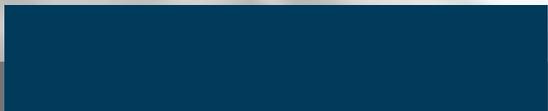




PREPARED FOR:



PREPARED BY:



NORTH SALT LAKE CITY

MAY 2023

IMPACT FEE ANALYSIS (WATER)

NORTH SALT LAKE CITY IMPACT FEE ANALYSIS (WATER)

May 2023

Prepared for:



Prepared by:



NORTH SALT LAKE WATER IMPACT FEE ANALYSIS (IFA) SUMMARY

INTRODUCTION

The purpose of the Impact Fee Analysis (IFA) is to calculate the allowable impact fees that may be assessed by the City to new development in accordance with Utah Code.

WHY ASSESS AN IMPACT FEE?

Until new development utilizes the full capacity of existing facilities, the City can assess an impact fee to recover its cost of excess capacity available to serve future development. The general impact fee methodology divides the available capacity of existing and future capital facility projects between existing and future users. Capacity is measured in terms of Equivalent Residential Connections, or ERCs, which represents the demand that a typical single family residence places on the system.

HOW ARE IMPACT FEES CALCULATED?

A fair impact fee is calculated by dividing the cost of excess capacity in existing and future facilities by the amount of new growth (expressed as the number of ERCs) that will benefit from the excess capacity. Only the capacity that is needed to serve the projected growth within the next ten years is included in the impact fee calculation. Costs used in the calculation of impact fees include:

- New facilities required to maintain (but not exceed) the proposed level of service identified in the IFFP; only those expected to be built within ten years are considered in the final impact fee calculations.
- Historic costs of existing facilities that will serve new development.
- Cost of professional services for engineering, planning, and preparation of the impact fee facilities plan and impact fee analysis.

Costs not used in the impact fee calculation

- Operational and maintenance costs
- Cost of facilities constructed beyond 10 years
- Cost associated with excess capacity not expected to be used within 10 years
- Cost of facilities funded by grants, developer contributions, or other funds which the City is not required to repay
- Cost of renovating or reconstructing facilities which do not provide new capacity or needed enhancement of services to serve future development

IMPACT FEE CALCULATION

Impact fees for this analysis were calculated by dividing the proportional cost of facilities required to service 10-year growth by the amount of growth (in ERCs), expected over the next 10 years. This is done for each of the major water system components identified in the Impact Fee Facilities

Plan (IFFP). Calculated impact fees by component are summarized in Table ES-1.

**Table ES-1
Water Impact Fee Calculation per ERC**

System Components	Total Cost of Component	% Serving 10-year Growth	Cost Serving 10-year Growth	10-year ERUs Served	Cost Per ERU
Production					
Existing Facilities	\$4,556,151	6.05%	\$275,746	787	\$350.50
Existing Facility Interest Costs Outstanding	\$0	6.05%	\$0	787	\$0.00
10-year Projects	\$5,915,000	6.05%	\$357,986	787	\$455.03
10-Year Project Interest Costs	\$309,525	6.05%	\$18,733	787	\$23.81
Subtotal	\$10,780,675		\$652,465		\$829.34
Storage					
Existing Facilities	\$6,638,289	15.47%	\$1,027,087	787	\$1,305.52
Existing Facility Interest Costs Outstanding	\$0	15.47%	\$0	787	\$0.00
10-year Projects	\$0	0.00%	\$0	787	\$0.00
10-Year Project Interest Costs	\$0	0.00%	\$0	787	\$0.00
Subtotal	\$6,638,289		\$1,027,087		\$1,305.52
Conveyance					
Existing Facilities	\$16,060,900	6.89%	\$1,106,979	787	\$1,407.07
Existing Facility Interest Costs Outstanding	\$2,069,463	27.39%	\$566,852	787	\$720.52
10-year Projects	\$2,141,000	60.66%	\$1,298,756	787	\$1,650.84
10-Year Project Interest Costs	\$0	60.66%	\$0	787	\$0.00
Subtotal	\$20,271,363		\$2,972,587		\$3,778.43
Administrative & Service					
Admin & Service Facilities	\$562,905	6.05%	\$34,068	787	\$43.30
Planning and Impact Fee Studies	\$132,695	73.00%	\$96,867	393	\$246.25
Subtotal	\$67,350,953		\$8,142,404		\$289.56
Total	\$98,400,554		\$11,934,984		\$5,724.01

The total water impact fee per ERC can be calculated by adding up the fee for each type of system component. This is separate from any additional charges levied by the City for hookup costs or for other reasonable permit and application fees.

RECOMMENDED IMPACT FEE

The total calculated impact fee is summarized in Table ES-2. This table considers the impact fee and includes appropriate user fee credits and corresponding overall fee. As discussed previously, the calculated user fee credit associated with the impact fees will decrease over time. As a result, the allowable impact fee will increase over time as shown in the table.

**Table ES-2
Recommended Water Impact Fee, per ERC**

	2023	2024	2025	2026	2027
Base Impact Fee	\$5,724.01	\$5,724.01	\$5,724.01	\$5,724.01	\$5,724.01
User Fee Credit	(\$60.16)	(\$56.32)	(\$52.64)	(\$47.05)	(\$41.66)
Total Overall Fee	\$5,663.85	\$5,667.70	\$5,671.37	\$5,676.96	\$5,682.35

The recommended impact fee by meter size is summarized in Table ES-3.

**Table ES-3
Recommended Impact Fee, By Meter Size**

Size of Meter (inch)	AWWA Capacity Ratios	Maximum Allowable Impact Fee (By year)				
		2023	2024	2025	2026	2027
3/4 and smaller	1.00	\$5,664	\$5,668	\$5,671	\$5,677	\$5,682
1	1.67	\$9,440	\$9,446	\$9,452	\$9,462	\$9,471
1.5	3.33	\$18,880	\$18,892	\$18,905	\$18,923	\$18,941
2	5.33	\$30,207	\$30,228	\$30,247	\$30,277	\$30,306
3	11.67	\$66,078	\$66,123	\$66,166	\$66,231	\$66,294
4	20.00	\$113,277	\$113,354	\$113,427	\$113,539	\$113,647
6	41.67	\$235,994	\$236,154	\$236,307	\$236,540	\$236,765
8	60.00	\$339,831	\$340,062	\$340,282	\$340,618	\$340,941
10	96.67	\$547,506	\$547,877	\$548,233	\$548,773	\$549,294

IMPACT FEE ANALYSIS (WATER)

INTRODUCTION

North Salt Lake (NSL) has retained Bowen Collins & Associates (BC&A) to prepare an impact fee analysis (IFA) for its water system based on a recently completed impact fee facilities plan. An impact fee is a one-time fee, not a tax, imposed upon new development activity as a condition of development approval to mitigate the impact of the new development on public infrastructure. The purpose of an IFA is to calculate the allowable impact fee that may be assessed to new development in accordance with Utah Code.

Requirements for the preparation of an IFA are outlined in Title 11, Chapter 36a of the Utah Code (the Impact Fees Act). Under these requirements, an IFA shall accomplish the following for each facility:

1. Identify the impact of anticipated development activity on existing capacity
2. Identify the impact of anticipated development activity on system improvements required to maintain the established level of service
3. Demonstrate how the impacts are reasonably related to anticipated development activity
4. Estimate the proportionate share of:
 - a. Costs of existing capacity that will be recouped
 - b. Costs of impacts on system improvements that are reasonably related to the new development activity
5. Identify how the impact fee was calculated
6. Consider the following additional issues
 - a. Manner of financing improvements
 - b. Dedication of system improvements
 - c. Extraordinary costs in servicing newly developed properties
 - d. Time-price differential

The following sections of this report have been organized to address each of these requirements.

IMPACT ON SYSTEM - 11-36a-304(a)(b)

Growth within the City’s service area, and projections of water demand resulting from said growth is discussed in detail in the City’s Water Master Plan and Impact Fee Facilities Plan (IFFP). For the purposes of impact fee calculation, growth in the system has been expressed in terms of equivalent residential connections (ERCs). An ERC represents the demand that a typical single family residence places on the system. Growth in ERCs projected for the service area is summarized in Table 1.

**Table 1
Service Area ERC Projections**

Year	Total ERCs	Percent Growth
2020	10,635	
2022	10,730	0.44%
2025	10,976	0.76%
2030	11,363	0.69%
2032	11,517	0.68%
2035	11,754	0.68%
2040	12,222	0.78%
2045	12,466	0.40%
2050	12,630	0.26%
2055	12,763	0.21%
2060	12,881	0.18%
2065	12,999	0.18%
10-Year Growth	787	0.71%

To maintain the established level of service, projected future growth will be met through a combination of available excess capacity in existing facilities and construction of additional capacity in new facilities. Use of excess capacity and required system improvements are detailed in the IFFP.

RELATION OF IMPACTS TO ANTICIPATED DEVELOPMENT - 11-36a-304(1)(c)

To satisfy the requirements of state law, it is necessary to show that all impacts identified in the impact fee analysis are reasonably related to the anticipated development activity. This has been documented in detail in the Impact Fee Facilities Plan. In short, only that capacity directly associated with demand placed upon existing system facilities by future development has been identified as an impact of the development. The steps completed to identify the impacts of anticipated development are as follows.

1. **Existing Demand** – The demand existing development places on the system was estimated based on historic demand records.
2. **Existing Capacity** – The capacities of existing facilities were calculated based on the level of service criteria established for each type of facility in the Impact Fee Facilities Plan.
3. **Existing Deficiencies** – Existing deficiencies in the system were looked for by comparing defined levels of service against calculated capacities. Where existing deficiencies existed, projects were identified to eliminate the deficiencies. Costs associated with existing deficiencies were not assigned to impacts of development.
4. **Future Demand** - The demand future development will place on the system was estimated based on development projections as discussed in the Impact Fee Facilities Plan.
5. **Future Demand Use of Existing Capacity** – Whenever possible, excess capacity in existing facilities has been used to serve future demands. Where this occurs, the amount of capacity used by future growth has been calculated as described in detail in the Impact Fee Facilities Plan.
6. **Future Deficiencies** – Where excess capacity is inadequate to meet projected demands, future deficiencies in the system were identified using the same established level of service criteria used for existing demands.
7. **Recommended Improvements** – Needed system improvements were identified to meet demands associated with future development.

PROPORTIONATE SHARE ANALYSIS - 11-36a-304(d)

A comprehensive proportionate share analysis associated with anticipated future development and its impact on the system was completed as part of the Impact Fee Facilities Plan. A summary of that analysis is contained here with additional discussion of the costs of facilities impacted by growth.

Excess Capacity to Accommodate Future Growth

Defining existing system capacity in terms of a single number is difficult. To improve the accuracy of the analysis, the system has been divided into four different components (Production Capacity, Storage, Conveyance, and Administrative & Shop buildings). As part of the Impact Fee Facilities Plan, the capacity used by each type of user was analyzed in detail. Based on the analysis, the calculated percentage of existing capacity in system facilities used by existing users, growth during the 10-year planning window, and growth beyond the 10-year planning window is summarized in Table 2.

**Table 2
Use of Existing Capacity**

	Production	Storage	Conveyance*	Administrative & Service
Existing	82.5%	73.3%	78.6%	82.5%
10-year Growth	6.1%	15.5%	6.9%	6.1%
Growth Beyond 10 Years	11.4%	11.2%	14.5%	11.4%
Total	100%	100%	100%	100%

*Based on weighted average for all areas and Deer Hollow service area

Existing System Infrastructure Costs

To calculate the actual cost of excess capacity in the existing system, BC&A first looked at the actual cost of all existing facilities. Table 3 lists the actual construction costs of existing components of the City’s water system. These costs were obtained from a fixed asset detailed report for the City through fiscal year ending 2021. Costs exclude assets contributed by other entities (e.g. developers). Detailed costs for the facilities included in the table are contained in the appendix to this report. In this study, public facility costs already incurred by the City will be included in the impact fee only to the extent that new growth will be served by the previously constructed improvements.

**Table 3
Existing Infrastructure Costs**

	Production	Storage	Conveyance	Administrative & Service
Existing Infrastructure Costs	\$4,556,151	\$16,060,900	\$6,638,289	\$562,905

Reimbursement Agreements

There are no current reimbursement agreements existing within the system.

Future Improvements

In addition to using available existing capacity, demand associated with projected future development will be met through the construction of additional capacity in new facilities. A primary focus of the Impact Fee Facilities Plan was the identification of projects required to serve new development. The results of the Impact Fee Facilities Plan are summarized in Table 4. Included in the table are the costs of each required project and the portion of costs associated with development.

**Table 4
Impact Fee Eligible Capital Projects**

Description	District Construction / Purchase Cost	Percent Attributable to 10-Year Growth	Cost Attributable to 10-Year Growth
New Well / Honey Well - Replacement & Repair Designs	\$55,000	6.1%	\$3,329
Honey Well Building Repair	\$328,000	6.1%	\$19,851
New Well Replacement - Well Drilling	\$1,126,000	6.1%	\$68,147
New Well Replacement - Equipping and Backup Power	\$2,438,000	6.1%	\$147,552
Hughes Well - Equipping	\$1,710,000	6.1%	\$103,492
W1 - WBWCD Orchard Bypass to Zone 3	\$258,000	6.1%	\$15,615
<i>Subtotal - Production</i>	<i>\$5,915,000</i>		<i>\$357,986</i>
Sec Water - Mtn View, Skyview, Wildflower, Segoe Lily	\$562,000	60.7%	\$340,916
Secondary Water - Elk Hollow, Rosewood, Elk Hol Cir.	\$921,000	60.7%	\$558,689
Sec Water - Woodcrest, Tanglewood N, Sunflower Cir	\$658,000	60.7%	\$399,150
<i>Subtotal - Conveyance</i>	<i>\$2,141,000</i>		<i>\$1,298,756</i>
Total	\$8,056,000		\$1,656,742

All cost estimates contained in this IFA have been taken directly from the IFFP. The basis of these estimates are documented in the IFFP and City Water Master Plan.

IMPACT FEE CALCULATION - 11-36a-304(1)(e)

Using the information contained in the previous sections, impact fees can be calculated by dividing the proportional cost of facilities required to service 10-year growth by the amount of growth expected over the next 10-years. This is done for each of the major system components identified previously. Calculated impact fees by component are summarized in Table 5.

**Table 5
Impact Fee Calculation per ERC**

System Components	Total Cost of Component	% Serving 10-year Growth	Cost Serving 10-year Growth	10-year ERUs Served	Cost Per ERU
Production					
Existing Facilities	\$4,556,151	6.05%	\$275,746	787	\$350.50
Existing Facility Interest Costs Outstanding	\$0	6.05%	\$0	787	\$0.00
10-year Projects	\$5,915,000	6.05%	\$357,986	787	\$455.03
10-Year Project Interest Costs	\$309,525	6.05%	\$18,733	787	\$23.81
Subtotal	\$10,780,675		\$652,465		\$829.34
Storage					
Existing Facilities	\$6,638,289	15.47%	\$1,027,087	787	\$1,305.52
Existing Facility Interest Costs Outstanding	\$0	15.47%	\$0	787	\$0.00
10-year Projects	\$0	0.00%	\$0	787	\$0.00
10-Year Project Interest Costs	\$0	0.00%	\$0	787	\$0.00
Subtotal	\$6,638,289		\$1,027,087		\$1,305.52
Conveyance					
Existing Facilities	\$16,060,900	6.89%	\$1,106,979	787	\$1,407.07
Existing Facility Interest Costs Outstanding	\$2,069,463	27.39%	\$566,852	787	\$720.52
10-year Projects	\$2,141,000	60.66%	\$1,298,756	787	\$1,650.84
10-Year Project Interest Costs	\$0	60.66%	\$0	787	\$0.00
Subtotal	\$20,271,363		\$2,972,587		\$3,778.43
Administrative & Service					
Admin & Service Facilities	\$562,905	6.05%	\$34,068	787	\$43.30
Planning and Impact Fee Studies	\$132,695	73.00%	\$96,867	393	\$246.25
Subtotal	\$67,350,953		\$8,142,404		\$289.56
Total	\$98,400,554		\$11,934,984		\$5,724.01

The total impact fee per ERC can be calculated by adding up the fee for each type of system component. This is separate from any additional charges levied by the City for hookup costs or for other reasonable permit and application fees.

Bonding Interest Costs

In addition to construction costs, Table 5 includes the cost of bond interest expense where applicable. This includes any interest costs on existing facilities where new growth will benefit from excess capacity and future interest costs for bonds required to build projects needed for growth as identified in the Impact Fee Facilities Plan. Similar to project construction costs, only that portion of interest expense associated with capacity for growth is included in the impact fee calculation.

Impact Fee Studies

Utah Code allows for the cost of planning and engineering associated with impact fee calculations to be recovered as part of an impact fee. This study includes the cost of this study and the portion attributable to future planning.

Credit for User Fees

Not all of the existing deficiencies identified in the plan can be paid for from existing cash reserves. The City has about \$3.6 million in cash reserves, but costs attributable to existing include approximately \$4 million of improvements over the next 10-years. It is anticipated the City will need to bond in 2025 to fund some of these improvements. As a result, the plan includes some assumed bonding toward projects that have at least a portion of their costs that benefit existing users. The City also has some outstanding debt service that has been used to pay for existing facilities with capacity benefiting existing users. In these situations, some user fees will be used to pay for a portion of the bonds over their lifetime.

For projects where this is the case, future users will pay for their portion of capacity via impact fees. They cannot also be expected to pay through user rates the portion of future bonds that will be used to build capacity or remedy deficiencies for existing users. This creates the need for a credit for future users. Calculation of this credit is summarized in Table 6. This table includes the following information:

- **Existing and Future Paid Through User Fees** – This represents the total amount paid each year by the City toward the portion of past or future bonds used to cure existing deficiencies or increase the level of service for existing users.
- **Cost Per ERC** – This column takes to the total amount paid and divides it by the number of ERCs projected for each year. This represents the amount paid in each year by each ERC.
- **Present Value Cost per ERC** – This column takes into account the time value of money assuming a rate of return of 3 percent annually.
- **Total User Fee Credit** – At the bottom of the table, the present value costs for all future years are added together to develop the total user fee credit.

It will be noted that, because the user fee credit is the summation of user fees paid toward existing deficiencies in each year, a new user who joins the system in five or ten years will pay less in total user fees than someone who joins the system next year. Thus, the user fee credit will decrease over time. The appropriate user fee can be calculated by adding the present value cost for all years subsequent to a new user’s connection to the system.

**Table 6
Credit for User Fees Paid Toward Existing**

Year	ERUs	Existing Costs Paid Through User Fees	Future Costs Paid Through User Fees	Cost Per ERU	Present Value Cost Per ERU
2023	11,025	\$43,623.49	\$0.00	\$3.96	\$3.84
2024	11,183	\$43,623.49	\$0.00	\$3.90	\$3.68
2025	10,976	\$43,623.49	\$23,427.01	\$6.11	\$5.59
2026	11,062	\$43,623.49	\$23,427.01	\$6.06	\$5.39
2027	11,142	\$43,623.49	\$23,427.01	\$6.02	\$5.19
2028	11,205	\$43,623.49	\$23,427.01	\$5.98	\$5.01
2029	11,280	\$43,623.49	\$23,427.01	\$5.94	\$4.83
2030	11,363	\$43,623.49	\$23,427.01	\$5.90	\$4.66
2031	11,444	\$0.00	\$23,427.01	\$2.05	\$1.57
2032	11,517	\$0.00	\$23,427.01	\$2.03	\$1.51
2033	11,603	\$0.00	\$23,427.01	\$2.02	\$1.46
2034	11,672	\$0.00	\$23,427.01	\$2.01	\$1.41
2035	11,754	\$0.00	\$23,427.01	\$1.99	\$1.36
2036	11,904	\$0.00	\$23,427.01	\$1.97	\$1.30
2037	11,976	\$0.00	\$23,427.01	\$1.96	\$1.26
2038	12,079	\$0.00	\$23,427.01	\$1.94	\$1.21
2039	12,146	\$0.00	\$23,427.01	\$1.93	\$1.17
2040	12,222	\$0.00	\$23,427.01	\$1.92	\$1.13
2041	12,293	\$0.00	\$23,427.01	\$1.91	\$1.09
2042	12,349	\$0.00	\$23,427.01	\$1.90	\$1.05
2043	12,377	\$0.00	\$23,427.01	\$1.89	\$1.02
2044	12,433	\$0.00	\$23,427.01	\$1.88	\$0.98
2045	12,466	\$0.00	\$23,427.01	\$1.88	\$0.95
2046	12,499	\$0.00	\$23,427.01	\$1.87	\$0.92
2047	12,531	\$0.00	\$23,427.01	\$1.87	\$0.89
2048	12,578	\$0.00	\$23,427.01	\$1.86	\$0.86
2049	12,604	\$0.00	\$23,427.01	\$1.86	\$0.84
Total		\$348,987.91	\$585,675.22		\$60.16

Recommended Impact Fee

The total calculated impact fee is summarized in Table 7. This table considers the impact fee and includes appropriate user fee credits and corresponding overall fee. As discussed previously, the calculated user fee credit associated with the impact fees will decrease over time. As a result, the allowable impact fee will increase over time as shown in the table. Impact fees beyond 2027 can be calculated by reducing the user fee credit for ¾-inch meters by the amount shown for each successive year in Table 6.

**Table 7
Maximum Allowable Impact Fee, per ERC**

	2023	2024	2025	2026	2027
Base Impact Fee	\$5,724.01	\$5,724.01	\$5,724.01	\$5,724.01	\$5,724.01
User Fee Credit	(\$60.16)	(\$56.32)	(\$52.64)	(\$47.05)	(\$41.66)
Total Overall Fee	\$5,663.85	\$5,667.70	\$5,671.37	\$5,676.96	\$5,682.35

The values in the table represent the maximum allowable impact fee by law. A lower amount may be adopted if desired, but is not recommended. Adopting the full fee maintains equity between existing and future users of the system.

Application to Residential Impact Fees

Impact fees as calculated above are based on an average ERC (Equivalent Residential Connection). This means that the City needs to consider what constitutes an ERC and what are the implications of different types of residential development. Specifically, outdoor irrigation can have a significant effect on the potential impact of various types of development. A method for calculating the relative impact of various types of residential connections is needed.

The percentage of the impact fee attributable to indoor demand can be comparing indoor demand (using an estimated indoor peaking factor for the City of 1.25) to total peak day demand. Table 8 summarizes the estimated indoor and outdoor impact fee for various size single family lot sizes.

Table 8
2022 Recommended Impact Fee, Indoor & Outdoor

Type of Unit	Indoor Water Impact Fee	Average Irrigated Area (acres)*	Outdoor Water Impact Fee	Total Water Impact Fee
Townhome	\$1,641	0.030	\$1,422	\$3,062
Single "ERC" <0.17 Acre	\$1,641	0.085	\$4,023	\$5,664
Single Family 0.17 to 0.24 Acre Lot	\$1,641	0.162	\$7,677	\$9,318
Single Family 0.25 to 0.49 Acre Lot	\$1,641	0.232	\$10,995	\$12,636
Single Family 0.5 to 0.74 Acre Lot	\$1,641	0.361	\$17,108	\$18,749

*Based on statistical analysis of parcels and billing data for NSL. Note that open space or irrigated areas associated with townhomes vary significantly and may need to be calculated for each development or as part of the homeowner's association irrigation connection.

Because some users in the City will have both culinary and secondary connections relative to water use, the impact fee should be calculated using estimated irrigated area for outdoor irrigation. This will be dependent on lot size. For lots 0.75 acres or larger, a custom impact fee should be calculated based on the irrigated area. As an example, a 1 acre lot with 0.5 acres (21,780 square feet) of irrigated area would have an impact fee calculated as follows.

$$\$1,641 + \$1,088 (\$/1,000 sf) \times \frac{21,780 sf}{1000} = \$25,607$$

Application to Non-Residential Impact Fees

Non-residential water use patterns can vary widely depending on the type and nature of the non-residential customer. Correspondingly, it is recommended that non-residential impact fees be assessed based on water meter size. Table 9 converts the overall impact fee to different meter sizes based on American Water Works Association (AWWA) meter capacity ratios. The AWWA ratios are based on the relative capacity increase of each meter. The values in table allow the City to charge impact fees based on potential use of capacity where the type of use cannot be used to easily assess expected use.

**Table 9
Recommended Impact Fee, By Meter Size**

Size of Meter (inch)	AWWA Capacity Ratios	Maximum Allowable Impact Fee (By year)				
		2023	2024	2025	2026	2027
3/4 and smaller	1.00	\$5,664	\$5,668	\$5,671	\$5,677	\$5,682
1	1.67	\$9,440	\$9,446	\$9,452	\$9,462	\$9,471
1.5	3.33	\$18,880	\$18,892	\$18,905	\$18,923	\$18,941
2	5.33	\$30,207	\$30,228	\$30,247	\$30,277	\$30,306
3	11.67	\$66,078	\$66,123	\$66,166	\$66,231	\$66,294
4	20.00	\$113,277	\$113,354	\$113,427	\$113,539	\$113,647
6	41.67	\$235,994	\$236,154	\$236,307	\$236,540	\$236,765
8	60.00	\$339,831	\$340,062	\$340,282	\$340,618	\$340,941
10	96.67	\$547,506	\$547,877	\$548,233	\$548,773	\$549,294

Calculation of Non-Standard Impact Fees

The calculations above have been based on an ERC. The Impact Fee Enactment should include a provision that allows for calculation of a fee for customers that fall outside the typical residential or non-residential connections discussed above. Consistent with the level of service standards established in the Impact Fee Facilities Plan, the following formula may be used to calculate an impact fee for a non-standard user based on the calculated daily total water use for an average ERC.

$$\frac{\text{Estimated Average Total Water Use}}{531 \text{ gallons per day}^1} \times \text{Impact Fee per ERC} = \text{Impact Fee}$$

¹ Based on average ERC water use of 0.594 acre-ft/yr.

ADDITIONAL CONSIDERATIONS - 11-36a-304(2)**MANNER OF FINANCING - 11-36a-304(2)(a-e)**

As part of this Impact Fee Analysis, it is important to consider how each facility has been or will be paid for. Potential infrastructure funding includes a combination of different revenue sources.

User Charges

Because infrastructure must generally be built ahead of growth, there often arises situations in which projects must be funded ahead of expected impact fee revenues. In some cases, the solution to this issue will be bonding. In others, funds from existing user rate revenue will be loaned to the impact fee fund to complete initial construction of the project and will be reimbursed later as impact fees are received. Interfund loans should be considered in subsequent accounting of impact fee expenditures.

Special Assessments

Where special assessments exist, the impact fee calculation must take into account funds contributed. No special assessments currently exist in North Salt Lake.

Pioneering Agreements

Pioneering agreements provide a method of reimbursing developers for financing construction of large system improvements that will continue to benefit the City or future users long after completion of a specific development. The City does not have any current pioneering agreements for system facilities.

Bonds

None of the costs contained in the IFFP included bonding. Where City financial plans identify bonding will be required to finance impact fee eligible improvements, the portion of bond cost and interest expense attributable to future growth has been added to the calculation of the impact fee.

General Taxes

If taxes are used to pay for infrastructure, they should be accounted for in the impact fee calculation. Specifically, any contribution made by property owners through taxes should be credited toward their available capacity in the system. In this case, no taxes are proposed for the construction of infrastructure.

Federal and State Grants and Donations

Impact fees cannot reimburse costs funded or expected to be funded through federal grants and other funds that the City has received for capital improvements without an obligation to repay.

Grants and donations are not currently contemplated in this analysis. If grants become available for constructing facilities, impact fees will need to be recalculated and an appropriate credit given. Any existing infrastructure funded through past grants has been removed from the system cost.

DEDICATION OF SYSTEM IMPROVEMENTS 11-36a-304(2)(f)

Developer exactions are not the same as grants. If a developer constructs a system improvement or dedicates land for a system improvement identified in this IFFP or dedicates a public facility that is recognized to reduce the need for a system improvement, the developer may be entitled to an appropriate credit against that particular developer's impact fee liability or a proportionate reimbursement.

If the value of the credit is less than the development's impact fee liability, the developer will owe the balance of the liability to the City. If the recognized value of the improvements/land dedicated is more than the development's impact fee liability, the City may be required to reimburse the difference to the developer.

It should be emphasized that the concept of impact fee credits pertains to system level improvements only. Developers will be responsible for the construction of project improvements (i.e. improvements not identified in the impact fee facilities plan) without credit against the impact fee.

Eaglewood Cove Development

The Eaglewood Cove development is constructing all of its own project level facilities. It is also constructing its own storage tanks for both culinary and secondary water. Thus, the development will be utilizing City sources, transmission, and administrative facilities but will not be using any of the city's existing storage facilities. Table 5 lists the portion of the impact fee that is used to purchase storage capacity within the City. If the Eaglewood Cove development constructs its own storage, the impact fee for properties in the development should be reduced by the storage component of the impact fee. This reduction can be proportionally applied to all subsequent tables for calculation of the impact fee for Eaglewood Cove indoor and outdoor costs.

EXTRAORDINARY COSTS - 11-36a-304(2)(g)

The Impact Fees Act indicates the analysis should include consideration of any extraordinary costs of servicing newly developed properties. In cases where one area of potential growth may cost significantly more to service than other growth, a separate service area may be warranted. No areas with extraordinary costs have been identified as part of this analysis.

TIME-PRICE DIFFERENTIAL - 11-36a-304(2)(h)

Utah Code allows consideration of time-price differential in order to create fairness for amounts paid at different times. To address time-price differential, this analysis includes construction inflation for future construction projects. Per the requirements of the Code, existing infrastructure cost is based on actual historical costs without adjustment.

IMPACT FEE CERTIFICATION - 11-36a-306(2)

This IFA has been prepared in accordance with Utah Code Title 11, Chapter 36a (the “Impact Fees Act”), which prescribes the laws pertaining to the imposition of impact fees in Utah. The accuracy of this IFFP relies in part upon planning, engineering, and other source data, provided by the City and its designees.

In accordance with Utah Code Annotated, 11-36a-306(2), Bowen Collins & Associates, makes the following certification:

I certify that the attached impact fee analysis:

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 of 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; and
3. Complies in each and every relevant respect with the Impact Fees Act.



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