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

PURSUANT TO 11-36A, UTAH CODE

WASTEWATER FACILITIES

MARCH 2023

TOOELE CITY, UTAH

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IMPACT FEE FACILITIES PLAN & ANALYSIS CERTIFICATION

IFFP CERTIFICATION

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,
3. complies in each and every relevant respect with the Impact Fees Act.

IFA CERTIFICATION

LYRB certifies 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 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;
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 the recommendations for implementations 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 portion of the IFFP or IFA are 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.

DEFINITIONS

The following acronyms or abbreviations may be used in this document:

AAGR: Average Annual Growth Rate

AF: Acre Foot

ERU: Equivalent Residential Units

GAL: Gallons

GPM: Gallons per Minute

GPD: Gallons per Day

IFA: Impact Fee Analysis

IFFP: Impact Fee Facilities Plan

LOS: Level of Service

LYRB: Lewis Young Robertson and Burningham, Inc.

MG: Million Gallons

SECTION 1: EXECUTIVE SUMMARY

The purpose of the Wastewater Impact Fee Facilities Plan ("IFFP") and Analysis ("IFA") is to fulfill the requirements established in Utah Code Title 11 Chapter 36a, the "Impact Fees Act", and assist Tooele City (the "City") in financing and constructing necessary capital improvements for future growth. This document will address the future wastewater infrastructure needed to serve the service area through the next ten years, as well as the appropriate impact fees the City may charge to new growth to maintain the existing level of service ("LOS"). This analysis was supported by the following documents:

- April 2009 Water Reclamation Facility Plan
- September 2022 Wastewater Collection System Master Plan
- November 2022 Memo updating the cost from the 2009 Water Reclamation Facility Plan
- November 2022 Memo Future Project List - Impact Fee Eligibilities

From these reports, along with information provided by the City, the impact fee facilities plan and analysis identified the following key elements:

- **Impact Fee Service Area:** The service area for wastewater impact fees includes all areas within the City.
- **Demand Analysis:** The demand units utilized in this analysis are based on typical usage patterns measured in peak and average gallons per day ("gpd") and equivalent residential units ("ERUs") generated from land-use types. As residential and commercial growth occurs within the City, additional ERUs will be generated. The wastewater capital improvements identified in this study are based on maintaining the existing LOS.
- **Level of Service:** The proposed LOS is based on the various system requirements for treatment and collection. **SECTION 3** of this report further explains the LOS.
- **Excess Capacity:** A buy-in component for treatment and collections is included in this analysis.
- **Capital Facilities Analysis:** Approximately $12.3M in new treatment and collection system improvement costs are included in the calculation of the impact fee. All these costs are considered system improvements necessary to maintain the proposed LOS and meet the anticipated development activity over that same period.
- **Funding of Future Facilities:** This analysis assumes future growth-related facilities will be funded on a pay-as-you-go basis, utilizing impact fee and utility fee revenues.

PROPOSED WASTEWATER IMPACT FEE

The IFFP must meet the legislative requirements found in the Impact Fee Act if it is to serve as a working document in the calculation of impact fees. The calculation of impact fees relies upon the information contained in this analysis. Impact fees are then calculated based on many variables centered on proportionality share and LOS. The table below illustrates the appropriate buy-in fee, the fee associated with projects occurring in the next ten years, and other costs related to the wastewater impact fee. The proportionate share analysis determines the proportionate cost assignable to new development based on the proposed capital projects and the estimated ERU demand served by the proposed projects.

TABLE 1.1: IMPACT FEE PER ERU

	TOTAL COST	% TO GROWTH	COST TO GROWTH	% TO IFFP GROWTH	COST TO IFFP GROWTH	DEMAND SERVED	COST PER ERU	% OF TOTAL
Buy-In								
Treatment	$27,009,507	22%	$5,905,629	94%	$5,559,907	4,117	$1,350	28.53%
Collection	$11,158,121	41%	$4,596,665	41%	$1,875,939	4,117	$456	9.64%
Subtotal: Buy-In	**$38,167,628**				**$7,435,846**		**$1,806**	**38.17%**
Future Facilities								
Treatment	$52,235,000	95.78%	$50,032,552	16%	$7,789,940	4,117	$1,892	39.99%
Collection	$10,211,620	44.00%	$4,492,959	100%	$4,492,959	4,117	$1,091	23.06%
Impact Fee Interest Credit	($250,000)	100.00%	($250,000)	100%	($250,000)	4,117	($61)	-1.29%
Professional Expense	$11,626	100.00%	$11,626	100%	$11,626	4,117	$3	0.06%
Subtotal: Future Facilities	**$62,208,246**				**$12,044,525**		**$2,925**	**61.83%**
Total	**$100,375,874**				**$19,480,371**		**$4,731**	**100.00%**
						Treatment Total	**$3,203**	**67.70%**
						Collection Total	**$1,528**	**32.30%**

NON-STANDARD WASTEWATER IMPACT FEES

The City reserves the right under the Impact Fees Act[1] to assess an adjusted fee that more closely matches the true impact that the land use will have upon the City's wastewater system. The adjustment for non-standard wastewater impact fees 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. A developer may submit studies and data for a particular development and request an adjustment. The impact fee for non-standard development would be determined based on LOS variables presented in this report, calculated on a case-by-case basis.

FORMULA FOR NON-STANDARD WASTEWATER IMPACT FEES:

Treatment: (Total Average Daily Demand (GPD) / 170 (GPD)) * Treatment Impact Fee/ERU ($3,203) = Treatment Fee
Collection: (Total Peak Daily Demand (GPD) / 230 (GPD)) * Collection Impact Fee/ERU ($1,528) = Collection Fee

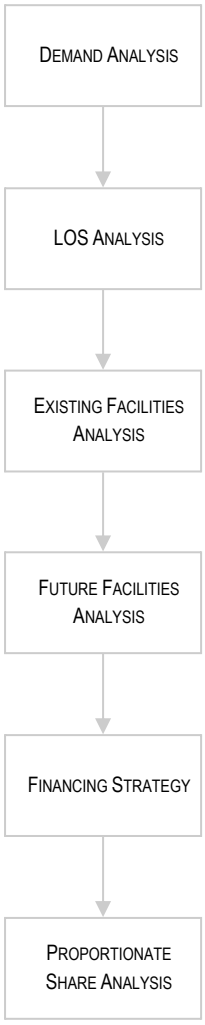
Treatment Fee + Collection Fee = Total Impact Fee

For purposes of impact fees, an ERU is defined as 170 GPD average demand for treatment and 230 GPD peak demand for collection.

[1] UC 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 IFA[2]. The sections of this report identify the demands placed upon the City's existing facilities by future development and evaluate how these demands will be met by the City, as well as the future improvements required to maintain the existing LOS. The purpose is 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. The following elements are important considerations when completing an IFA.

DEMAND ANALYSIS

The demand analysis serves as the foundation for this analysis. 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 LOS. Through the inventory of existing facilities, combined with population growth assumptions, this analysis identifies the LOS which is provided to a community's existing residents and ensures that future facilities maintain these standards.

EXISTING FACILITY INVENTORY

In order to quantify the demands placed upon existing public facilities by new development activity, the IFFP provides an inventory of the City's existing system improvements. The inventory does not include project improvements. 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. Any excess capacity identified within existing facilities can be apportioned to future 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 LOS. 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, debt issuance, alternative funding sources, and the dedication (aka donations) of system improvements, which may be used to finance system improvements.[3] 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.[4]

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).

[2] UC 11-36a-301,302,303,304
[3] UC 11-36a-302(2)
[4] UC 11-36a-302(3)

SYSTEM VS. PROJECT IMPROVEMENTS

System improvements are defined as existing and future public facilities designed and 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] References to facilities, amenities, projects, etc. within this analysis are referring to System Improvements unless otherwise stated.

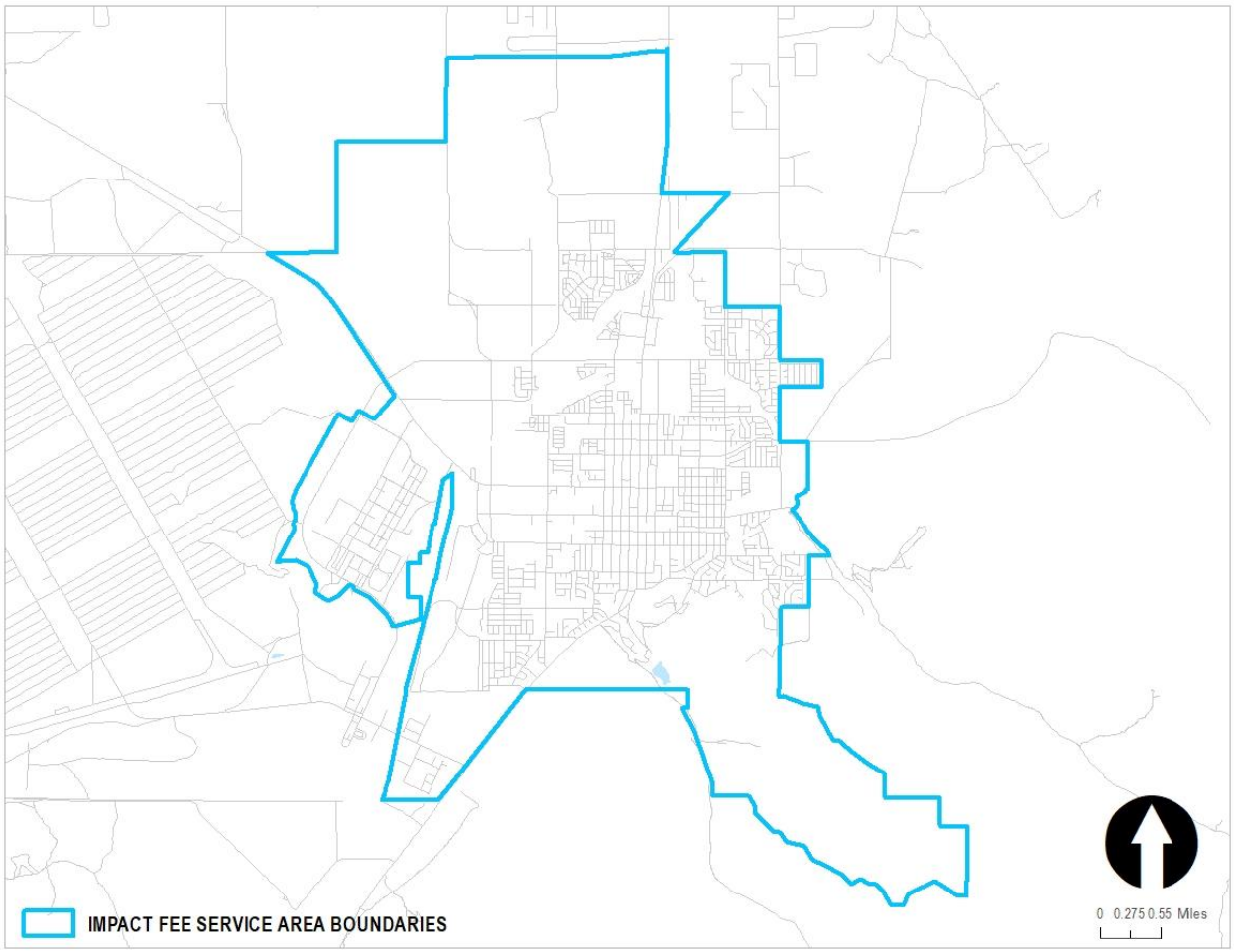
[5] UC 11-36a-102(20)
[6] UC 11-36a102(13)

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.[7] The impact fees identified in this document will be assessed to a single, city-wide service area.

FIGURE 3.1: WASTEWATER SERVICE AREA



It is anticipated that the growth projected over the next ten years, and through buildout, will impact the City's existing services. wastewater infrastructure will need to be expanded in order to maintain the existing level of service ("LOS"). Impact fees are a logical and sound mechanism for funding growth-related infrastructure. The 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.

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

DEMAND UNITS

As shown in **TABLE 3.1**, the growth in ERUs is expected to reach 18,517 units by 2030. This represents an increase of 4,117 ERUs.

TABLE 3.1: CITY-WIDE ERU PROJECTIONS

YEAR	PROJECTED ERUS
2020	14,400
2030	18,517
2060	24,488
IFFP Increase	**4,117**

Source: Tooele City Wastewater Collection Master Plan 2022 Appendix B

LEVEL OF SERVICE STANDARDS

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

The treatment LOS is determined based on average flow generation expressed in gpd. In addition, the Master Plan considered a peaking factor of 1.54 for wastewater. The total system capacity will be considered for each component, compared to the requirements needed to maintain the identified performance standard for existing development. If the existing system capacity is less than the performance standard, it represents a deficiency. If it is greater than the performance standard, it may indicate excess capacity. The Master Plan also considers infiltration and inflow impacts when determining facility sizing.

TABLE 3.2: MASTER PLAN LOS VARIABLES

TREATMENT PLANT	1/1/2019
Gallons (1 Month)	74,899,594
GPD	2,416,116
ERUs	14,400
GPD per ERU	167.79
Hydraulic Loading (GPD/ERU)	170.00
Treatment LOS (GPD/ERU)	**170.00**
Collection (Peak) LOS	**230.00**

Source: Tooele Wastewater Collection System Master Plan, p. 4-1 and 4-2

SECTION 4: EXISTING FACILITIES & EXCESS CAPACITY

EXISTING FACILITIES

The City's existing system is defined by the capacity variables found in **TABLE 4.1**.

TABLE 4.1: SUMMARY OF EXISTING FACILITIES

COMPONENT	CAPACITY	UNIT	EXISTING VALUE*	SOURCE
Treatment	3.40	MGD	$27,009,507	*Tooele City Wastewater Master Plan 2022, p. 2-1, LYRB*
Collection	The existing Tooele City wastewater collection system consists of nearly 175 miles of pipeline and over 3,300 manholes. The pipe sizes range from 6-inch diameter to 30-inch diameter pipe.		$11,158,121	*Tooele City Wastewater Master Plan 2022, p. 2-1, LYRB*

*Based on Original Value Found in City's Depreciation Schedule, including any interest related to debt service.

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 wastewater system.

TREATMENT

The City's current treatment capacity is 3.4 MGD. Existing development requires 2.66 MGD, leaving 0.74 MGD of excess capacity (or 21.9 percent of the total system). The excess capacity can serve another 4,373 ERUs.

The treatment buy-in component is calculated using the original cost of existing assets as presented in the City's financial records. The total value of existing treatment facilities is estimated at $27,009,507, with $5,905,629 allocated to buy-in as shown in **TABLE 4.2** and **4.4**.

TABLE 4.2: CALCULATION OF EXCESS TREATMENT CAPACITY

Design Capacity (MGD)	3.40
Total Existing Demand (MGD)	2.66
Excess/(Deficiency) (MGD)	0.74
Excess/(Deficiency) as % of Total Reliable Capacity	21.9%
Total ERUs Served by Excess Capacity	4,373
Total Value of Treatment System	$27,009,507
Excess Capacity Value	$5,905,629
IFFP Demand	4,117
IFFP Demand as % of New Growth	94%
Value to IFFP Demand	**$5,559,907**

TABLE 4.3: CALCULATION OF EXCESS COLLECTION CAPACITY

Collection System Value	$21,119,827
Eligible System Improvements	$11,158,121
Total ERUs Served	24,488
New Growth Through Buildout	10,088
Growth as % of Buildout	41%
Cost to Growth	$4,596,665
IFFP Demand	4,117
IFFP Demand as % of New Growth	41%
Value to IFFP Demand	**$1,875,939**

TABLE 4.4: VALUATION OF EXISTING TREATMENT FACILITIES

Original Value	**$21,587,709**
Interest Paid on Treatment Plant	
Series 1997B	$2,776,448
Series 2010 (Taxable)	$497,818
Series 2011 Refunding	$2,147,532
Total Interest	**$5,421,797**
Total Treatment Value	**$27,009,507**

COLLECTION SYSTEM

The collection system is evaluated based on providing benefit to development through buildout. The total ERUs served from the collection system is 24,488. New growth through buildout represents 41 percent of the total demand, with the IFFP demand a fraction of the new development through buildout. **TABLE 4.3** illustrates the calculation of the collection system buy-in.

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, the issuance of debt, and grant monies. This analysis has removed all funding that has come from federal grants and donations to ensure that none of those infrastructure items are included in the LOS.

SECTION 5: CAPITAL FACILITY ANALYSIS

The estimated costs attributed to new growth were analyzed based on existing development versus future development patterns, as well as through an analysis of flow data. From this analysis, a portion of future infrastructure costs were attributed to new growth and included in this impact fee analysis as shown in **TABLE 5.1 AND 5.2.** The costs of capital projects related to curing existing deficiencies cannot be funded through impact fees and were not included in the calculation of the impact fees. A four percent annual construction inflation adjustment is applied to projects completed after 2022 (the base year cost estimate).

TABLE 5.1: ILLUSTRATION OF WASTEWATER COLLECTION SYSTEM CAPITAL IMPROVEMENTS

PROJECT ID	DESCRIPTION	COST[1]	YEAR	CONSTRUCTION YEAR COST	GROWTH RELATED	GROWTH RELATED COST	% IFFP ELIGIBLE	COST TO IFFP
E-1	Remove and upgrade existing 8" gravity line to 200 ft of 10" gravity line.	$120,000	2024	$129,792	41%	$53,469	100%	$53,469
E-2	Remove and upgrade existing 12" gravity line to 2,100 ft of 15" gravity line.	$1,260,000	2025	$1,417,329	41%	$583,878	100%	$583,878
E-3	Remove and upgrade existing 12" gravity line to 2,550 ft of 15" gravity line.	$1,520,000	2026	$1,778,185	41%	$732,536	100%	$732,536
E-4	Remove and upgrade existing 18" and 21" gravity line to 6,500 ft of 24" gravity line. Contains 36" bore for 115 ft under railroad tracks.	$5,260,000	2027	$6,399,594	41%	$2,636,357	100%	$2,636,357
F-1	Remove and upgrade existing 30" gravity line to 160 ft of 36" gravity line.	$450,000	2024	$486,720	100%	$486,720	100%	$486,720
Total		**$8,610,000**		**$10,211,620**		**$4,492,959**		**$4,492,959**

[1]All costs include 25% for engineering, administrative costs, and contingencies. Costs are shown in 2022 dollars.
Source: Tooele Wastewater Collection System Master Plan, p. 8-2 and 8-3
Notes: These projects have capacity to serve existing demand and demand through 2060

The City has identified additional treatment improvements that will be needed to maintain the total capacity of the facility and provide necessary system redundancy. The total growth-related cost is estimated at $12.6M. Based on the total capacity added by the proposed improvements, the fee per GPD is $11.13 or a cost of $1,892 per ERU.

TABLE 5.2: ILLUSTRATION OF WASTEWATER TREATMENT SYSTEM CAPITAL IMPROVEMENTS

PROJECT DESCRIPTION	COST	ADDITIONAL CAPACITY (MGD)	YEAR	CONSTRUCTION YEAR COST	GROWTH RELATED	GROWTH RELATED COST	% IN IFFP PLANNING HORIZON	IFFP COSTS	$/GPD
Biosolids Drying Process + Dewatering Equipment	$10,513,000	1.40	2024	$11,370,861	41%	$4,662,053	100%	$4,662,053	$8.12
Waste Solids Holding/Digestion + Thickener Replacement	$2,289,000	1.40	2025	$2,574,814	41%	$1,055,674	100%	$1,055,674	$1.84
Tertiary Filter Retrofit	$1,763,000	6.70	2023	$1,833,520	77%	$1,411,810	100%	$1,411,810	$0.27
New Headworks Building and Equipment	$7,318,000	8.50	2023	$7,610,720	72%	$5,479,718	100%	$5,479,718	$0.90
Oxidation Ditch (1.7 MGD basis)	$19,600,000	1.70	2028	$24,800,253	100%	$24,800,253	0%	$0	$0.00
Aeration Support Facilities	$2,126,000	1.70	2025	$2,391,461	100%	$2,391,461	0%	$0	$0.00
Clarifiers 4 and 5, Piping, and Splitter Structure	$5,626,000	1.70	2026	$6,581,624	100%	$6,581,624	0%	$0	$0.00
New RAS/WAS Pumping Facilities	$3,000,000	1.70	2027	$3,649,959	100%	$3,649,959	0%	$0	$0.00
Total Estimated Project Costs	**$52,235,000**	**24.80**		**$60,813,211**		**$50,032,552**		**$12,609,255**	**$11.13**
								LOS (GPD/ERU)	**170.00**
								Cost per ERU	**$1,892.14**

Source: Memo Future Project List - Impact Fee Eligibilities, Table 1

The IFFP has determined the projects included in this analysis using capital project and engineering data, planning analysis and other information. 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.[8] Project improvements are improvements and facilities that are planned and designed to provide service for a specific development and considered necessary for the use and convenience of the occupants or users of that specific development.[9] 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, which may be used to finance system improvements.[10] 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.[11]

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. 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 LOS, to recoup more than the actual cost of system improvements, or the cost to fund overhead). 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, as well as all non-growth related debt service and capital project needs.

PROPERTY TAX REVENUES

Property tax revenues are not specifically identified in this analysis as a funding source for growth-related capital projects, but inter-fund loans may be made from the general fund which will ultimately include some property tax revenues. Interfund loans will be repaid once sufficient impact fee revenues have been collected. The City follows Utah Code 10-6-132 which requires interest to be accrued on interfund loans. Property tax revenue are generally not used to support enterprise funds.

GRANTS AND DONATIONS

Grants and donations are not currently contemplated in this IFFP. However, the impact fees will be adjusted if grants become available to reflect the grant monies received. A donor and the City may enter into a Development Agreement which may entitle the donor to a reimbursement for the value of the system improvements, up to the LOS, funded through impact fees if donations are made by new development.

IMPACT FEE REVENUES

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 LOS. Increases to an existing LOS cannot be funded with impact fee revenues. Impact fee revenues are generally considered non-operating revenues and help offset future capital costs.

DEBT FINANCING

In the event the City has not accumulated 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

[8] UC 11-36a-102(20)
[9] UC 11-36a102(13)
[10] UC 11-36a-302(2)
[11] UC 11-36a-302(3)

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, interest, and costs of issuance.

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, growth-related projects may be delayed, or other revenues such as general fund revenues or other fund's revenues and/or fund balance reserves may be used to make up any annual deficits. Any borrowed funds are to be repaid in their entirety through subsequent 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 capital improvements related to new growth. In addition, alternative funding mechanisms are identified to help offset the cost of future capital improvements.

SECTION 6: WASTEWATER IMPACT FEE CALCULATION

PROPOSED WASTEWATER IMPACT FEE

The IFFP must properly complete the legislative requirements found in the Impact Fee Act if it is to serve as a working document in the calculation of appropriate impact fees. The improvements identified in this IFFP are necessary for new development to maintain the existing LOS. The total system costs are divided by the total demand units the projects are designed to serve.

COMBINED WASTEWATER IMPACT FEE CALCULATION

The wastewater impact fees proposed in this analysis will be assessed within all areas of the City. **TABLE 6.1** below illustrates the appropriate buy-in component, the fee associated with projects occurring in the next ten years and the applicable planning and interest costs. The proportionate share analysis determines the proportionate cost assignable to new development based on the proposed capital projects and the estimated ERU demand served by the proposed projects, in this case, the ERUs over the next ten years, which are illustrated in **TABLE 3.1**.

TABLE 6.1: CALCULATION OF PROPORTIONATE IMPACT FEE

	TOTAL COST	% TO GROWTH	COST TO GROWTH	% TO IFFP GROWTH	COST TO IFFP GROWTH	DEMAND SERVED	COST PER ERU	% OF TOTAL
Buy-In								
Treatment	$27,009,507	22%	$5,905,629	94%	$5,559,907	4,117	$1,350	28.53%
Collection	$11,158,121	41%	$4,596,665	41%	$1,875,939	4,117	$456	9.64%
Subtotal: Buy-In	**$38,167,628**				**$7,435,846**		**$1,806**	**38.17%**
Future Facilities								
Treatment	$52,235,000	95.78%	$50,032,552	16%	$7,789,940	4,117	$1,892	39.99%
Collection	$10,211,620	44.00%	$4,492,959	100%	$4,492,959	4,117	$1,091	23.06%
Impact Fee Interest Credit	($250,000)	100.00%	($250,000)	100%	($250,000)	4,117	($61)	-1.29%
Professional Expense	$11,626	100.00%	$11,626	100%	$11,626	4,117	$3	0.06%
Subtotal: Future Facilities	**$62,208,246**				**$12,044,525**		**$2,925**	**61.83%**
Total	**$100,375,874**				**$19,480,371**		**$4,731**	**100.00%**
						Treatment Total	**$3,203**	**67.70%**
						Collection Total	**$1,528**	**32.30%**

NON-STANDARD WASTEWATER IMPACT FEES

The City reserves the right under the Impact Fees Act[12] to assess an adjusted fee that more closely matches the true impact that the land use will have upon the City's wastewater system. The adjustment for non-standard wastewater impact fees 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. A developer may submit studies and data for a particular development and request an adjustment. The impact fee for non-standard development would be determined based on LOS variables presented in this report, calculated on a case-by-case basis.

FORMULA FOR NON-STANDARD WASTEWATER IMPACT FEES:

Treatment: (Total Average Daily Demand (GPD) / 170 (GPD)) * Treatment Impact Fee/ERU ($3,203) = Treatment Fee
Collection: (Total Peak Daily Demand (GPD) / 230 (GPD)) * Collection Impact Fee/ERU ($1,528) = Collection Fee

Treatment Fee + Collection Fee = Total Impact Fee
For purposes of impact fees, an ERU is defined as 170 GPD average demand for treatment and 230 GPD peak demand for collection.

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.

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

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 should be spent only on those projects outlined in the IFFP as growth related costs to maintain the LOS.

PROPOSED CREDITS OWED TO DEVELOPMENT

Credits may be applied to developers who have constructed and donated system facilities to the City that are included in the IFFP in-lieu of impact fees. Credits for system improvements may be available to developers up to, but not exceeding, the amount commensurate with the LOS identified within this IFA. Credits will not be given for the amount by which system improvements exceed the LOS identified within this IFA. 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 four percent annual construction inflation adjustment is applied to projects completed after 2022 (the base year cost estimate).