

TOOELE CITY CORPORATION

ORDINANCE 2018-02

AN ORDINANCE OF THE TOOELE CITY COUNCIL CORRECTING THE 2010 SEWER TREATMENT AND COLLECTION IMPACT FEE ANALYSIS.

WHEREAS, on February 17, 2010, the City Council approved Ordinance 2010-04, adopting, among other things, a Sewer Treatment and Collection Impact Fee Analysis ("IFA") (see the first two pages of the 238-page Ordinance 2010-04 attached as Exhibit A); and,

WHEREAS, Tooele City's impact fee analysis consultant, Louis Young Robertson & Burningham ("LYRB") has determined that a calculation error exists in Figure 4.5 (Impact Fee ERU Multipliers) on page 21 of the IFA, but that the calculation error does not impact the correctness of the IFA as a whole, the correctness of the impact fee calculations contained in the IFA, or the impact fee enactment contained in Tooele City Code Chapter 4-15 (see the LYRB statement attached as Exhibit B); and,

WHEREAS, to have a correct adopted impact fee analysis, the City Administration recommends correcting the error in the IFA Figure by way of an ordinance adopting a corrected IFA table (see the current Figure 4.5 and the corrected IFA table, renumbered to Figure 4.8 due to a figure numbering error, attached as Exhibit C); and,

WHEREAS, Tooele City complied with all the necessary notice procedures for adoption of the IFA as part of Ordinance 2010-04, and no new notice is required for the correction of IFA Figure 4.5 by this Ordinance; and,

WHEREAS, the present ordinance does not adopt a new or amended impact fee analysis, and does not enact a new or amended impact fee, but merely corrects a calculation error in the original IFA, which correction is in the best interest of Tooele City and the public; and,

WHEREAS, the entire IFA containing the new Figure 4.8 is attached hereto as Exhibit D:

NOW, THEREFORE, BE IT ORDAINED BY THE TOOELE CITY COUNCIL that the 2010 Tooele City Sewer Treatment and Collection Impact Fee Analysis is hereby corrected, as shown in Exhibits C and D.

This Ordinance is necessary for the immediate preservation of the peace, health, safety, and welfare of Tooele City and shall take effect immediately upon publication.

IN WITNESS WHEREOF, this Ordinance is passed by the Tooele City Council this 3rd day of January, 2018.

TOOELE CITY COUNCIL

(For)

(Against)

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

ABSTAINING: _____

MAYOR OF TOOELE CITY

(Approved)

(Disapproved)

[Handwritten Signature]

ATTEST:

[Handwritten Signature]
Michelle Y. Pitt, City Recorder

SEAL



Approved as to Form:

[Handwritten Signature]
Roger Evans Baker, Tooele City Attorney

Exhibit A

Ordinance 2010-04 (excerpt)

TOOELE CITY CORPORATION

ORDINANCE 2010-04

AN ORDINANCE OF THE TOOELE CITY COUNCIL AMENDING SANITARY SEWER IMPACT FEES, REVISING TOOELE CITY CODE CHAPTER 4-15, ADOPTING AN UPDATED WASTE WATER CAPITAL FACILITIES PLAN, ADOPTING AN UPDATED SEWER TREATMENT AND COLLECTION IMPACT FEE ANALYSIS, AND OTHER RELATED MATTERS.

WHEREAS, Tooele City (the "City") is a political subdivision of the State of Utah, authorized and organized under the provisions of Utah law; and,

WHEREAS, the City has legal authority, pursuant to Title 11, Chapter 36 Utah Code, Annotated, as amended ("Impact Fees Act" or "Act"), to impose development Impact Fees as a condition of development approval, which Impact Fees are used to defray capital infrastructure costs attributable to growth activity; and,

WHEREAS, the City has historically assessed Impact Fees as a condition to development approval in order to assign capital infrastructure costs to development in an equitable and proportionate manner; and,

WHEREAS, the City, through its consulting engineers, has completed the following documents which, in combination, constitute the City's 2010 Waste Water Capital Facilities Plan ("Capital Facilities Plan"), which is being adopted by this Ordinance: (1) Waste Water Conceptual Capital Facility Schedule – Revised (August 1, 2008) by Hansen Allen & Luce; (2) Tooele City Water Reclamation Facility (March 19, 2009) by Aqua Engineering; (3) Water Reclamation Facility Plan (April 2009) by Aqua Engineering; and, (4) Waste Water Collection System Master Plan (2000) by Hansen Allen & Luce (adopted previously by Ordinance 2001-36 on January 23, 2002); and,

WHEREAS, among other things, the Capital Facilities Plan and Sewer Treatment and Collections Impact Fee Analysis ("Impact Fee Analysis") establish together that impact fees are necessary to achieve an equitable allocation to the costs borne in the past and to be borne in the future, in comparison to the benefits already received and yet to be received; and,

WHEREAS, the City Council previously directed Lewis Young Robertson & Burningham, Inc. to prepare a written Impact Fee Analysis conducted consistent and in compliance with the Impact Fees Act (U.C.A. 11-36-101, *et seq.*);

NOW THEREFORE, BE IT ORDAINED BY THE TOOELE CITY COUNCIL that

1. The Waste Water Capital Facilities Plan is hereby adopted (see Exhibit A); and,
2. The Sewer Treatment and Collection Impact Fee Analysis is hereby adopted (see Exhibit B); and,
3. Tooele City Code Chapter 4-15 is hereby amended to read in entirety as contained in the attached Exhibit C; and,
4. The adoption of the Capital Facilities Plan and Impact Fee Analysis, together with the revisions to Chapter 4-15, are hereby found to be in the public interest; and,
5. The revisions to Chapter 4-15 contained in Exhibit C shall take effect on June 1, 2010.

IN WITNESS WHEREOF, this Ordinance is passed by the Tooele City Council
this 17 day of February, 2010.

Exhibit B

LYRB Email

From: Jason Burningham [mailto:jason@lewisyoung.com]

Sent: Tuesday, December 05, 2017 1:35 PM

To: Paul Hansen <PaulH@TooeleCity.org>

Cc: Fred Philpot <fred@lewisyoung.com>

Subject: TOOELE SEWER IMPACT FEE SCHEDULE -- MULTI-FAMILY AND NON-RESIDENTIAL CATEGORIES

Paul:

Sorry for the delay in closing the loop on the Tooele City Sewer Treatment and Collection Impact Fee Analysis. We were hopeful that the City was moving forward with an update to the impact fees, including the above mentioned fees, which would have allowed us to make some of the corrections we have discussed in the course of that update. Since, we are uncertain of the timing of the IFFP/IFA update process, we decided to follow-up on the discussion and provide the following analysis.

BACKGROUND AND CONTEXT

In July of this year you reached out to LYRB noting that the multipliers for non-residential sewer users was potentially inaccurate due to a table calculation error. The particular table in question was **Figure 4.5: Impact Fee ERU Multiplier**. After considerable research, it was determined that the table in **Figure 4.5** started with water usage as reported by the Division of Drinking Water R309-510 Table 2, which reflects only interior culinary water usage for the various non-residential uses. The exterior culinary demand for irrigation is addressed in R309-510, immediately following Table 2, and is based upon the actual amount of irrigable area (net acres). Based on this realization, **Figure 4.5: Impact Fee ERU Multiplier** should be modified in order to reflect that the table in question already removes outdoor water consumption and therefore doesn't need an additional 44% reduction to the peak demand water consumption figures. This will more accurately reflect actual demand on the sewer system improvements related to non-residential land use categories. The result of this correction would increase the demand characteristics of non-residential uses, which would also increase the impact fee accordingly.

It was our understanding that the City had typically used an ERU multiplier formula for deriving the appropriate impact fee for non-residential land uses instead of relying upon **Figure 4.5: Impact Fee ERU Multiplier**. We are of the opinion that this was an appropriate approach taken by the City and consistent with the governing city ordinances and state legislation.

Provided below is an overview of the analysis, which was used to derive at this conclusion.

SUGGESTED PATH FORWARD

The sewer impact fee is accurate and calculated in accordance with the statutes that govern impact fees and is based upon an Equivalent Residential Unit (ERU) calculation, which is an appropriate demand unit. City code and state legislation provides guidance

in how to treat non-standard uses relating to the sewer system. Although, **Figure 4.5: Impact Fee ERU Multiplier** understates the actual demand and impact placed on the sewer system because it further reduces actual demand, we are of the opinion that the City's approach is sound and defensible. The City's use of a formula (**Figure 4.6: Calculation of Non-Standard Sewer Impact Fee**) in order to determine demand in relation to non-residential categories, which is ultimately based upon the demand unit of an ERU, is consistent with City code and state legislation.

The Tooele City Code (4-15) states:

- I. The City shall collect a sanitary sewer impact fee from any applicant seeking a building permit, as follows:
 - a. Residential: the base fee shall be \$2,290 per Equivalent Residential Unit (ERU), as defined in the documents comprising the 2010 Waste Water Capital Facilities Plan (impact fee facilities plan).
 - b. Non-residential: as determined under **Figure 4.5: Impact Fee ERU Multiplier** of the 2010 Sewer Treatment and Collections Impact Fee Analysis.
- II. The service area for purposes of the sanitary sewer impact fee shall be the entire area within the corporate boundary of Tooele City Corporation.
- III. Non-Standard Impact Fee: The City reserves the right under the Impact Fees Act to assess an adjusted impact fee that more closely matches the true impact that a building or land use will have upon the City's waste water system. This adjustment may result in a higher than normal impact fee if the City determines that a particular user may create a greater impact than what is standard for its land use. The formula for determining a nonstandard sanitary sewer impact fee is contained in **Figure 4.6: Calculation of NonStandard Sewer Impact Fee** of the 2010 Sewer Treatment and Collections Impact Fee Analysis.

Based on Paragraph III, the City is justified in assessing a non-standard impact fee. Utah Code also allows for the language stated above and allows the City to adjust the standard impact fee at the time the fee is charged to, among other things, ensure that the impact fees are imposed fairly (UCA 11-36a-4(1)(c)(ii)).

Attached is an updated 2010 Sewer Treatment and Collection Impact Fee Analysis, which includes the changes to **Figure 4.5: Impact Fee ERU Multiplier** (page 21). Please review the attached information and feel free to contact me with any questions or concerns.

Kind regards,

Jason W. Burningham

PRINCIPAL/OWNER | **LEWIS YOUNG ROBERTSON & BURNINGHAM INC.**

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AN INDEPENDENT MEMBERSHIP FUNDING ADVISORY
AND CONSULTING FIRM

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Exhibit C

IFA Figure 4.5 (current, 2010)

IFA Figure 4.8 (proposed/corrected, 2017)

FIGURE 4.3: IMPACT FEE ERU MULTIPLIERS

Current (2010)

Impact Fee Land Use	Peak Day Demand	Equivalent	Impact Fee
Annual Impact Fee per ERU			\$
Single Family Dwelling	350	1	2,290
Multi Family Housing	242.7	0.69	1,580
Boarding Houses			
a. for each resident boarder and employee	50	0.06	144
Bowling Alleys, per alley			
a. with snack bar	100	0.13	288
b. with no snack bar	85	0.11	245
Churches, per person	5	0.01	14
Country Clubs			
a. per resident member	100	0.13	288
b. per nonresident member present	25	0.03	72
c. per employee	15	0.02	43
Dentist's Office			
a. per chair	200	0.25	576
b. per staff member	35	0.04	101
Doctor's Office			
a. per patient	10	0.01	29
b. per staff member	35	0.04	101
Fairgrounds, per person	1	0.00	3
Fire Stations, per person			
a. with full-time employees and food prep.	70	0.09	202
b. with no full-time employees and no food prep.	5	0.01	14
Gyms			
a. per participant	25	0.03	72
b. per spectator	4	0.01	12
Hairdresser			
a. per chair	50	0.06	144
b. per operator	35	0.04	101
Hospitals, per bed space	250	0.51	721
Hotel, Motel, and Resort	150	0.19	432
Industrial Buildings, per 8 hour shift, per employee (exclusive of industrial waste)			
a. with showers	35	0.04	101
b. with no showers	15	0.02	43
Launderette, per washer	580	0.73	1,672
Movie Theaters			
a. auditorium, per seat	5	0.01	14
b. drive-in, per car space	10	0.01	29
Nursing Homes, per bed space	280	0.35	807
Office Buildings and Business Establishments, per shift, per employee (sanitary wastes only)			
a. with cafeteria	25	0.03	72
b. with no cafeteria	15	0.02	43
Picnic Parks, per person (toilet wastes only)	5	0.01	14
Restaurants			
a. ordinary restaurants (not 24 hour service) per seat	35	0.04	101
b. 24 hour service per seat	50	0.06	144
c. single service customer utensils only per customer	2	0.00	6
d. or, per customer served (includes toilet and kitchen wastes)	10	0.01	29
Schools, per person			
a. boarding	75	0.09	216
b. day, without cafeteria, gym or showers	15	0.02	43
c. day, with cafeteria, but no gym or showers	20	0.03	58
d. day, with cafeteria, gym and showers	25	0.03	72
Service Stations(b) ,per vehicle served	10	0.01	29
Skating Rink, Dance Halls, etc., per person			
a. no kitchen wastes	10	0.01	29
b. Additional for kitchen wastes	3	0.00	9
Ski Areas, per person (no kitchen wastes)	10	0.01	29
Stores			
a. per public toilet room	500	0.63	1,441
b. per employee	11	0.01	32
Swimming Pools and Bathhouses(c) ,per person	10	0.01	29
Taverns, Bars, Cocktail Lounges, per seat	20	0.03	58

* Utah State Division of Drinking Water: Water Source Standards



FIGURE 4.8: IMPACT FEE ERU MULTIPLIERS

Proposed/Corrected (2017)

Impact Fee Land Use	Water Interior & Exterior PDD (gals.)	Water Interior PDD (gals.)	Multiplier	Estimate of Sewer PDD	Equivalent ERU's	Impact Fee
						Annual Impact Fee per ERU
Single Family Dwelling	800	400	87.5%	350	1.000	2,290
Multi Family Housing	552	276	87.5%	242	0.690	1,580
Boarding Houses						
a. for each resident boarder and employee	50	25	87.5%	22	0.063	143
Bowling Alleys, per alley						
a. with snack bar	100	100	100.0%	100	0.286	654
b. with no snack bar	85	85	100.0%	85	0.243	556
Churches, per person	5	5	100.0%	5	0.014	33
Country Clubs						
a. per resident member	100	100	100.0%	100	0.286	654
b. per nonresident member present	25	25	100.0%	25	0.071	164
c. per employee	15	15	100.0%	15	0.043	98
Dentist's Office						
a. per chair	200	200	100.0%	200	0.571	1,308
b. per staff member	35	35	100.0%	35	0.100	229
Doctor's Office						
a. per patient	10	10	100.0%	10	0.029	65
b. per staff member	35	35	100.0%	35	0.100	229
Fairgrounds, per person	1	1	100.0%	1	0.003	7
Fire Stations, per person						
a. with full-time employees and food prep.	70	70	100.0%	70	0.200	458
b. with no full-time employees and no food prep.	5	5	100.0%	5	0.014	33
Gyms						
a. per participant	25	25	100.0%	25	0.071	164
b. per spectator	4	4	100.0%	4	0.011	26
Hairdresser						
a. per chair	50	50	100.0%	50	0.143	327
b. per operator	35	35	100.0%	35	0.100	229
Hospitals, per bed space	250	250	100.0%	250	0.714	1,635
Hotel, Motel, and Resort	150	150	100.0%	150	0.429	981
Industrial Buildings, per 8 hour shift, per employee (exclusive of industrial waste)						
a. with showers	35	35	100.0%	35	0.100	229
b. with no showers	15	15	100.0%	15	0.043	98
Launderette, per washer	580	580	100.0%	580	1.657	3,794
Movie Theaters						
a. auditorium, per seat	5	5	100.0%	5	0.014	33
b. drive-in, per car space	10	10	100.0%	10	0.029	65
Nursing Homes, per bed space	280	280	100.0%	280	0.800	1,832
Office Buildings and Business Establishments, per shift, per employee (sanitary wastes only)						
a. with cafeteria	25	25	100.0%	25	0.071	164
b. with no cafeteria	15	15	100.0%	15	0.043	98
Picnic Parks, per person (toilet wastes only)	5	5	100.0%	5	0.014	33
Restaurants						
a. ordinary restaurants (not 24 hour service) per seat	35	35	100.0%	35	0.100	229
b. 24 hour service per seat	50	50	100.0%	50	0.143	327
c. single service customer utensils only per customer	2	2	100.0%	2	0.006	13
d. or, per customer served (includes toilet and kitchen wastes)	10	10	100.0%	10	0.029	65



(2017)

Impact Fee Land Use	Water Interior & Exterior PDD (gals.)	Water Interior PDD (gals.)	Multiplier	Estimate of Sewer PDD	Equivalent ERU's	Impact Fee
						\$2,290
Schools, per person						
a. boarding	75	75	100.0%	75	0.214	491
b. day, without cafeteria, gym or showers	15	15	100.0%	15	0.043	98
c. day, with cafeteria, but no gym or showers	20	20	100.0%	20	0.057	131
d. day, with cafeteria, gym and showers	25	25	100.0%	25	0.071	164
Service Stations(b), per vehicle served	10	10	100.0%	10	0.029	65
Skating Rink, Dance Halls, etc., per person						
a. no kitchen wastes	10	10	100.0%	10	0.029	65
b. Additional for kitchen wastes	3	3	100.0%	3	0.009	20
Ski Areas, per person (no kitchen wastes)	10	10	100.0%	10	0.029	65
Stores						
a. per public toilet room	500	500	100.0%	500	1.429	3,271
b. per employee	11	11	100.0%	11	0.031	72
Swimming Pools and Bathhouses(c) ,per person	10	10	100.0%	10	0.029	65
Taverns, Bars, Cocktail Lounges, per seat	20	20	100.0%	20	0.057	131

PDD = Peak Day Demand

The proposed sewer impact fees are based upon general demand characteristics and the potential sewer demand that is created by each user class. The City reserves the right under the Impact Fees Act (Utah Code 11-36-202(2)(c,d)) to calculate and assess an adjusted fee to respond to unusual circumstances to ensure that the fees are equitably assessed. Figure 4.6 shows the formula by which non-standard sewer impact fees are calculated. The Non-Standard Sewer Impact Fee is a simple calculation based on the Net Impact Fee, \$2,290 divided by the state standard and defined collection ERU of 350 gallons per day.

FIGURE 4.6: CALCULATION OF NON-STANDARD SEWER IMPACT FEE

	Impact Fee per Gallon per Day
Cost per Gallon per Day	\$ 6.54

Exhibit D

Sewer Treatment and Collection Impact Fee Analysis, 2010 (Revised 2017)



LEWIS YOUNG ROBERTSON & BURNINGHAM, INC

SEWER TREATMENT AND COLLECTION IMPACT FEE ANALYSIS

TOOELE CITY, TOOELE COUNTY, UTAH

ADOPTED FEBRUARY 17, 2010
REVISED DECEMBER 2017

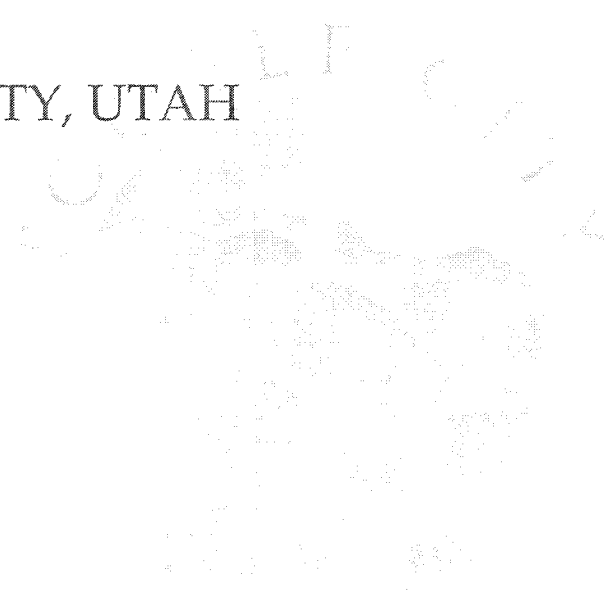




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EXECUTIVE SUMMARY

REQUIRED BY (11-36-201(5)(C))

Chapter Summary

- The Capital Facilities Plan outlines the projected future demands for sewer capital infrastructure for both collection and treatment functions.
- The future number of Equivalent Residential Units ("ERUs") is projected to determine the future demand placed on the City's sewer systems.
- The Capital Facilities Plan must consider the most appropriate and equitable methods of financing growth-related improvements.
- The geographical area, to which the proposed sewer impact fees will be assessed, includes the entire area within Tooele City's boundaries.
- The proposed sewer impact fees are derived by dividing the total project construction, financing, and professional expenses by the total number of future ERUs that the City expects to service over the next 18 years.

Tooele City (the "City") is currently facing the need to update its sewer impact fees to ensure that a reasonable level of service can be provided to future residents. The City has retained Lewis Young Robertson & Burningham, Inc. ("LYRB") to calculate the City's sewer impact fees in accordance with the *Tooele City Sewer Master Plan* and *Master Plan Cost Updates* (hereafter referred to as the "Master Plan", "Capital Facilities Plan", or "CFP") prepared by Hansen, Allen and Luce (the "Engineers"). The Master Plan Update outlines the projected future demands for sewer collection infrastructure and considers the most appropriate methods of financing growth-related improvements. The City has also obtained the services of Aqua Engineers to determine the cost and timing of the sewer treatment plant upgrades and develop the required Capital Facilities Plan, outlined in §11-36-201. The CFP prepared by Hansen Allen & Luce related to the sewer collection system and the CFP prepared by Aqua Engineers for sewer treatment is collectively referred to hereafter as the "CFP's". The sewer collection and treatment growth related capital expenses will be included in the calculation of impact fees. The proposed impact fees, if properly managed and updated, will ensure that the City receives sufficient and equitable funding for these growth-related projects.

The recommended impact fee structures presented in this analysis have been prepared to satisfy Utah State Code Title 11, Chapter 36, Parts 1-5 and represent the maximum impact fees the City may assess to development activity. The City will be required to use revenue sources other than impact fees to fund projects identified in the CFP that constitute repair and replacement, cure any existing deficiencies, or maintain the existing level of service for current users. These non-related growth projects are included and specifically reflected in the CFPs.

Based on the CFP's, the City will establish one service area for purposes of assessing sewer impact fees. The service area includes all areas within the City's boundaries.

CALCULATION OF THE NET IMPACT FEE

The proposed impact fees are comprised of the costs of future sewer capital projects for collection and treatment and related qualifying debt financing. A small portion of the impact fees relates to professional services for periodic engineering, consulting, and the recalculation of impact fees. The sewer impact fees presented herein are derived by dividing the total project construction, financing, and professional expenses that relate to growth by the total number of Equivalent Residential Units ("ERUs") that the City expects to service at buildout.

An ERU for collection is defined as one equivalent residential sewer unit. Each residential unit is measured with an average flow of 350 gallons per household per day. Commercial and industrial area data is converted to ERUs for calculation purposes. LYRB has accepted the 350 gallons of average daily wastewater flow substantiated by the Hansen, Allen and Luce Master Plan as it is based on Utah State Regulations. Hansen, Allen and Luce also notes that 350 gallons per household per day is accurate because aging pipes may cause leaking flows, which aren't measured at the treatment plant, peaking factors and an increase in larger family sizes.

For purposes of sewer treatment, Aqua Engineers has defined an ERU at 75 gallons per day per capita assuming 3.5 persons per household. The assumptions create a treatment ERU of 262.5 gallons per day of wastewater demand. The treatment component does not have to be sized for peaking factors and this ERU estimates more level flow of wastewater demand.



For impact fee purposes the fee will be based on an ERU definition of one single family dwelling unit, with a connection of no larger than a one inch meter equating one ERU.

Each CFP sizes capital facility needs based on the demands discussed above and included in Figure E.1 below.

FIGURE E.1: DEMAND CHARACTERISTICS FOR SEWER EQUIVALENT RESIDENTIAL UNITS

Sewer ERU Definition	
Collection*	350 GPD
Treatment**	262.5 GPD

*As Defined in Wastewater Master Plan HAL

**As Defined in Aqua CFP

The combined service provided by all recommended projects presented in the Hansen, Allen and Luce CFP is assumed to adequately serve the City until buildout, which is currently estimated to occur in 2065. As of 2009, the City serves approximately 9,037 (collection) ERUs in the sewer system, and the City expects to add 28,922 (collection) ERUs to the sewer system through 2065 to total a buildout demand of 37,959.¹ Treatment ERUs currently are 7,619 and in 2028 the treatment plant will serve 12,950 (treatment) ERUs, or an additional 5,331 ERUs.

The impact fee analysis is supported by the Capital Facilities Plans. The CFPs detail infrastructure needed for the future ERUs. The impact fee itself is based on the total future ERUs at buildout and changes in timing and the economy will not change the impact fee calculation.

The Impact Fees Act specifically prohibits the use of impact fees to cure existing deficiencies in infrastructure or to construct infrastructure that provides a level of service per user that is higher than the existing level of service.² Furthermore, impact fees cannot be used to maintain the level of service for current system users. The historic and projected level of service for each utility included in the impact fee analysis is expressed in terms of ERUs.

Figure E.2 details the calculation of the sewer impact fee per ERU. The calculation includes the future treatment and collection projects and the future expenses for each.

The future treatment fee also includes the percentage of the 2009 Bond that will finance the treatment projects. Aqua Engineers determined the percentage of the projects that will be attributed to growth. The growth related expenses are divided across the future ERUs that treatment will serve.

The collection fee includes the percentage of the 2009 Bond that will finance collection projects and a 2015 Bond anticipated for future projects. Hansen, Allen & Luce, Inc. determined what percentage to growth the collection projects can be attributed. Then the bonds and projects were divided across the future collection ERUs. Professional expenses have been incorporated into the total. The summation of the treatment and collection calculations is the Net Impact Fee per ERU.

¹ The future ERUs can be found in the *Waste Water Collection System Master Plan* prepared by Hansen, Allen & Luce, Inc, 2000.

² 11-36-202(4)



FIGURE E.2: BASE IMPACT FEE

	Sewer Projects	Total Costs	% Related to Growth	Growth Related Costs	Growth Related ERU's	Cost per ERU
Treatment Fee						
1	Future Treatment Projects	\$ 8,627,745	78.53%	\$ 6,775,369	5,331	\$ 1,270.95
2	Proposed Series 2010 Bond Debt Service (92%)	9,844,770	78.53%	7,731,098	5,331	1,450.23
3	Proposed Series 2010 Bond Proceeds (92%)	(6,110,685)	78.53%	(4,798,721)	5,331	(900.16)
4	TOTALS:	\$ 12,361,830		\$ 9,707,745		\$ 1,821.02
Collection Fee						
5	Future Collection Projects	\$ 12,885,078	93.54%	12,052,299	28,922	\$ 416.72
6	Proposed Series 2010 Bond Debt Service (8%)	856,067	100.00%	856,067	28,922	29.60
7	Proposed Series 2010 Bond Proceeds (8%)	(531,364)	100.00%	(531,364)	28,922	(18.37)
8	Proposed Series 2015 Bond Debt Service	2,551,529	100.00%	2,551,529	28,922	88.22
9	Proposed Series 2015 Bond Proceeds	(1,583,744)	100.00%	(1,583,744)	28,922	(54.76)
10	TOTALS:	\$ 14,177,567		\$ 13,344,787		\$ 461.41
Miscellaneous Fee						
11	Engineering and Impact Fee Analysis Update	\$ 206,601	100.00%	\$ 206,601	28,922	\$ 7.14
13	TOTALS:	\$ 26,745,998		\$ 23,259,134		\$ 2,289.56

Net Impact Fee per ERU **\$ 2.290**

The ERU multiplier for residential and non-residential users will be based on the required sewer demand of the user at the time of development review. One ERU is 350³ gpd of domestic wastewater. A complete schedule of impact fee multipliers for residential and commercial users prepared by the State of Utah follows:

FIGURE E.3: IMPACT FEE MULTIPLIERS

Impact Fee Land Use	Water Interior & Exterior PDD (gals.)	Water Interior PDD (gals.)	Multiplier	Estimate of Sewer PDD	Equivalent ERU's	Impact Fee
Annual Impact Fee per ERU						\$2,290
Single Family Dwelling	800	400	87.5%	350	1.000	2,290
Multi Family Housing	552	276	87.5%	242	0.690	1,580
Boarding Houses						
a. for each resident boarder and employee	50	25	87.5%	22	0.063	143
Bowling Alleys, per alley						
a. with snack bar	100	100	100.0%	100	0.286	654
b. with no snack bar	85	85	100.0%	85	0.243	556
Churches, per person	5	5	100.0%	5	0.014	33
Country Clubs						
a. per resident member	100	100	100.0%	100	0.286	654
b. per nonresident member present	25	25	100.0%	25	0.071	164
c. per employee	15	15	100.0%	15	0.043	98
Dentist's Office						
a. per chair	200	200	100.0%	200	0.571	1,308
b. per staff member	35	35	100.0%	35	0.100	229
Doctor's Office						
a. per patient	10	10	100.0%	10	0.029	65
b. per staff member	35	35	100.0%	35	0.100	229
Fairgrounds, per person	1	1	100.0%	1	0.003	7
Fire Stations, per person						
a. with full-time employees and food prep.	70	70	100.0%	70	0.200	458
b. with no full-time employees and no food prep.	5	5	100.0%	5	0.014	33
Gyms						
a. per participant	25	25	100.0%	25	0.071	164
b. per spectator	4	4	100.0%	4	0.011	26

³ Determined by Hansen, Allen & Luce, Inc. 2000 Waste Water Collection System Master Plan



Impact Fee Land Use	Water Interior & Exterior PDD (gals.)	Water Interior PDD (gals.)	Multiplier	Estimate of Sewer PDD	Equivalent ERU's	Impact Fee
				Annual Impact Fee per ERU		\$2,290
Hairdresser						
a. per chair	50	50	100.0%	50	0.143	327
b. per operator	35	35	100.0%	35	0.100	229
Hospitals, per bed space	250	250	100.0%	250	0.714	1,635
Hotel, Motel, and Resort	150	150	100.0%	150	0.429	981
Industrial Buildings, per 8 hour shift, per employee (exclusive of industrial waste)						
a. with showers	35	35	100.0%	35	0.100	229
b. with no showers	15	15	100.0%	15	0.043	98
Launderette, per washer	580	580	100.0%	580	1.657	3,794
Movie Theaters						
a. auditorium, per seat	5	5	100.0%	5	0.014	33
b. drive-in, per car space	10	10	100.0%	10	0.029	65
Nursing Homes, per bed space	280	280	100.0%	280	0.800	1,832
Office Buildings and Business Establishments, per shift, per employee (sanitary wastes only)						
a. with cafeteria	25	25	100.0%	25	0.071	164
b. with no cafeteria	15	15	100.0%	15	0.043	98
Picnic Parks, per person (toilet wastes only)	5	5	100.0%	5	0.014	33
Restaurants						
a. ordinary restaurants (not 24 hour service) per seat	35	35	100.0%	35	0.100	229
b. 24 hour service per seat	50	50	100.0%	50	0.143	327
c. single service customer utensils only per customer	2	2	100.0%	2	0.006	13
d. or, per customer served				0	-	-
(includes toilet and kitchen wastes)	10	10	100.0%	10	0.029	65
Schools, per person						
a. boarding	75	75	100.0%	75	0.214	491
b. day, without cafeteria, gym or showers	15	15	100.0%	15	0.043	98
c. day, with cafeteria, but no gym or showers	20	20	100.0%	20	0.057	131
d. day, with cafeteria, gym and showers	25	25	100.0%	25	0.071	164
Service Stations(b) ,per vehicle served	10	10	100.0%	10	0.029	65
Skating Rink, Dance Halls, etc., per person						
a. no kitchen wastes	10	10	100.0%	10	0.029	65
b. Additional for kitchen wastes	3	3	100.0%	3	0.009	20
Ski Areas, per person (no kitchen wastes)	10	10	100.0%	10	0.029	65
Stores						
a. per public toilet room	500	500	100.0%	500	1.429	3,271
b. per employee	11	11	100.0%	11	0.031	72
Swimming Pools and Bathhouses(c) ,per person	10	10	100.0%	10	0.029	65
Taverns, Bars, Cocktail Lounges, per seat	20	20	100.0%	20	0.057	131

PDD = Peak Day Demand

The proposed sewer impact fees are based upon general demand characteristics and the potential sewer demand that is created by each user class. The City reserves the right under the Impact Fees Act (Utah Code 11-36-202(2)(c,d)) to calculate and assess an adjusted fee to respond to unusual circumstances to ensure that the fees are equitably assessed. Figure E.4 shows the formula by which non-standard sewer impact fees are calculated.

LYRB has performed this analysis using capital project and engineering data, planning analyses, and other information provided by the City's staff, Aqua Engineers and Hansen, Allen & Luce, Inc. The accuracy and correctness of this report is contingent upon the accuracy of the data provided to LYRB. The *Sewer Impact Fee Analysis* accurately evaluates the City's capital project needs by calculating the appropriate impact fees required to



adequately fund growth-related capital needs. Any deviations or changes in the capital projects or other relevant information provided by the City may cause this analysis to be inaccurate and require modifications.

The City should update its impact fee calculations to the extent the CFP has changed considerably (and based on the judgment of the City) creates a need to revise the impact fee calculations in order to maintain a fee schedule that is fair and equitable to development activity.

CALCULATION OF THE NET IMPACT FEES

IMPACT FEE FORMULA

The impact fee is based upon the general demand characteristics of one household, here referred to as an Equivalent Residential Unit (ERU), which is based on historic usage patterns and equates to 350 gallons of flow of effluent wastewater per day. If it is determined that a user does not equate to one ERU, the Impact Fees Act allows the District to assess an adjusted fee that more closely matches the true impact that the land-use will have upon the public facility.⁴ This adjustment could result in a higher impact fee if the District determines that a particular user may create a greater impact than what is standard, or it may also decrease the impact fee if the developer can provide documentation that the proposed impact will be less than the standard.⁵ The formula for calculating the non-standard impact fee is summarized below Figure E.4.

FIGURE E.4: CALCULATION OF NON-STANDARD SEWER IMPACT FEE

	Impact Fee per Gallon per Day
Cost per Gallon per Day	\$ 6.54

The Non-Standard Sewer Impact Fee is a simple calculation based on the Net Impact Fee, \$2,290 divided by the state standard and defined collection ERU of 350 gallons per day.

⁴ 11-36-202(2)(c, d))

⁵ 11-36-202(3)(a)



CHAPTER 1: OVERVIEW OF IMPACT FEES

Chapter Overview

- The current legislation regarding the imposition of impact fees is set forth in the Impact Fees Act found in Utah State Code Title 11, Chapter 36, Parts 1-5.
- The required elements for the adoption of impact fees include:
 - 1) Capital Facilities Plan
 - 2) Written Impact Fee Analysis
 - a) Proportionate Share Analysis
 - b) Executive Summary
 - 3) Impact Fee Enactment
- The actual adoption of an impact fee must be done by enactment. The impact fee enactment must include:
 - 1) A provision that established one or more service areas;
 - 2) An impact fee schedule; and
 - 3) Provisions that allow the City to adjust or modify the proposed impact fee.
- A reasonable notice of the public hearing must be published in a local newspaper at least 14 days before the actual public hearing.

Impact fees serve three main purposes: (1) proportionally allocate the costs of future projects to the new development based upon demand for these facilities, (2) allow new customers to purchase equity in the existing system, and (3) perpetuate the historic level of service paid to growth-related facilities.

Impact fees have proven to be an efficient method of financing growth related capital infrastructure for many local governments throughout the State of Utah. Impact fees have been intensely debated, and until 1997 there were few stringent legal guidelines that municipalities and special service districts were required to follow when implementing impact fees. Current legislation regarding the imposition of impact fees is set forth in the Impact Fees Act found in Utah State Code Title 11, Chapter 36, Parts 1-5.

With the passage of the Impact Fees Act, the State of Utah became one of many states that have adopted legislation regulating the imposition of impact fees. This legislation gives certainty to the ability of Tooele City and other local governments to impose equitable and "fair" impact fees on new development or "development activity".

The Impact Fees Act has been shaped over time by various court cases that have established precedents that have been incorporated into the latest changes in the Impact Fees Act. Of all the court cases, Banberry Development Corp. vs. City of South Jordan⁶ has likely been the most influential case. This case established the requirements of the proportionate share tests and identification of a *rational nexus* between fees and project costs and capacities.

IMPACT FEES AS A SOURCE OF REVENUE

Cities generally cannot pay for all essential improvements using only revenues generated by property taxes and user fees. The ability of cities to effectively meet the demands created by development activity is a critical factor and consideration for local government. Without the mechanism of impact fees, Tooele City would not be able to meet the growing demand on capital facilities and services. Tooele City has historically used general fund revenues (property tax, sales tax, and municipal energy taxes) to pay for on-going operations and maintenance requirements of the City and to fund repair and replacement needs related to capital facilities but have not used these revenue sources to fund growth related capital infrastructure.

Similarly, user fees of the sewer utility fund have been used for operations and maintenance and capital repair and replacement. Tooele City must use impact fees to equitably defray the costs associated to growth related facilities created by the demand of new development activity.

An impact fee is distinctly different from a tax, special assessment, building permit fee, hook-up fee, or other reasonable permit or application fee such as a conditional use or subdivision application fee.

⁶ 631 P. 2d 899, 903-4 (Utah 1981.)



IMPACT FEE NOTICING AND ADOPTION REQUIREMENTS – 11-36-202

The actual adoption of this sewer impact fee is effectuated by City ordinance. The ordinance or “enactment document” must include the following elements enumerated in Utah State Code Title 11, Chapter 36, Section 202. A reasonable notice of the public hearing must be published in a local newspaper at least 14 days before the actual hearing. A copy of the proposed Impact Fee Ordinance, the written Impact Fee Analysis, Executive Summary and Capital Facilities Plan must be made available to the public during the 14-day noticing period for public review and inspection. Copies of these four items must be posted in designated public places which include the City offices and each public library within the jurisdiction of the City.

In addition to noticing, HB153 2008 requires that the City mail a written copy of the enactment to the registered agent of the Utah Home Builders Association, the registered agent for the Utah Association of Realtors and a registered agent of the Utah Chapter of the Associated General Contractors of America (Utah Code 11-36-202(1)(f)).

Following the 14-day noticing period, a public hearing may be held, at which point the City Council may adopt, amend and adopt, or reject the Impact Fee Ordinance and proposed fee schedule. Once adopted, the fee is not in effect for 90 days from the date of adopting the Impact Fee Ordinance.

ACCOUNTING FOR, EXPENDITURE OF, AND REFUND OF IMPACT FEES

Through years of experience, the City understands the requirements for accounting, spending and refunding impact fees appropriately. The City will continue to comply with the Impact Fees Act’s requirements relating to the Accounting for, Expenditure of and Refunding of Impact Fees.

CHALLENGING IMPACT FEES – 11-36-401-402

Tooele City has and will continue to meet the requirements identified in the Impact Fees Act as it relates to the challenge of impact fees.



CHAPTER 2: GROWTH RELATED IMPACT UPON CITY FACILITIES REQUIRED BY: (11-36-201(5)(A)(I-II))

PROJECTED ERU GROWTH

Chapter Overview

- The proposed sewer impact fees are calculated based upon the City's projected growth over the next 50 plus years.
- The Engineers estimate that over 28,922 new ERUs will be served by the City over the next 50 plus years.
- The Impact Fees Act allows the City to waive impact fees for all City-owned facilities.
- The Impact Fees Act allows the City to authorize exceptions or adjustments to the impact fee rate structure for those projects which benefit the community as a whole.

At the time that a master plan was created for the Tooele City waste water system, the City was experiencing rapid rates of growth. Since that time, growth has changed and is currently very slow. The future will bring continued growth, however it is unknown how quickly rates will increase and when growth will resume. It is projected that there are approximately 9,037 ERUs currently served by the City based upon the City's current land-use plan. Hansen, Allen & Luce, Inc. estimate that 28,922 new ERUs will be added to the City's sewer service within the City's boundaries over the next 50 plus years. In the *Waste Water Collection System Master Plan*, the Engineers project a 2065 build out date with the total buildout ERU projection of 37,959. Therefore, the proposed impact fees shown in this analysis have been quantified based upon the demand that future residents will create on the sewer systems over the next 50 plus years. The impact fee analysis is supported by the Capital Facilities Plans provided by Hansen, Allen & Luce, for sewer collection and Aqua Engineers, Inc. for waste water treatment. The CFPs detail infrastructure needed for the future ERUs. The time frame under which these ERUs are added to the system is dependent on the economy, financial access, development patterns and population. However, the impact fee itself is based on the total future ERUs at buildout and changes in timing and the economy will not change the impact fee calculation.

As discussed in Chapter 3 of this analysis, one ERU represents the typical sewer demand of one single family dwelling unit. Based upon the City staff recommendations, HAL recommendations and Utah State Waste Water Regulations, an ERU, for purposes of collection, will be measured at 350 gallons of wastewater generated per household per day.

EXISTING AND FUTURE LAND-USE PLANNING

The vast majority of the users within the City's boundaries are residential users in Tooele City although the City does serve some mixed commercial units such as the Utah Industrial Depot and the Miller Motor Sports Park⁷. The City anticipates that there will be increased diversity of mixed-uses within the sewer service area. Commercial, retail and industrial uses will continue to grow and will require additional capacity of the sewer collection and treatment system. Demand related to commercial, industrial and other uses will be measured based on flow volume requirements and equated back to equivalent residential units.

IMPACT FEE EXEMPTIONS

Not every future ERU adding to the sewer system will be assessed an impact fee since the City currently waives impact fees for all City-owned facilities. The Impact Fees Act also includes a provision that allows the City to authorize exceptions or adjustments to the impact fee structure for those developments the City Council determines to be of such benefit to the community as a whole to justify the exception or adjustment. Such projects may include low income housing and other development activities with broad public purposes pursuant to Utah Code 11-36-202(3)(a). The infrastructure costs related to these land-uses will be borne by user fees or other revenue sources. The City will consider waivers or reduction in impact fees on a case by case basis and will assess the merits of the requests based on the standards identified in the Utah Impact Fees Act.

⁷ Aqua Engineers Executive Summary



GROWTH IN FUTURE SEWER ERUS

Since it is impossible to predict the exact rates at which development will occur within the Impact Fee Service Area, this analysis uses a growth model which assumes that the City will experience a more rapid rate of growth over the next several years before the population gradually levels off in later years. This study projects growth through 2065, but will need to be adjusted in future years to coincide with actual development and better track the growth trends of demand on system resources. Figure 2.1 details what the Engineers have projected for growth in ERUs relating to sewer collection within Tooele City.

FIGURE 2.1: GROWTH IN SEWER ERUS COLLECTION SYSTEM REQUIREMENTS (@ 350 GPD)

ERU Projections: Collection					
Year	ERUs*	% Change	Year	ERUs	% Change
2009	9,037		2039	22,665	2.66%
2010	9,112	0.83%	2040	23,253	2.60%
2011	9,195	0.91%	2041	23,841	2.53%
2012	9,287	1.00%	2042	24,430	2.47%
2013	9,426	1.50%	2043	25,018	2.41%
2014	9,568	1.50%	2044	25,606	2.35%
2015	9,759	2.00%	2045	26,194	2.30%
2016	9,954	2.00%	2046	26,783	2.25%
2017	10,253	3.00%	2047	27,371	2.20%
2018	10,612	3.50%	2048	27,959	2.15%
2019	11,036	4.00%	2049	28,547	2.10%
2020	11,489	4.10%	2050	29,136	2.06%
2021	12,077	5.12%	2051	29,724	2.02%
2022	12,665	4.87%	2052	30,312	1.98%
2023	13,253	4.64%	2053	30,900	1.94%
2024	13,842	4.44%	2054	31,488	1.90%
2025	14,430	4.25%	2055	32,077	1.87%
2026	15,018	4.08%	2056	32,665	1.83%
2027	15,606	3.92%	2057	33,253	1.80%
2028	16,194	3.77%	2058	33,841	1.77%
2029	16,783	3.63%	2059	34,430	1.74%
2030	17,371	3.50%	2060	35,018	1.71%
2031	17,959	3.39%	2061	35,606	1.68%
2032	18,547	3.28%	2062	36,194	1.65%
2033	19,136	3.17%	2063	36,783	1.63%
2034	19,724	3.07%	2064	37,371	1.60%
2035	20,312	2.98%	2065	37,959	1.57%
2036	20,900	2.90%			
2037	21,489	2.81%			
2038	22,077	2.74%			

*Calculated at existing population defined by Governor's Office of Planning & Budget divided by 350 gallons per household per Hansen Allen and Luce 2000 Waste Water Master Plan



In Figure 2.2 below, Aqua Engineers provide the projected level of growth in the number of ERUs as related to the sewer treatment system in the City.

FIGURE 2.2 GROWTH IN SEWER TREATMENT ERUS (@ 262.5 GPD)*

ERU Projections: Treatment

Year	ERUs**	% Change
2009	7,619	
2010	7,682	0.83%
2011	7,752	0.91%
2012	7,830	1.00%
2013	7,947	1.50%
2014	8,066	1.50%
2015	8,228	2.00%
2016	8,392	2.00%
2017	8,644	3.00%
2018	8,947	3.50%
2019	9,304	4.00%
2020	9,686	4.10%
2021	10,049	3.74%
2022	10,411	3.61%
2023	10,774	3.48%
2024	11,137	3.37%
2025	11,499	3.26%
2026	11,862	3.15%
2027	12,225	3.06%
2028	12,587	2.97%
2029	12,950	2.88%

**ERUs have been calculated on current per capita flow of 75 gpd per capita, 3.5 pph and a current treatment capacity of 2 MGD and a future treatment capacity of 3.4 MGD at 2029. The growth rates between today and 2029 have been estimated based on current economic trends to reflect slow growth in the next few years, peaking and slowing again getting closer to full capacity.



CHAPTER 3: SEWER SYSTEM OVERVIEW

SEWER SYSTEM

Chapter Overview

- A sewer ERU produces an average daily flow of 350 gallons per day for collection and 262.5 gallons per day for treatment.
- As shown in the *Waste Water Collection System Master Plan*, the number of sewer ERUs is projected to increase from 9,037 to 37,959 over the next 50 plus years.
- As shown in the Aqua CFP wastewater treatment, ERUs will total 12,950 over the next 19-20 year period.

Tooele City provides wastewater collection and treatment to all residential and commercial developments within the City and have funded this infrastructure through the use of impact fees, user fees and the issuance of bonds. The sewer system is in need of expansion in order to perpetuate the level of service that the City has historically maintained as new growth and development activity continue to occur within the City. Tooele City has determined that it would strive to provide capacity for 350 gpd for single family homes for collection facilities. The *Waste Water Collection System Master Plan* and Hansen, Allen & Luce Capital Facilities Plan projects the recommended capital projects that will maintain the established level of service over the next 50 plus years.

Aqua Engineers have defined an ERU at 75 gallons per day per capita, equaling 262.5 gallons per ERU. This ERU is the sizing demand characteristics for the wastewater treatment plant. The treatment component does not have to be sized for peaking factors and this ERU estimates more level flow of wastewater with far less peaking factors as compared to collection demand. The ERUs included in the impact fee are those associated with the two phases of the expansion to the current existing wastewater treatment plant but does not contemplate treatment expansion needed beyond 12,950 ERUs. The capital facilities identified in the Aqua CFP are sized to accommodate 3.4MGD of wastewater treatment capacity or 12,950 ERUs (3.4MGD / 262.50 gpd = 12,950). Beyond the 12,950 ERUs to be served by the expanded wastewater treatment facility, the City will be required to consider sizing

additional capacity and will contemplate the expansion in future capital facility planning documents.

LEVEL OF SERVICE AND ERU DEFINITION

Tooele City's level of service standards, as outlined in the Master Plan and Aqua's Capital Facilities Plan are the basis for the defined sewer ERU and are defined below. For impact fee purposes the fee will be based on an ERU definition of one single family dwelling unit, with a connection of no larger than a one inch meter equaling one ERU. The flow of an single family dwelling unit is based on the state standard 100 gallons per day per person and 3.5 average persons per household. Although it may be possible for flows to be lower for a single family dwelling unit, additional capacity must be considered for older and leaking pipes, peaking factors, variations in local use and several other factors that put more demand on a sewer system.

FIGURE 3.1: SEWER ERU DEFINITIONS

Sewer ERU Definition	
Collection*	350 GPD
Treatment**	262.5 GPD

*As Defined in Wastewater Master Plan HAL

**As Defined in Aqua CFP

GROWTH IN EQUIVALENT RESIDENTIAL UNITS

For purposes of wastewater collection, the City currently provides sewer to approximately 9,037 ERUs and the total number of ERUs within the City will increase by approximately 28,922 over the next 50 plus years. For purposes of wastewater treatment, the City currently serves approximately 7,619 ERUs and will increase by an additional 5,331 ERUs over the next 15-20 year period.



CHAPTER 4: SEWER SYSTEM FUTURE CAPITAL PROJECTS AND PROPOSED DEBT

Chapter Overview

- A buy-in component will be contemplated as collection and components of the system have remaining capacity.
- The City may recover approximately \$26.6 million in future sewer capital project costs through the proposed sewer impact fees.
- The Impact Fees Act allows for the costs related to the financing of future capital projects, including costs of issuance and interest costs, to be included in the impact fee. This analysis assumes the issuance of one bond issue, the proposed Series 2008 and 2015 Bonds, to fund portions of the sewer improvements for collection and treatment.
- The Impact Fees Act allows the City to include professional expenses into the proposed impact fees. The City will recover a portion of the costs of updating the Master Plan and Impact Fee Analysis in the proposed sewer impact fees.

According to the Impact Fees Act, three cost components may be factored into the impact fee calculations. These cost components include 1) the construction costs of growth-driven improvements, 2) appropriate professional services inflated from current dollars to construction year costs, and 3) issuance and interest expenses that relate to financing growth-driven capital projects that cannot or are not contemplated to be cash funded.

EQUITY BUY-IN

The intent of the equity buy-in component is to recover the costs of the unused capacity in existing infrastructure from new development. In this case, the equity buy-in relates to sewer infrastructure that has capacity to serve future growth.

The City's existing collection and system has some areas of deficiency which must be cured before excess capacity exists in the system that can be calculated as a buy-in fee. The City currently meets existing demands, but the existing sewer system improvements will not be able to serve new development growth. The treatment plant is being expanded to meet future demand and has no current capacity. Therefore, no buy in component has been considered for either treatment or collection in the impact fee analysis.

FUTURE CAPITAL PROJECT COSTS

The capital projects that will be financed through impact fees include the development of collection, distribution and treatment capacity for the sewer system. The Sewer Master Plan (HAL) identifies costs for repair and replacement and growth-related improvements. Only the projects identified to serve new growth have been included in the impact fees. The costs of these projects are summarized in Figure 4.1. The figure identifies approximately \$12.05M of capital needs for future growth. This is based on the wastewater modeling assuming an ERU equal to 350 gallons per day of capacity.

FIGURE 4.1: SEWER COLLECTION PROJECTS (HAL CAPITAL FACILITIES PLAN)

Project No.	Project Name	Present Value	Construction Year	Project Total with Construction		FV Cost to Growth
				Inflation	% to Growth	
COLLECTION SYSTEM						
1	11000 West Relief Sewer	\$ 621,433	2015	\$ 832,779	0%	\$ -
2	8-inch diameter Sewer on 100 N from Coleman to 1000 W	560,381	2015	750,964	100%	750,964
3	Relief Sewer Structures in Manholes (Half)	28,648	2021	51,448	100%	51,448
3	Relief Sewer Structures in Manholes (Half)	28,648	2036	106,957	100%	106,957
4	8-inch diameter Sewer in 100 S from 100 E to 100 W	210,040	2026	481,417	100%	481,417
5	8-inch diameter Sewer in 1500 N from 200 E to 400 E	-	-	-	100%	-
6	10-inch diameter in 1000 N from 520 E to 150 E	685,758	2011	756,049	100%	756,049
7	8-inch diameter Relief Sewer in Main St. at 900 N	10,237	2018	15,880	100%	15,880
8	10-inch diameter Sewer in 300 S from 150 W to 200 W	81,892	2041	390,212	100%	390,212
9	10-inch diameter Sewer in 100 S from Russell to 100 S	67,561	2041	321,925	100%	321,925
10	12-inch diameter Sewer in 400 W between 2000 N and 2400 N.	186,828	2012	216,276	100%	216,276
11	Install 24" diameter Relief Sewer for Interceptor B	654,564	2036	2,443,785	100%	2,443,785
12	Install 12" diameter Relief Sewer for Interceptor B	81,911	2051	635,760	100%	635,760
13	Install 18" diameter Relief Sewer for Interceptor B	411,525	2056	4,076,555	100%	4,076,555
14	Install 12" diameter Relief Sewer for Interceptor B	100,888	2060	1,214,774	100%	1,214,774
15	Install 21" diameter Relief Sewer for Interceptor A after junction with Interceptor B	158,109	2036	590,295	100%	590,295
Collection System Total		\$ 3,888,425		\$ 12,885,078		\$ 12,052,299

L Construction expenses, percentage to growth and timings from Hansen, Allen & Luce/Aqua Engineers



TREATMENT CAPACITIES

Impact fees cannot be used to finance an increase in the level of service to current or future users of capital improvements. This practice would place an unfair funding scenario on new users for the purpose of establishing a level of service that is higher than what current users have demanded of the system. Therefore, it is important to identify that the level of service established is a treatment ERU or 262.5 gallons per day. The specific improvements identified below in Figure 4.2 will provide 3.4MGD of wastewater treatment capacity. The total cost of providing this additional capacity from 2.0MGD to 3.4MGD is \$8.6M in current 2009 dollars.

The following figure describes the necessary capital improvements required to service growth for the next 15-20 year period as calculated by Aqua Engineers and based on 262.5 gallons per day of treatment capacity per ERU needed to maintain the City's level of service.

FIGURE 4.2: SEWER TREATMENT PROJECTS (AQUA CAPITAL FACILITIES PLAN)

Project No.	Project Name	Present Value	Construction Year	Project Total with Construction		FV Cost to Growth
				Construction Inflation	% to Growth	
1	Phase 1	\$ 2,741,745	2009	2,741,745	79%	\$ 2,152,969
2	Phase 2	\$ 5,886,000	2009	5,886,000	79%	\$ 4,622,011
Treatment Facilities Total		\$ 8,627,745		\$ 8,627,745		\$ 6,774,980

Therefore, the combined Capital Improvement Plan for the sewer system is estimated at approximately \$20.M. These capital expenditures are envisioned to take place over the next several years, collection projects through buildout and treatment until the 3.4 MGD of capacity is used.

FUTURE CAPITAL FINANCING COSTS AND PROFESSIONAL EXPENSES

DEBT FINANCING

Based upon the projected growth in ERUs related to collection through 2065 and projected growth in ERUs related to treatment through 2028, the City will not amass sufficient impact fee revenues to defray the costs of the future capital projects identified in the CFP. Therefore, the City will look to bond financing in conjunction with the impact fees for funding these growth related capital improvements. The Impact Fees Act allows for the costs related to the financing of future capital projects, including costs of issuance and interest costs, to be legally included in the impact fee. This allows the City to finance and quickly construct infrastructure for new development and reimburse itself later from impact fee revenues for the costs of principal and interest components related to the associated debt obligation.

The future financings are intended to help the City maintain level and consistent annual impact fee fund balances. This analysis assumes the issuance of two bond issues, the proposed Series 2009 and 2015 Bonds, to fund portions of the sewer improvements shown in Figures 4.1 and 4.2. Figure 4.3 summarizes these bond issues. The City may also consider using inter-fund loans to fund its capital improvements.

1 Construction expenses, percentage to growth and timings from Hansen, Allen & Luce/Aqua Engineers

FIGURE 4.3: PROPOSED FINANCING¹⁰**Proposed Series 2009 Bond**

	Principal	Interest	DSRF	Total D/S
2009	\$ -	\$ -	\$ -	\$ -
2010	256,381	305,382	(26,721)	535,042
2011	266,636	295,126	(26,721)	535,042
2012	277,302	284,461	(26,721)	535,042
2013	288,394	273,369	(26,721)	535,042
2014	299,930	261,833	(26,721)	535,042
2015	311,927	249,836	(26,721)	535,042
2016	324,404	237,359	(26,721)	535,042
2017	337,380	224,383	(26,721)	535,042
2018	350,875	210,887	(26,721)	535,042
2019	364,910	196,852	(26,721)	535,042
2020	379,507	182,256	(26,721)	535,042
2021	394,687	167,076	(26,721)	535,042
2022	410,475	151,288	(26,721)	535,042
2023	426,893	134,869	(26,721)	535,042
2024	443,969	117,793	(26,721)	535,042
2025	461,728	100,035	(26,721)	535,042
2026	480,197	81,566	(26,721)	535,042
2027	499,405	62,358	(26,721)	535,042
2028	519,381	42,382	(26,721)	535,042
2029	540,156	21,606	(26,721)	535,042
	\$ 7,634,539	\$ 3,600,716	\$ (534,418)	\$ 10,700,837

Proposed Series 2015

	Principal	Interest	DSRF	Total D/S
2015	\$ -	\$ -	\$ -	\$ -
2016	61,132	72,816	(6,371)	127,576
2017	63,577	70,371	(6,371)	127,576
2018	66,120	67,827	(6,371)	127,576
2019	68,765	65,183	(6,371)	127,576
2020	71,516	62,432	(6,371)	127,576
2021	74,376	59,571	(6,371)	127,576
2022	77,352	56,596	(6,371)	127,576
2023	80,446	53,502	(6,371)	127,576
2024	83,663	50,284	(6,371)	127,576
2025	87,010	46,938	(6,371)	127,576
2026	90,490	43,457	(6,371)	127,576
2027	94,110	39,838	(6,371)	127,576
2028	97,874	36,073	(6,371)	127,576
2029	101,789	32,158	(6,371)	127,576
2030	105,861	28,087	(6,371)	127,576
2031	110,095	23,852	(6,371)	127,576
2032	114,499	19,449	(6,371)	127,576
2033	119,079	14,869	(6,371)	127,576
2034	123,842	10,106	(6,371)	127,576
2035	128,796	5,152	(6,371)	127,576
	\$ 1,820,395	\$ 858,562	\$ (127,428)	\$ 2,551,529

¹⁰ Bond Coupon 4% and 20 Year Term



The majority of the Series 2009 will be funding the expansion of the treatment plant to 3.4 MGD and a small portion will fund one 2011 collection project (10 inch diameter in 1000 N from 520 East to 150 East). The Series 2015 will be used to fund the major collection projects from the years 2015 to 2018. The other assumptions are detailed in the following tables:

FIGURE 4.4 2009 BOND

Construction Proceeds	\$ 6,642,049
Costs of Issuance	2%
DSRF	10%
Bond Insurance	1%
Total	13%
Par Amount	\$ 7,634,539
DSRF	\$ 763,454
DSRF Earnings	3.50%
Annual Earnings	\$ 26,721

FIGURE 4.5 2015 BOND

Construction Proceeds	\$ 1,583,744
Costs of Issuance	2%
DSRF	10%
Bond Insurance	1%
Total	13%
Par Amount	\$ 1,820,395
DSRF	\$ 182,039
DSRF Earnings	3.50%
Annual Earnings	\$ 6,371

PROFESSIONAL EXPENSES

As development occurs and capital project planning is periodically revised, the future lists of capital projects and their costs may be different than the information utilized in this analysis. For this reason, it is assumed that the City will perform updates to the Master Plan and Impact Fee Analysis every five years. A fiscal year 2009 cost of \$10,000 has been included in the proposed sewer impact fees along with the costs of subsequent updates and engineering expenses (updates include a 3% annual inflation factor).



The costs of the impact fee updates shown below are spread proportionally across the number of future ERUs that the City will develop.

FIGURE 4.6: IMPACT FEE ANNUAL UPDATES

Professional Expenses and Impact Fee Analysis Updates Future Value			
2008	-	2018	17,099
2009	12,381	2019	4,281
2010	2,535	2020	4,521
2011	2,696	2021	19,029
2012	30,984	2022	5,032
2013 [†]	3,042	2023	5,305
2014 [†]	3,226	2024	24,168
2015 [†]	15,360	2025	9,103
2016 [†]	3,621	2026	9,641
2017 [†]	3,831	2027	34,049
Total		\$209,904	



The impact fee is calculated in the table below. The impact fee is generated from the future collection and treatment capital projects and any debt associated with those projects and then the cost is divided across the ERUs that those projects will serve. The treatment fee of \$1821.02 per ERU relates to the expenses of the expansion of the treatment plant. As discussed previously, the treatment plant will serve an additional 5,331 ERUs over the next twenty years according to the Engineers. Aqua Engineers also defined the percentage relating to growth, identifying 28.47% of the capital projects will fund rehabilitation needs of the sewer plant. The debt service needed to fund this expansion is also included in this fee at 92%. The 2009 Bond will fund the treatment plant expansion (92%) and the rest will fund a collection project (8%).

The collection fee is calculated in the same manner. Hansen, Allen & Luce, Inc. provided the future collection capital projects and identified the percentage of growth that the capital projects will fund (93.54%). The percentage of the 2009 Bond (8%) is included and a Series 2015 Bond has also been included to fund collection projects in the years 2015-2018. The collection fee has been spread across 28,922 ERUs that the collection system will serve through buildout (approx 2065).

Lastly, the professional expenses have been included and spread across the buildout ERUs to create a miscellaneous fee.

The treatment, collection and miscellaneous fee are totaled as the Net Impact Fee per ERU.

FIGURE 4.7: BASE IMPACT FEE

	Sewer Projects	Total Costs	% Related to Growth	Growth Related Costs	Growth Related ERUs	Cost per ERU
Treatment Fee						
1	Future Treatment Projects	\$ 8,627,745	78.53%	\$ 6,775,369	5,331	\$ 1,270.95
2	Proposed Series 2010 Bond Debt Service (92%)	9,844,770	78.53%	7,731,098	5,331	1,450.23
3	Proposed Series 2010 Bond Proceeds (92%)	(6,110,685)	78.53%	(4,798,721)	5,331	(900.16)
4	TOTALS:	\$ 12,361,830		\$ 9,707,745		\$ 1,821.02
Collection Fee						
5	Future Collection Projects	\$ 12,885,078	93.54%	12,052,299	28,922	\$ 416.72
6	Proposed Series 2010 Bond Debt Service (8%)	856,067	100.00%	856,067	28,922	29.60
7	Proposed Series 2010 Bond Proceeds (8%)	(531,364)	100.00%	(531,364)	28,922	(18.37)
8	Proposed Series 2015 Bond Debt Service	2,551,529	100.00%	2,551,529	28,922	88.22
9	Proposed Series 2015 Bond Proceeds	(1,583,744)	100.00%	(1,583,744)	28,922	(54.76)
10	TOTALS:	\$ 14,177,567		\$ 13,344,787		\$ 461.41
Miscellaneous Fee						
12	Engineering and Impact Fee Analysis Update	\$ 206,601	100.00%	\$ 206,601	28,922	\$ 7.14
13	TOTALS:	\$ 26,745,998		\$ 23,259,134		\$ 2,289.56

Net Impact Fee per ERU **\$ 2,290**

The ERU multiplier for residential and non-residential users will be based on the required sewer generation of the user at the time of development review. One ERU is 350 gpd for collection and 262.5 gallons per day for treatment. A complete schedule of impact fee multipliers for residential and commercial users prepared by Lewis Young Robertson & Burningham can be seen in Figure 4.5. The table, from the Utah State Division of Drinking Water is a list of potential users and the expected demands that the users will place on a system as an ERU equivalence and the potential peak day demand. The table lists the demands as an equivalent ERU and the fee is calculated using the multiplier. The launderette is a simple example of how the table applies. The new launderette is the equivalence of .73 ERUs per washer or \$1,672 (Net Impact Fee \$2,290 x .73) per washer. If, as an example the new launderette will have 20 washers, the fee is calculated as follows:

Number of Washers	x	Fee	Total Impact for New Launderette
20	x	\$1,671	\$ 33,429



FIGURE 4.8: IMPACT FEE ERU MULTIPLIERS

Impact Fee Land Use	Water Interior & Exterior PDD (gals.)	Water Interior PDD (gals.)	Multiplier	Estimate of Sewer PDD	Equivalent ERU's	Impact Fee
Annual Impact Fee per ERU						\$2,290
Single Family Dwelling	800	400	87.5%	350	1.000	2,290
Multi Family Housing	552	276	87.5%	242	0.690	1,580
Boarding Houses						
a. for each resident boarder and employee	50	25	87.5%	22	0.063	143
Bowling Alleys, per alley						
a. with snack bar	100	100	100.0%	100	0.286	654
b. with no snack bar	85	85	100.0%	85	0.243	556
Churches, per person	5	5	100.0%	5	0.014	33
Country Clubs						
a. per resident member	100	100	100.0%	100	0.286	654
b. per nonresident member present	25	25	100.0%	25	0.071	164
c. per employee	15	15	100.0%	15	0.043	98
Dentist's Office						
a. per chair	200	200	100.0%	200	0.571	1,308
b. per staff member	35	35	100.0%	35	0.100	229
Doctor's Office						
a. per patient	10	10	100.0%	10	0.029	65
b. per staff member	35	35	100.0%	35	0.100	229
Fairgrounds, per person	1	1	100.0%	1	0.003	7
Fire Stations, per person						
a. with full-time employees and food prep.	70	70	100.0%	70	0.200	458
b. with no full-time employees and no food prep.	5	5	100.0%	5	0.014	33
Gyms						
a. per participant	25	25	100.0%	25	0.071	164
b. per spectator	4	4	100.0%	4	0.011	26
Hairdresser						
a. per chair	50	50	100.0%	50	0.143	327
b. per operator	35	35	100.0%	35	0.100	229
Hospitals, per bed space	250	250	100.0%	250	0.714	1,635
Hotel, Motel, and Resort	150	150	100.0%	150	0.429	981
Industrial Buildings, per 8 hour shift, per employee (exclusive of industrial waste)						
a. with showers	35	35	100.0%	35	0.100	229
b. with no showers	15	15	100.0%	15	0.043	98
Launderette, per washer	580	580	100.0%	580	1.657	3,794
Movie Theaters						
a. auditorium, per seat	5	5	100.0%	5	0.014	33
b. drive-in, per car space	10	10	100.0%	10	0.029	65
Nursing Homes, per bed space	280	280	100.0%	280	0.800	1,832
Office Buildings and Business Establishments, per shift, per employee (sanitary wastes only)						
a. with cafeteria	25	25	100.0%	25	0.071	164
b. with no cafeteria	15	15	100.0%	15	0.043	98
Picnic Parks, per person (toilet wastes only)	5	5	100.0%	5	0.014	33
Restaurants						
a. ordinary restaurants (not 24 hour service) per seat	35	35	100.0%	35	0.100	229
b. 24 hour service per seat	50	50	100.0%	50	0.143	327
c. single service customer utensils only per customer	2	2	100.0%	2	0.006	13
d. or, per customer served				0	-	-
(includes toilet and kitchen wastes)	10	10	100.0%	10	0.029	65



Impact Fee Land Use	Water Interior & Exterior PDD (gals.)	Water Interior PDD (gals.)	Multiplier	Estimate of Sewer PDD	Equivalent ERU's	Impact Fee
Annual Impact Fee per ERU						\$2,290
Schools, per person						
a. boarding	75	75	100.0%	75	0.214	491
b. day, without cafeteria, gym or showers	15	15	100.0%	15	0.043	98
c. day, with cafeteria, but no gym or showers	20	20	100.0%	20	0.057	131
d. day, with cafeteria, gym and showers	25	25	100.0%	25	0.071	164
Service Stations(b) ,per vehicle served	10	10	100.0%	10	0.029	65
Skating Rink, Dance Halls, etc., per person						
a. no kitchen wastes	10	10	100.0%	10	0.029	65
b. Additional for kitchen wastes	3	3	100.0%	3	0.009	20
Ski Areas, per person (no kitchen wastes)	10	10	100.0%	10	0.029	65
Stores						
a. per public toilet room	500	500	100.0%	500	1.429	3,271
b. per employee	11	11	100.0%	11	0.031	72
Swimming Pools and Bathhouses(c) ,per person	10	10	100.0%	10	0.029	65
Taverns, Bars, Cocktail Lounges, per seat	20	20	100.0%	20	0.057	131

PDD = Peak Day Demand

The proposed sewer impact fees are based upon general demand characteristics and the potential sewer demand that is created by each user class. The City reserves the right under the Impact Fees Act (Utah Code 11-36-202(2)(c,d)) to calculate and assess an adjusted fee to respond to unusual circumstances to ensure that the fees are equitably assessed. Figure 4.6 shows the formula by which non-standard sewer impact fees are calculated. The Non-Standard Sewer Impact Fee is a simple calculation based on the Net Impact Fee, \$2,290 divided by the state standard and defined collection ERU of 350 gallons per day.

FIGURE 4.9: CALCULATION OF NON-STANDARD SEWER IMPACT FEE

	Impact Fee per Gallon per Day
Cost per Gallon per Day	\$ 6.54



CHAPTER 5: PROPORTIONATE SHARE ANALYSIS REQUIRED BY (11-36-201(5)(B))

Chapter Overview

- The Proportionate Share Analysis ensures that impact fees recover the costs of capital improvements that serve future development.
- The Proportionate Share Analysis must demonstrate that impact fees paid by new development are the most equitable method of funding growth-related infrastructure.
- The City has funded its existing sewer infrastructure through a combination of different revenue sources which include property tax, general fund revenues, impact fees, and user rates.
- Impact fees should be used to fund all growth-driven infrastructure planned by the City to equitably allocate the costs of growth-related infrastructure in accordance with the true impact that a user will place on the infrastructure.
- The Impact Fees Act requires that credits be paid back to development for future fees that may be paid to fund system improvements found in the Capital Facilities Plan.
- 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.

The Proportionate Share Analysis requirement was established by the case of Banberry Development Corp. vs. The City of South Jordan¹¹ to ensure that a local political entity does not collect impact fees that place an inequitable burden on new development relative to the impact that the development would place upon the system. Banberry set forth that a municipality must “reasonably” provide evidence that supports the imposition of impact fees.

The Utah Supreme Court has reinforced this philosophy through subsequent cases including The Home Builders Association of the State of Utah vs. The City of North Logan¹². It was determined that a local political entity must have “sufficient flexibility to deal realistically with issues that do not admit of any kind of precise mathematical equality”. Indeed, the Court stated that such equality is “neither feasible nor constitutionally vital.”

It has been shown that a City must prepare the written and Proportionate Share Analysis as accurately as possible and within the confines of the law. If such requirement is met, the burden of proof that the impact fees are inequitable lies with the challenger and not with a City to prove that the fees are equitable.

Tooele’s sewer system has been and will be further improved to meet the needs of new demand and prepare for future users. A new wastewater treatment plant has been constructed and will be further expanding this year. A small percentage of the wastewater treatment plant capital projects will be dedicated to rehabilitation of the facility. Aqua engineers have determined that 78.53% will be attributed to growth and 21.47% will be growth related expenses that will be included in the impact fee analysis.

Tooele City has a significant amount of developable land within its boundaries. The new development requires a \$12.8M collection capital facilities plan. Most of the future collections projects will benefit growth and 93.54¹³% of the total future projects will be included in the wastewater impact fee calculation.

¹¹ 631 P. 2d 899, 903-4 (Utah 1981.)

¹² 983 P. 2d 561, 565 (Utah 1999.)

¹³ The 93% of the projects is the percentage of the total that relates directly to the growth related costs.



TABLE 5.1 CALCULATION OF PROPORTIONATE SHARE

COLLECTION

Project No.	Project Name	Present Value	Construction Year ¹	Project Total with Construction Inflation	% to Growth	FV Cost to Growth
COLLECTION SYSTEM						
1	1000 West Relief Sewer	\$ 621,433	2015	\$ 832,779	0%	\$ -
2	8-inch diameter Sewer on 100 N from Coleman to 1000 W	560,381	2015	750,964	100%	750,964
3	Relief Sewer Structures in Manholes (Half)	28,648	2021	51,448	100%	51,448
3	Relief Sewer Structures in Manholes (Half)	28,648	2036	106,957	100%	106,957
4	8-inch diameter Sewer in 100 S from 100 E to 100 W	210,040	2026	481,417	100%	481,417
5	8-inch diameter Sewer in 1500 N from 200 E to 400 E	-	-	-	100%	-
6	10-inch diameter in 1000 N from 520 E to 150 E	685,758	2011	756,049	100%	756,049
7	8-inch diameter Relief Sewer in Main St. at 900 N	10,237	2018	15,880	100%	15,880
8	10-inch diameter Sewer in 300 S from 150 W to 200 W	81,892	2041	390,212	100%	390,212
9	10-inch diameter Sewer in 100 S from Russell to 100 S	67,561	2041	321,925	100%	321,925
10	12-inch diameter Sewer in 400 W. between 2000 N and 2400 N.	186,828	2012	216,276	100%	216,276
11	Install 24" diameter Relief Sewer for Interceptor B	654,564	2036	2,443,785	100%	2,443,785
12	Install 12" diameter Relief Sewer for Interceptor B	81,911	2051	635,760	100%	635,760
13	Install 18" diameter Relief Sewer for Interceptor B	411,525	2056	4,076,555	100%	4,076,555
14	Install 12" diameter Relief Sewer for Interceptor B	100,888	2060	1,214,774	100%	1,214,774
15	Install 21" diameter Relief Sewer for Interceptor A after junction with Interceptor B	158,109	2036	590,295	100%	590,295
Collection System Total		\$ 3,888,425		\$ 12,885,078		\$ 12,052,299

TABLE 5.2 CALCULATION OF PROPORTIONATE SHARE

TREATMENT

Project No.	Project Name	Present Value	Construction Year ¹	Project Total with Construction Inflation	% to Growth	FV Cost to Growth
1	Phase 1	\$ 2,741,745	2009	2,741,745	79%	\$ 2,152,969
2	Phase 2	\$ 5,886,000	2009	5,886,000	79%	4,622,011
Treatment Facilities Total		\$ 8,627,745		\$ 8,627,745		\$ 6,774,980

MANNER OF FINANCING EXISTING PUBLIC FACILITIES – 201(5)(B)(II-III)

Tooele City has funded its existing sewer infrastructure through a combination of different revenue sources which include property tax, general fund revenues, impact fees, and user rates. Therefore, it is clear that the level of service that currently exists has been funded by the City's existing residents. Using impact fees to fund the future improvements that will be needed by new growth places a burden upon future users that is similar to the burden that has been placed upon existing users.

CONSIDERATION OF ALL REVENUE SOURCES – 201(5)(B)(IV)

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. This statement may be supported by demonstrating through the CFP that the project costs that are included in the impact fees are growth-related and serve no users other than future users who have not yet come into the City.

The City's objective is to fairly and equitably recover the costs of new growth-related infrastructure from new development. This implies that new growth will be expected to pay its fair share of the costs that will be incurred to serve them. In accordance with this philosophy, the following explains the pros and cons of funding mechanisms that are available to the City to pay for new infrastructure.

PROPERTY TAX REVENUES

Ad valorem taxes such as property taxes are a stable source of revenues. However, ad valorem taxes allocate new system costs to new development based upon property valuation rather than true impact. The use of property tax revenues to finance growth-driven improvements places an unfair burden upon existing users who have already paid for existing infrastructure. This practice forces existing users to subsidize growth. Furthermore, there exists no General Obligation Bonds for sewer, and property tax revenues can be used for funding capital projects.



USER FEES

Like property tax revenues, the use of user fees to finance growth-driven improvements places an unfair burden upon existing users who have already paid for existing infrastructure.

SPECIAL ASSESSMENT AREA BONDS

SAA Bonds are an acceptable mechanism to recover the costs of growth-related infrastructure from new users by means of placing an assessment upon benefited development property. SAA bonds are a stable funding mechanism; however, the ability to impose a Special Assessment Area solely upon new growth areas and create a marketable bond is very challenging for system-wide growth construction.

IMPACT FEES

Impact fees have become an ideal mechanism for funding growth-related infrastructure. Analysis is required to accurately assess the true impact of a particular user upon the City infrastructure and the ability to prevent existing users from having to subsidize new growth.

It is the opinion of this analysis that 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, impact fees should be used to fund all growth-related infrastructure planned by the City.

PROPOSED CREDITS OWED TO DEVELOPMENT – 201(5)(B)(V)

Tooele City will comply with all requirements of the Act related to credits to developer contributions.

SUMMARY OF TIME PRICE DIFFERENTIAL – 201(5)(B)(VII)

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. An inflation component is included in all capital project costs that are to be constructed in fiscal year 2008 and beyond. A time price differential is not contemplated for the costs of bond debt service that are included in the impact fees as the payments do not increase over time with inflation.

Because all improvements have been adjusted for inflation, it is not equitable for new development paying impact fees ten years from now to be charged an impact fee that is higher than a fee paid today as the costs of inflation have been included into the costs basis. There is no correlation between an inflation adjusted cost in projects and an inflated impact fee.



CHAPTER 6: SUMMARY OF IMPACT FEE FUND CASH FLOWS FOR SEWER SYSTEM

Chapter Overview

- The objective of the impact fee fund is to maintain a positive balance which can be achieved with debt financing or inter-fund loans by deferring projects until sufficient funds are amassed.

IMPACT FEE REVENUES, EXPENSES AND CASH FLOWS

Tooele City is committed to continuing the practice of collecting, expending and accounting for impact fees fairly and as mandated by the Impact Fees Act.

In the collection of impact fees, a fund shall be created for the sewer impact fees. The objective of the fund is to maintain a positive balance which can be achieved with debt financing or inter-fund loans by deferring projects until sufficient funds are amassed. The proposed timings and amounts of debt issued shown in this analysis are based upon the projected growth rates of sewer ERUs. The actual rates of growth may vary significantly from the projections presented in this analysis which may affect the impact fees through changes in the timings

of project construction, changes in the years that bonds will be issued, and changes in the need for bonds.



CHAPTER 7: RECOMMENDED IMPACT FEES

The sewer impact fees proposed in this analysis will be assessed within all areas of the City.

FIGURE 7.1: RESIDENTIAL SEWER IMPACT FEE

	Sewer Projects	Total Costs	% Related to Growth	Growth Related Costs	Growth Related ERUs	Cost per ERU
Treatment Fee						
1	Future Treatment Projects	\$ 8,627,745	78.53%	\$ 6,775,369	5,331	\$ 1,270.95
2	Proposed Series 2010 Bond Debt Service (92%)	9,844,770	78.53%	7,731,098	5,331	1,450.23
3	Proposed Series 2010 Bond Proceeds (92%)	(6,110,685)	78.53%	(4,798,721)	5,331	(900.16)
4	TOTALS:	\$ 12,361,830		\$ 9,707,745		\$ 1,821.02
Collection Fee						
5	Future Collection Projects	\$ 12,885,078	93.54%	12,052,299	28,922	\$ 416.72
6	Proposed Series 2010 Bond Debt Service (8%)	856,067	100.00%	856,067	28,922	29.60
7	Proposed Series 2010 Bond Proceeds (8%)	(531,364)	100.00%	(531,364)	28,922	(18.37)
8	Proposed Series 2015 Bond Debt Service	2,551,529	100.00%	2,551,529	28,922	88.22
9	Proposed Series 2015 Bond Proceeds	(1,583,744)	100.00%	(1,583,744)	28,922	(54.76)
10	TOTALS:	\$ 14,177,567		\$ 13,344,787		\$ 461.41
Miscellaneous Fee						
12	Engineering and Impact Fee Analysis Update	\$ 206,601	100.00%	\$ 206,601	28,922	\$ 7.14
13	TOTALS:	\$ 26,745,998		\$ 23,259,134		\$ 2,289.56

Net Impact Fee per ERU **\$ 2.290**

The ERU multiplier for residential and non-residential users will be based on the required sewer demand of the user at the time of development review. One ERU is 350 gpd which reflects daily wastewater generation rates for a typical single family home.

FIGURE 7.2: CALCULATION OF NON-STANDARD SEWER IMPACT FEE

	Impact Fee per Gallon per Day
Cost per Gallon per Day	\$ 6.54

The proposed fees are based upon general demand characteristics that are created by each class or size of unit. This is based on domestic wastewater and a price adjustment may be required for industrial wastewater generators increasing impact to the system. This will be evaluated on a case-by-case basis. The City reserves the right under the Impact Fees Act (Utah Code 11-36-202(2)(c,d)) to assess an adjusted fee to respond to unusual circumstances to ensure that fees are equitably assessed. This could result in a higher impact fee if the City determines that a user creates a greater than normal impact, but this may also result in a decrease in the impact fee if the developer can provide documentation that the proposed impact will be lesser than normal (Utah Code 11-36-202(3)(a)).



APPENDIX
