = 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.