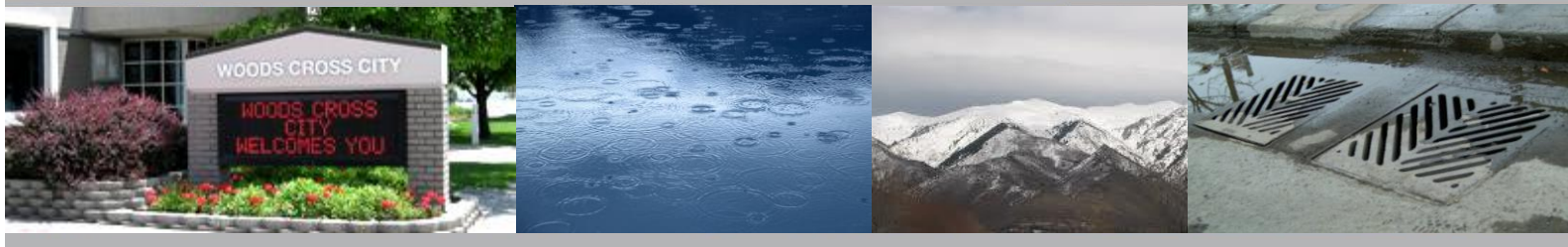


STORM DRAIN IMPACT FEE ANALYSIS (IFA)

WOODS CROSS CITY



DECEMBER 2014


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TABLE OF CONTENTS

IMPACT FEE CERTIFICATION 3

SECTION 1: EXECUTIVE SUMMARY 4

SECTION 2: GENERAL IMPACT FEE METHODOLOGY 6

SECTION 3: OVERVIEW OF SERVICE AREA, DEMAND, AND LOS 8

SERVICE AREAS 8

DEMAND UNITS 8

LEVEL OF SERVICE STANDARDS 9

SECTION 4: EXISTING FACILITIES INVENTORY 10

EXCESS CAPACITY 10

SECTION 5: CAPITAL FACILITY ANALYSIS 12

SYSTEM VS. PROJECT IMPROVEMENTS 13

FUNDING OF FUTURE FACILITIES 14

PROPOSED CREDITS OWED TO DEVELOPMENT 14

EQUITY OF IMPACT FEES 14

NECESSITY OF IMPACT FEES 15

SECTION 6: STORM DRAIN IMPACT FEE CALCULATION 16

PROPOSED STORM DRAIN IMPACT FEE 16

CONSIDERATION OF ALL REVENUE SOURCES 17

EXPENDITURE OF IMPACT FEES 17

GROWTH-DRIVEN EXTRAORDINARY COSTS 17

SUMMARY OF TIME PRICE DIFFERENTIAL 17

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IMPACT FEE CERTIFICATION

IMPACT FEE ANALYSIS (IFA) CERTIFICATION

Lewis Young Robertson & Burningham, Inc. certifies that the Impact Fee Analysis (“IFA”) prepared for storm drain 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;
 - 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;
 - d. offsets costs with grants or other alternate sources of payment; and
3. complies in each and every relevant respect with the Impact Fees Act.

Lewis Young Robertson & Burningham, Inc. makes this certification with the following caveats:

1. All of the recommendations for implementation of the IFFP made in the IFFP documents or in the IFA documents are followed by City Staff and elected officials.
2. If all or a substantial portion of the IFFP or IFA are modified or amended by the City, 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.

SECTION I: EXECUTIVE SUMMARY

The purpose of the Storm Drain Impact Fee Analysis (“IFA”), is to fulfill the requirements established in Utah Code Title 11 Chapter 36a, the “Impact Fees Act,” and help Woods Cross City (the “City”) plan necessary capital improvements for future growth. This document will address the: i) demand created by new development upon the storm drainage public facilities, ii) the existing level of service related to the storm drainage public facilities that are used to service the City, iii) existing and excess capacity of storm drainage improvements, and iv) future storm drain 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 level of service (“LOS”). **Woods Cross City Storm Water Impact Fee Facilities Plan 2014 (the “2014 IFFP”)**, along with information from the City, provides the information utilized in the analysis for the purposes of calculating impact fees.

- Impact Fee Service Area:** The service area for the City’s storm drain impact fees includes all areas within the City and the future declared area around the intersection of Redwood Road and 500 South. The IFFP identifies capital projects that will help to maintain the same level of service enjoyed by existing residents into the future.

- Demand Analysis:** The demand unit utilized in this analysis is developed acres of land. As residential and commercial growth occurs within the City, it generates an impact on the storm drain system. The storm drain capital improvements identified in this study are based on maintaining the current level of service.

- Level of Service:** The existing and proposed level of service for the City’s storm system is based on a 10 year storm event. In addition, the City requires new development to detain storm water runoff at an allowable discharge of 0.2cfs/acre of developed land. While the developer is typically responsible to maintain sufficient detention to meet this requirement, oftentimes the City will coordinate and pay to construct regional detention facilities. For this purpose the impact fee calculation has been divided into two parts; the base storm drain impact fee plus an additional fee for those developments that are served by regional detention facilities to maintain the required level of service.

- Excess Capacity:** The existing storm drain system has excess capacity. Approximately 3% of this excess capacity will be used within the next ten years. As a result, a buy-in component has been included in the calculation of the impact fee.

- Capital Facilities Analysis:** Due to the projected growth within the City, total future project costs attributable to new growth within the next ten years equates to **\$2,415,151**. Approximately **\$474,967** is related to detention facilities while **\$1,940,184** is related to non-detention facilities.

- Funding of Future Facilities:** This analysis assumes future growth related facilities will be funded through a combination of utility revenues and impact fee revenues.

PROPOSED STORM DRAIN IMPACT FEE

The storm drain impact fees proposed in this analysis will be assessed within all areas of the City. Tables I.1 and I.2 illustrate the appropriate base fee and detention fee associated with storm drain projects occurring within the next ten years. If a new development will be served by regional detention facilities, the developer would pay the base fee plus the detention fee. If a new development is not served by regional detention facilities, the developer would pay solely the base fee.

TABLE I.1: BASE IMPACT FEE PER ACRE

STORM DRAIN BASE FEE	GROWTH RELATED COSTS WITHIN IFFP HORIZON	GROWTH IN DEVELOPED ACRES WITHIN IFFP HORIZON	FEE PER ACRE
Existing Capacity	\$151,505	440	\$345
Future Base Storm Drain Projects	\$1,940,184	440	\$4,414
Professional Expenses	\$3,788	440	\$9
(Less Impact Fee Fund Balance)	(\$330,966)	440	(\$753)
Total	\$1,764,510		\$4,014

TABLE I.2: DETENTION IMPACT FEE PER ACRE

STORM DRAIN BASE FEE	GROWTH RELATED COSTS WITHIN IFFP HORIZON	GROWTH IN DEVELOPED ACRES WITHIN IFFP HORIZON (USING REGIONAL DETENTION)	FEE PER ACRE
Future Detention Storm Drain Projects	\$474,967	150	\$3,167
Total	\$474,967		\$3,167

TABLE I.3: IMPACT FEE CONVERSION AND CHANGE

IMPACT FEE CONVERSION	IMPACT FEE	EXISTING FEE	CHANGE
COMMERCIAL & MULTI-FAMILY RESIDENTIAL			
	COST PER ACRE		
Base Fee	\$4,014		
Detention Fee	\$3,167		
Combined Base & Detention Fee	\$7,181	\$9,938	-28%
SINGLE-FAMILY RESIDENTIAL			
	COST PER DWELLING UNIT		
<i>Typical Single Family Acreage</i>	0.25		
Base Fee	\$1,003		
Detention Fee	\$792		
Combined Base & Detention Fee	\$1,795	\$1,087	65%

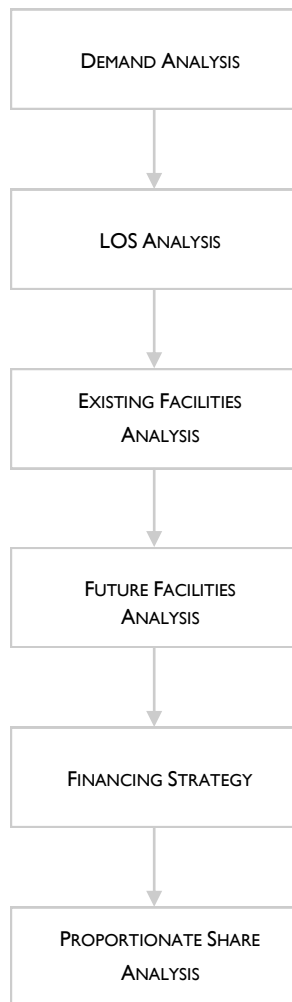
NON-STANDARD STORM DRAIN IMPACT FEES

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.

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 is designed to identify the demands placed upon the City’s existing facilities by future development and evaluate how these demands will be met by the City. The IFFP is also intended to outline the improvements which are intended to be funded by impact fees. The IFA is designed to proportionately allocate 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 are not used to 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 system facilities.

LEVEL OF SERVICE ANALYSIS

The demand placed upon existing public facilities by existing development is known as 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 is provided to a community’s existing residents and ensures that future facilities maintain these standards. Any excess capacity identified within existing facilities can be apportioned 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, to the extent possible the Impact Fee Facilities Plan provides an inventory of the City’s existing system facilities. The inventory valuation should include the original construction cost and estimated useful life of each facility. The inventory of existing facilities is important to properly 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

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

² 11-36a-302(2)



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 of the costs borne in the past and to be borne in the future (UCA 11-36a-302).

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³ 11-36a-302(3)

SECTION 3: OVERVIEW OF 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 2014 IFFP states the following, “the service area for this study and subsequent impact fee calculation is that of the current City limits and the future declared area around the intersection with Redwood Road and 500 South.”

It is anticipated that the growth projected over the next ten years and through build-out, will impact the City’s existing services. Storm Drain infrastructure will need to be expanded in order to maintain the existing level of service. Impact fees have become an ideal mechanism for funding growth-related infrastructure. This analysis is 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 isn’t paying for existing system deficiencies.

DEMAND UNITS

As shown in Table 3.1, the City estimates that developed acres will grow from 1,642.6 in 2013 to 2,577.6 when the system reaches capacity. Of these acres, the City anticipates that 439.6 acres will be developed and will be served by the proposed IFFP projects completed within the next ten years.

Approximately 185 of the 439.6 acres developed within the IFFP horizon will be related to residential. The City anticipates that nearly all residential development will be served by regional detention facilities. However, 35 acres located west of Odyssey Elementary cannot physically drain to regional detention facilities and will be required to supply its own detention.⁵ It is anticipated that all commercial development will also need to supply detention facilities.

TABLE 3.1: CITY-WIDE GROWTH PROJECTIONS

LAND USE	% IMPERVIOUS	2013			2023			"AT CAPACITY"		
		ESUs	IMPERVIOUS AREA (ACRES)	DEVELOPED ACRES	ESUs	IMPERVIOUS AREA (ACRES)	DEVELOPED ACRES	ESUs	IMPERVIOUS AREA (ACRES)	DEVELOPED ACRES
Residential	38%	2,724.0	262.6	691.2	3,453.0	332.9	876.2	4,275.0	412.2	1,084.6
Commercial	85%	8,387.0	808.7	951.4	10,632.0	1,025.1	1,206.0	13,162.0	1,269.0	1,493.0
Total		11,111.0	1,071.3	1,642.6	14,085.0	1,358.0	2,082.2	17,437.0	1,681.2	2,577.6
City Area Acres				2,345.0			2,596.0			2,596.0
% Developed				70%			80%			99%

Source: 2014 IFFP, Table 2.2

TABLE 3.2: CITY-WIDE SUMMARY OF GROWTH PROJECTIONS

	ACRES
Current Developed Acres	1,642.6
2023 Developed Acres	2,082.2
Acres Developed in IFFP Horizon	439.6
Residential Acres Developed and Served by Regional Detention	150
Residential Acres Developed NOT Served by Regional Detention	35

⁴ UC 11-36a-402(1)(a)
⁵ 2014 IFFP, Section 2.2

LEVEL OF SERVICE STANDARDS

Impact fees cannot be used to finance an increase in the level of service to current or future users of capital improvements. Therefore, it is important to identify the storm drain level of service to ensure that the new capacities of projects financed through impact fees do not exceed the established standard. The 2014 IFFP states that the storm water system is designed to handle the 10 year, one hour storm event. In addition, the City has also required detention of all development, with an allowable discharge of 0.2cfs/acre of developed land for this 10 year, one hour storm.

REGIONAL DETENTION

While the developer is typically responsible to maintain sufficient detention to meet the level of service requirements described above, oftentimes the City will coordinate and pay to construct regional detention facilities. For this purpose the impact fee calculation has been divided into two parts; the base storm drain impact fee plus an additional fee for those developments that are served by regional detention facilities. This additional fee for regional detention facilities allows the City to maintain the level of service of 0.2 cfs/acre of allowable discharge for all development.

As described above, the City has assumed that all commercial development within the next 10 years will be required to supply detention facilities. In addition, approximately 35 acres of future residential development will be required to supply detention facilities due to the geographic location of the development and future regional detention facilities. It is anticipated that all other residential development within the next 10 years will use regional detention facilities.

While these assumptions are crucial to the calculation of impact fees, the actual administration of the impact fee will be done on a case by case basis during the building permit process. At this time, the City will review the location and size of development and determine whether regional detention facilities will be used or if on-site detention facilities will be required. The base impact fee will be assessed to every development. In addition, a regional detention fee will be charged to those that will use regional detention facilities.

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. Table 2.4 in the 2014 IFFP includes a calculation of excess capacity. This table is also shown below. The table illustrates that the existing storm drain system has excess capacity and that 3% of this excess capacity will be used within the next 10 years.

TABLE 4.1: EXCESS CAPACITY CALCULATION

OUTFALL	DESCRIPTION	2013 UTILIZED FLOW CAPACITY (CFS)	2013 % CAPACITY	2023 UTILIZED FLOW CAPACITY (CFS)	2023 % CAPACITY	"AT CAPACITY" UTILIZED FLOW (CFS)	% CAPACITY
1	Mill Creek I-15	40.25	98%	40.25	98%	40.9	100%
2	2600 S - Wildcat & Slim Olsen*	52.58	126%	41.68	100%	41.68	100%
3	2600 S - 1000 W Cul-de-sac*	0.72	9%	0.72	9%	7.75	100%
4	2600 S - 1100 W Street*	6.26	100%	6.26	100%	6.26	100%
5	2600 S - 1250 W	10.44	186%	10.44	186%	5.6	100%
6	NSL Redwood	14.28		14.28			
7	2425 S Legacy	17.99	100%	17.99	100%	17.99	100%
8	2100 S Legacy (future)	4.9	100%	4.9	100%	4.9	100%
9	A-1 Drain	68.87	67%	80.34	78%	103.28	100%
10	Redwood Drain	48.49	60%	59.36	73%	81.12	100%
11	A-2 Drain	30	100%	30	100%	30	100%
Total		294.78	87%	306.22	90%	339.48	100%

Source: 2014 IFFP, Table 2.4

Table 4.2 lists the existing storm drain assets that have been paid for by the City or through a reimbursement of impact fee. The total value of these existing assets is **\$4,495,889**.

TABLE 4.2: ASSETS PAID FOR BY THE CITY OR THROUGH A REIMBURSEMENT OF IMPACT FEES

	DESCRIPTION	LOCATION	ACQUISITION DATE	COST
1	1218' of 18" Pipe	525 West	6/30/2008	\$100,834
2	A-1 Drain Pipe	Front of Mtn View Town Homes	6/30/2010	\$89,155
3	500 South Detention Basin	500 South	6/30/2012	\$629,558
4	Storm Drain Pipe	800 West - 1500 South to 1300 South	6/30/1990	\$78,577
5	890' of 15" Pipe	675 West 1350 South	9/15/2006	\$79,968
6	254' of 48" Pipe	A-1 Drain 1900 South	3/16/2007	\$126,570
7	Storm Drain Pipe	1200 West 1600 South	6/30/1990	\$26,070
8	Detention Basin	800 West 600 South	6/30/1990	\$10,407
9	Storm Drain Pipe	A-1 Drain	6/30/1994	\$47,821
10	4170' Pipe	Argyle Acres Subdivision	8/5/2002	\$180,650
11	12" to 48" Piping	Throughout the City	6/30/1960	\$2,733,720
12	800' piping	Clover Dell Subdivision	6/30/2003	\$30,500
13	326' of 28" Piping	Clover Dell Subdivision	12/31/2004	\$14,624
14	564' of 30" Piping	Clover Dell Subdivision	12/31/2004	\$24,200
15	207' of 30" Piping	Clover Dell Subdivision	12/31/2004	\$2,250
16	1671' Piping	A-1 Drain - 1850 South to 1450 South	10/31/2005	\$320,985
Total				\$4,495,889

(Source: Woods Cross City)



Table 4.3 calculates the value of excess capacity assuming the existing system value and percent excess capacity described above. Excess capacity value is calculated to be \$151,505 for purposes of the impact fee calculation.

TABLE 4.3: VALUE OF EXCESS CAPACITY

Existing System Value	\$4,495,889
% Excess Capacity in IFFP Horizon	3%
Value of Excess Capacity	\$151,505

MANNER OF FINANCING EXISTING PUBLIC FACILITIES

The City has funded its existing capital infrastructure through a combination of different sources, including general utility fund revenues and developer constructed improvements. This analysis has removed all funding that has come from grants and donations to ensure that none of those infrastructure items are included in the level of service.

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SECTION 5: CAPITAL FACILITY ANALYSIS

The estimated costs attributed to new growth were analyzed based on existing development versus future development patterns. From this analysis, a portion of future development costs were attributed to new growth and included in the 2014 IFFP in Appendix B. Table 5.1 summarizes these improvements. Table 5.2 applies a cost inflation component and calculates the amount attributable to detention vs. non-detention facilities. Capital projects related to curing existing deficiencies were not included in the calculation of the impact fees. The costs of projects related to curing existing deficiencies cannot be funded through impact fees.

TABLE 5.1: ILLUSTRATION OF CAPITAL IMPROVEMENTS SCHEDULED TO BE COMPLETED IN THE NEXT 10 YEARS

PROJECT ID	YEAR	PROJECT LOCATION	DETENTION %	NON-DETENTION %	EXISTING DEFICIENCIES	NEW DEVELOPMENT (IFFP HORIZON)	DEVELOPMENT BASE COST (PROJECT IMPROVEMENT)	BEYOND IFFP PROJECTS	TOTAL ESTIMATED COST
SD-01	2016	2600 S & Redwood-Skypark	76%	24%		205,722			205,722
SD-02	2015	1100W at Silver Eagle	0%	100%	122,047				122,047
SD-03	Beyond 2023	A-1/A-2 Drain Confluence	100%	0%				171,040	171,040
SD-04	2015	750 S & 950 W - Rail Station	0%	100%		127,101			127,101
	2021	750 S & 950 W - Rail Station	0%	100%		127,101			127,101
SD-05	2022	850 S & 1100 W	0%	100%		52,516	152,612		205,128
SD-06	2021	1450 W & 850 S - A-2 Drain	38%	62%		225,126			225,126
SD-07	2016	500 S & Redwood	0%	100%		32,842	71,747		104,588
	2018	500 S & Redwood	0%	100%		32,842	71,747		104,588
SD-08	2015	2100 S & 2100 W	0%	100%					-
SD-09	Beyond 2023	1900 S at Redwood	20%	80%				113,190	113,190
SD-10	Beyond 2023	Redwood & 2245 S	0%	100%				134,590	134,590
SD-11	Beyond 2023	Redwood & 1900 S	0%	100%				117,457	117,457
SD-12	2017	A-1 Drain & 900 S	18%	82%		296,753			296,753
	2019	A-1 Drain & 900 S	18%	82%		296,753			296,753
SD-13	2016	A-1 Drain & 400 S	18%	82%		137,115			137,115
SD-14	2021	A-1 Drain & 300 S	17%	83%		207,570			207,570
	Beyond 2023	A-1 Drain & 300 S	17%	83%				207,570	207,570
SD-15	2015	Redwood Extended	0%	100%		122,827			122,827
	2018	Redwood Extended	0%	100%		122,827			122,827
	2020	Redwood Extended	0%	100%		122,827			122,827
	Beyond 2023	Redwood Extended	0%	100%				122,827	122,827
SD-16	2017	A-1 Drain Restrictions	100%	0%	6,600	6,600			13,200
SD-17	2015	A-1 Drain Restrictions	100%	0%	6,600	6,600			13,200
SD-18	Beyond 2023	Easement Acquisition	18%	82%				44,880	44,880
Total					\$135,247	\$2,123,118	\$296,105	\$911,554	\$3,466,023

TABLE 5.2: ILLUSTRATION OF CAPITAL IMPROVEMENTS ATTRIBUTABLE TO DETENTION VS. NON-DETENTION

PROJECT ID	YEAR	PROJECT LOCATION	NEW DEVELOPMENT IFFP HORIZON	TOTAL NEW DEVELOPMENT IFFP HORIZON (WITH COST INFLATION)	NEW DEVELOPMENT IFFP HORIZON DETENTION	NEW DEVELOPMENT IFFP HORIZON NON-DETENTION
SD-01	2016	2600 S & Redwood-Skypark	205,722	218,250	165,870	52,380
SD-02	2015	1100W at Silver Eagle	-	-	-	-
SD-03	Beyond 2023	A-1/A-2 Drain Confluence			-	-
SD-04	2015	750 S & 950 W - Rail Station	127,101	130,914	-	130,914
	2021	750 S & 950 W - Rail Station	127,101	156,318	-	156,318
SD-05	2022	850 S & 1100 W	52,516	66,526	-	66,526
SD-06	2021	1450 W & 850 S - A-2 Drain	225,126	276,877	105,213	171,663
SD-07	2016	500 S & Redwood	32,842	34,842	-	34,842
	2018	500 S & Redwood	32,842	36,963	-	36,963
SD-08	2015	2100 S & 2100 W	-	-	-	-
SD-09	Beyond 2023	1900 S at Redwood			-	-
SD-10	Beyond 2023	Redwood & 2245 S			-	-
SD-11	Beyond 2023	Redwood & 1900 S			-	-
SD-12	2017	A-1 Drain & 900 S	296,753	324,269	58,369	265,901
	2019	A-1 Drain & 900 S	296,753	344,017	61,923	282,094
SD-13	2016	A-1 Drain & 400 S	137,115	145,465	26,184	119,282
SD-14	2021	A-1 Drain & 300 S	207,570	255,285	43,398	211,886
	Beyond 2023	A-1 Drain & 300 S			-	-
SD-15	2015	Redwood Extended	122,827	126,511	-	126,511
	2018	Redwood Extended	122,827	138,242	-	138,242
	2020	Redwood Extended	122,827	146,661	-	146,661
	Beyond 2023	Redwood Extended			-	-
SD-16	2017	A-1 Drain Restrictions	6,600	7,212	7,212	-
SD-17	2015	A-1 Drain Restrictions	6,600	6,798	6,798	-
SD-18	Beyond 2023	Easement Acquisition			-	-
Total			\$2,123,118	\$2,415,151	\$474,967	\$1,940,184

Total future project costs attributable to new growth within the next ten years equates to **\$2,415,151**. This assumes an annual cost inflation of three percent, which is the historic ENR Construction Index average annual growth rate from 2007 through 2013. Approximately **\$474,967** is related to detention facilities while **\$1,940,184** is related to non-detention facilities.

SYSTEM VS. PROJECT IMPROVEMENTS

System improvements are defined as existing and future public facilities designed to provide services to service areas within the community at large.⁶ 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.⁷ To the extent possible, this analysis only includes the costs of system improvements related to new growth within the proportionate share analysis.

⁶ 11-36a-102(21)

⁷ 11-36a-102(14)

FUNDING OF FUTURE FACILITIES

The IFFP must also include a consideration of all revenue sources, including impact fees and the dedication of system improvements, which may be used to finance system improvements.⁸ 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.⁹

In considering the funding of future facilities, the City has determined the portion of future projects that will be funded by impact fees as growth-related, system improvements. Other revenues such as utility rate revenues, property taxes, sales tax revenues, 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 capital project needs. Impact fee revenues are generally considered non-operating revenues and help offset future capital costs.

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 would ultimately include some property tax revenues. Inter-fund loans would be repaid once sufficient impact fee revenues have been collected. The City does not currently assess interest on money borrowed from the general fund; however, the City may adopt a policy to do so.

Grants, Donations and Other Contributions: Grants and donations are not expected as a future funding source. The impact fees should be adjusted if grant monies are received. New development may be entitled to a reimbursement for any grants or donations received by the City for growth related projects, or for developer funded IFFP projects. It is anticipated that future project improvements will be funded by the developer. These costs have been removed from the calculation of the impact fee.

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 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. However, financing costs are not included in this analysis as a means to fund future projects.

PROPOSED CREDITS OWED TO DEVELOPMENT

The Impact Fees Act requires a local political subdivision or private entity to ensure that the impact fee enactment allows a developer, including a school district or a charter school, to receive a credit against or proportionate reimbursement of an impact fee if the developer: (a) dedicates land for a system improvement; (b) builds and dedicates some or all of a system improvement; or (c) dedicates a public facility that the local political subdivision or private entity and the developer agree will reduce the need for a system improvement.¹⁰

The facilities must be considered system improvements or be dedicated to the public, and offset the need for an improvement identified in the IFFP.

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

⁸ 11-36a-302(2)

⁹ 11-36a-302(3)

¹⁰ 11-36a-402(2)



revenues will 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.

DRAFT

SECTION 6: STORM DRAIN IMPACT FEE CALCULATION

The calculation of impact fees relies upon the information contained in this analysis. Impact fees are calculated based on many variables centered on proportionality and level of service. The City currently provides storm drain services to its residents and businesses. As a result of new growth, the storm drain system is in need of expansion to perpetuate the level of service that the City has historically maintained. The Woods Cross City Storm Water Impact Fee Facilities Plan 2014, along with information from the City, provides the information utilized in the analysis for the purposes of calculating impact fees.

PROPOSED STORM DRAIN IMPACT FEE PLAN BASED (FEE BASED ON DEFINED CIP)

Impact fees can be calculated based on a defined set of costs specified for future development. The improvements are identified in a capital plan 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 level of service and determine any excess capacity in existing facilities that could serve new growth. Impact fees are then calculated based on many variables centered on proportionality share and level of service.

STORM DRAIN IMPACT FEE CALCULATION

The storm drain impact fees proposed in this analysis will be assessed within all areas of the City. The proportionate share analysis determines the proportionate cost assignable to new development based on the proposed capital projects and the acres served by the proposed projects. The tables below illustrate the appropriate base fee and detention fee associated with storm drain projects occurring within the next ten years. If a new development will be served by regional detention facilities, the developer would pay the base fee plus the detention fee. If a new development will not be served by regional detention facilities, the developer would pay solely the base fee.

TABLE 6.1: BASE IMPACT FEE PER ACRE

STORM DRAIN BASE FEE	GROWTH RELATED COSTS WITHIN IFFP HORIZON	GROWTH IN DEVELOPED ACRES WITHIN IFFP HORIZON	FEE PER ACRE
Existing Capacity	\$151,505	440	\$345
Future Base Storm Drain Projects	\$1,940,184	440	\$4,414
Professional Expenses	\$3,788	440	\$9
(Less Impact Fee Fund Balance) ¹¹	(\$330,966)	440	(\$753)
Total	\$1,764,510		\$4,014

A total of \$151,505 is identified as the buy-in for existing capacity within the existing system. Approximately \$1,940,184 is identified as the future growth related capital cost for non-detention improvements to maintain the level of service for new development activity. The professional expense includes the current cost to update the IFFP and IFA. All of these costs are apportioned based on the acres anticipated to be served within the next ten years. The total base fee per acre is estimated at **\$4,014**.

TABLE 6.2: DETENTION IMPACT FEE PER ACRE

STORM DRAIN BASE FEE	GROWTH RELATED COSTS WITHIN IFFP HORIZON	GROWTH IN DEVELOPED ACRES WITHIN IFFP HORIZON (USING REGIONAL DETENTION) ¹²	FEE PER ACRE
Future Detention Storm Drain Projects	\$474,967	150	\$3,167
Total	\$474,967		\$3,167

A total of \$474,967 is identified as the future growth related capital cost for regional detention improvements to maintain the level of service for new development activity. This cost is apportioned based on the acres anticipated

¹¹ The impact fee fund balance is as of September 30, 2014. According to the City, the existing fund balance will be spent on projects listed in the IFFP.

¹² The City estimates that 150 acres of residential development within the IFFP horizon will be served by regional detention facilities. Thus future detention projects are spread over 150 acres.

to be served by regional detention facilities within the next ten years. The total fee per acre for those served by detention facilities is estimates at **\$3,167**.

TABLE 6.3: IMPACT FEE CONVERSION AND CHANGE

IMPACT FEE CONVERSION	IMPACT FEE	EXISTING FEE	CHANGE
COMMERCIAL & MULTI-FAMILY RESIDENTIAL		COST PER ACRE	
Base Fee	\$4,014		
Detention Fee	\$3,167		
Combined Base & Detention Fee	\$7,181	\$9,938	-28%
SINGLE-FAMILY RESIDENTIAL		COST PER DWELLING UNIT	
<i>Typical Single Family Acreage</i>	0.25		
Base Fee	\$1,003		
Detention Fee	\$792		
Combined Base & Detention Fee	\$1,795	\$1,087	65%

NON-STANDARD STORM DRAIN IMPACT FEES

The City reserves the right under the Impact Fees Act¹³ to assess an adjusted fee that more closely matches the true impact that the land use will have upon the City’s storm drain 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.

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 within 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.

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 three percent annual construction inflation adjustment is applied to projects completed after 2014 (the base year cost estimate).

¹³ 11-36a-402(1)(c)