

SECONDARY WATER IMPACT FEE ANALYSIS (IFA)

WOLF CREEK WATER AND SEWER
IMPROVEMENT DISTRICT



MARCH 2022


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IMPACT FEE CERTIFICATION

IFA CERTIFICATION

Lewis Young Robertson & Burningham, Inc. certifies that the Impact Fee Analysis prepared for secondary water services:

1. includes only the costs of public facilities that are:
 - a. allowed under the Impact Fees Act; and
 - b. actually incurred; or
 - c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid;
2. does not include:
 - a. costs of operation and maintenance of public facilities;
 - b. costs for qualifying public facilities that will raise the level of service for the facilities, through impact fees, above the level of service that is supported by existing residents;
 - c. an expense for overhead, unless the expense is calculated pursuant to a methodology that is consistent with generally accepted cost accounting practices and the methodological standards set forth by the federal Office of Management and Budget for federal grant reimbursement;
 - d. offsets costs with grants or other alternate sources of payment; and
3. complies in each and every relevant respect with the Impact Fees Act.

LYRB makes this certification with the following caveats:

1. All of recommendations for capital improvements identified in the Impact Fee Facilities Plan (IFFP) are completed by District staff and elected officials.
2. If all or a portion of the IFA is modified or amended, this certification is no longer valid.
3. All information provided to LYRB is assumed to be correct, complete, and accurate. This includes information provided by the District as well as outside sources.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.



DEFINITIONS

The following acronyms or abbreviations are used in this document:

AF:	Acre Feet
ERU:	Equivalent Residential Unit
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
WCWSID:	Wolf Creek Water and Sewer Improvement District

SECTION 1: EXECUTIVE SUMMARY

The purpose of this Impact Fee Analysis (IFA) is to fulfill the requirements established in Utah Code Title 11 Chapter 36a, the "Impact Fees Act," and help the Wolf Creek Water and Sewer Improvement District (WCWSID) fund necessary capital improvements for future growth. This document will address the future secondary water infrastructure needed to serve new development through the next ten years, as well as the appropriate impact fees WCWSID may charge to new growth to maintain the level of service (LOS). The Secondary Water Impact Fee Facilities Plan (IFFP) updated March 2022, along with information from WCWSID, provide much of the information necessary for calculating the proposed impact fees.

- ☞ **Impact Fee Service Area:** The Service Area for the secondary water impact fees includes all areas within the WCWSID boundary as illustrated in the Wolf Creek Resort / WCWSID Master Land Use Map found in **Appendix A** of the IFFP. This document identifies the necessary future system improvements for the Service Area that will maintain the proposed LOS into the future.
- ☞ **Demand Analysis:** The demand units utilized in this analysis include secondary water users and irrigated acres, converted to equivalent residential units (ERUs). The primary impact on the system will be growth in ERUs. As development occurs within the WCWSID, it generates increased demand on the secondary water system. The system improvements identified in this study are designed to maintain the proposed LOS for any new development that occurs within the WCWSID system.
- ☞ **Level of Service:** The existing and proposed LOS for this analysis can be found in **Section 3** and on p. 7-11 of the IFFP.
- ☞ **Excess Capacity:** According to the IFFP, there is excess capacity related to water rights and the distribution system (See IFFP p.12). There is approximately 120 AF of excess water right capacity. In addition, a 4,900-foot long 12" diameter line is estimated to be at approximately 50-percent capacity.
- ☞ **Outstanding Debt:** In 2018, WCWSID took out a loan to purchase 300 AF water right from Weber Basin Water Conservancy District. Approximately 50 percent of this acquisition (is being used for the secondary water system. For the purposes of this analysis, this is considered a future capital cost. This cost is included in **Project 1.d**.
- ☞ **Capital Facilities Analysis:** Based on the projected growth of 350 ERUs, new facilities will be needed.
- ☞ **Funding of Future Facilities:** This analysis assumes future growth-related facilities will be funded using debt financing.

PROPOSED SECONDARY WATER IMPACT FEE

The secondary water impact fees proposed in this analysis will be assessed within the Service Area. **Table 1.1** illustrates the appropriate fee per ERU associated with secondary water system improvements occurring within the next ten years.

TABLE 1.1: IMPACT FEE PER ERU

	Cost	% to IFA	Cost to IFA	ERUs Served	Cost per ERU
Buy-In					
Distribution Buy-In	\$35,576	50%	\$17,788	1,215	\$15
Delivery					
Annual Delivery	\$10,354,859	63%	\$6,546,605	350	\$18,705
Delivery Financing	\$1,093,437	63%	\$691,298	350	\$1,975
Professional Expense	\$22,600	100%	\$22,600	210	\$108
				Total Fee per Unit	\$20,802

TABLE 1.2: IMPACT FEE BY LAND USE TYPE

Fee Type	ERU Conversion	Fee
Single Family	1.00	\$20,802
Multi Family	0.33	\$7,489

NON-STANDARD IMPACT FEES

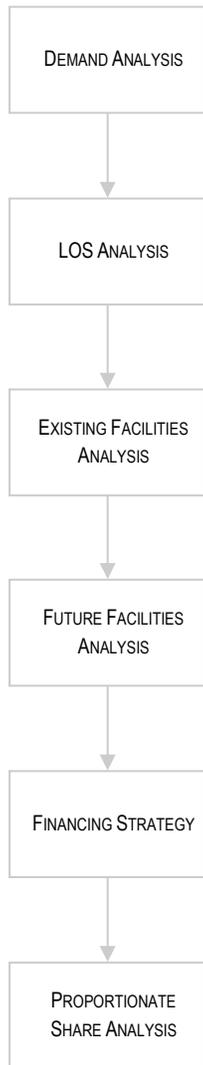
WCWSID reserves the right under the Impact Fees Act to assess an adjusted fee that more closely matches the true impact that the land use will have upon public facilities.¹ This adjustment could result in a different impact fee if the WCWSID

determines that a particular user may create a different impact than what is standard for its land use.

¹ 11-36a-402(1)(c)

SECTION 2: GENERAL IMPACT FEE METHODOLOGY

FIGURE 2.1: IMPACT FEE METHODOLOGY



The purpose of this study is to fulfill the requirements of the Impact Fees Act regarding the establishment of an IFA². The IFFP, completed by Gardner Engineering, is designed to identify the demands placed upon the WCWSID’s existing facilities by future development and evaluate how these demands will be met by the WCWSID, as well as the future improvements required to maintain the existing LOS. The purpose of the IFA 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 the growth assumptions, this analysis identifies the LOS which is provided to a community’s existing residents and ensures that future facilities maintain these standards. Any excess capacity identified within existing facilities can be apportioned to new development. Any demand generated from new development that overburdens the existing system beyond the existing capacity justifies the construction of new facilities.

EXISTING FACILITY INVENTORY

In order to quantify the demands placed upon existing public facilities by new development activity, the analysis provides an inventory of existing **system** facilities. The inventory of existing facilities is important to properly determine the excess capacity of existing facilities and the utilization of excess capacity by new development.

FUTURE CAPITAL FACILITIES ANALYSIS

The demand analysis, existing facility inventory and LOS analysis allow for the development of a list of capital projects necessary to serve new growth and to maintain the existing system. This list includes any excess capacity of existing facilities, as well as future **system improvements** necessary to maintain the level of service. Any demand generated from new development that overburdens the existing system beyond the existing capacity justifies the construction of new facilities.

FINANCING STRATEGY

This analysis must also include a consideration of all revenue sources, including impact fees, future debt costs, alternative funding sources and the dedication of system improvements, which may be used to finance system improvements.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).

²UC 11-36a-301,302,303,304

³ UC 11-36a-302(2)

⁴ UC 11-36a-302(3)

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

SERVICE AREAS

Utah Code requires the impact fee enactment to establish one or more service areas within which impact fees will be imposed.⁵ The Service Area for the secondary water impact fees includes all areas within the WCWSID boundary as illustrated in the Wolf Creek Resort / WCWSID Master Land Use Map found in **Appendix A** of the IFFP.

DEMAND UNITS

The demand units utilized in this analysis include secondary water users, irrigated acres and Equivalent Residential Units (ERUs). The primary impact on the system will be growth in secondary water users through new development. As development occurs within the WCWSID, it generates increased demand on the system, above the current demand. The system improvements identified in this study are designed to maintain the existing and proposed LOS for any new or redeveloped property within the WCWSID. If growth assumptions change substantially, the impact fee analysis should be updated to reflect these changes.

TABLE 3.1: CURRENT AND PROPOSED GROWTH

User Type	ERUs per Connection	Existing ERUs	Additional ERUs	ERUs at Buildout
Single-Family Residential	1.00	485	1,057	1,542
Multi-Family Residential	0.36	187	139	326
Landscaped Open Space	2.75	14	19	33
Golf Course	5.50	480	-	480
Total		1,166	1,215	2,381

This analysis assumes 350 new ERUs are added to the system in the 10-year planning horizon. This assumes an annual growth of 35 ERUs/year.

LEVEL OF SERVICE STANDARDS

Impact fees cannot be used to finance an increase in the LOS to current or future users of capital improvements. Therefore, it is important to identify the secondary water LOS to ensure that the new capacities of projects financed through impact fees do not exceed the established standard. The IFFP identifies the existing LOS for water rights, delivery and distribution. According to the Impact Fee Act, the proposed LOS may diminish or equal the existing LOS. As shown below, the proposed LOS is less than or equal to the existing LOS. The existing and proposed LOS for this analysis is found in **Table 3.2**. The IFFP indicates the current distribution system is adequate to meet the needs of current users with a minimum pressure of 40 PSI during peak day demands.

TABLE 3.2: CURRENT AND PROPOSED LEVEL OF SERVICE

Water Rights			
EXISTING ERUs	QUANTITY OF WATER RIGHTS (AF/YEAR)	EXISTING WATER RIGHTS AF/ERU/YR	PROPOSED LOS (AF/ERU/YR)
1,166	541.02	0.46	0.36
Source: Annual Delivery Capacity			
EXISTING ERUs	DELIVERY (AF/YR)	EXISTING LOS (AF/ERU/YR)	PROPOSED LOS (AF/ERU/YR)
1,166	420.31	0.36	0.36
Source: Annual Delivery Capacity w/Storage			
EXISTING ERUs	DELIVERY (AF/YR)	EXISTING LOS (AF/ERU/YR)	PROPOSED LOS (AF/ERU/YR)
1,166	519.10	0.45	0.36
Storage			
EXISTING ERUs	EXISTING STORAGE CAPACITY (AF)	EXISTING STORAGE AF/ERU	PROPOSED LOS (AF/ERU/YR)
1,166	75.00	0.06	Combined with Source**
Distribution			
EXISTING ERUs			PROPOSED LOS (AF/ERU/YR)
1,166			Adequate

Source: IFFP pp. 7-11.

** According to the IFFP (p.7) Annual Delivery is provided through a combination of two resource: source and storage capacity.

⁵ UC 11-36a-402(1)(a)

SECTION 4: EXISTING FACILITIES INVENTORY & EXCESS CAPACITY

The District's current facilities are identified in **Table 4.1**. The 519 AF of source water exceeds the total delivery needs. This indicates that 99 AF of water was measured flowing into the system but was not used by WCWSID customers. This difference between inflow and use highlights the relationship of Source Capacity and Storage Capacity in providing the Annual Delivery LOS, which can be delivered fully only with the addition of storage. Additional storage would help make up the time-difference between when the source water is available and when the water is demanded for irrigation.

EXCESS CAPACITY

The IFFP identifies excess capacity related to water rights and distribution, but not for delivery and storage (IFFP p.12). The excess water right capacity will serve an estimated 335 ERUs.

Based on the proposed LOS, new development will utilize approximately 50 percent of the excess capacity within a section of the distribution system. A 4,900-foot long 12" diameter line is estimated to be at approximately 50-percent capacity. **Table 4.3** illustrates the calculation of excess distribution capacity and the proportional value included in the calculation of the impact fee.

The IFFP estimates the original cost of the distribution pipe at \$69. However, according to WCWSID's current depreciation schedule, the total original value for 1,275 linear feet of 12" main lines is \$9,257, or a cost per foot of \$7.26. Using the revised original cost per foot, the value of excess capacity included in the IFA is \$17,788. The WCWSID will also need to construct additional distribution and storage facilities to serve the demand within the next ten years. **Section 5** addresses the proposed capital improvements and the proportion of impact fee eligible costs.

MANNER OF FINANCING EXISTING PUBLIC FACILITIES

In 2018, WCWSID took out a loan to purchase 300 AF water right from Weber Basin Water Conservancy District. Approximately 50 percent of this acquisition is being used for the secondary water system. This cost is included in **Project 1.d**.

TABLE 4.1: EXISTING FACILITIES

Existing Water Rights	
Quantity of Water Rights (AF/Year)	Delivery (AF/YR)
541.02	420.31
Physical Supply	
Existing Annual Supply (AF)	Delivery (AF/YR)
519.10	420.31
Storage	
Facility	Capacity, AF
Primary Pond	11.00
Highlands Pond	10.00
9th Hole Pond	20.00
10-Acre Lake	34.00
TOTAL	75.00

TABLE 4.2: PROOF OF EXCESS CAPACITY (WATER RIGHTS AND SOURCE/STORAGE)

	Water Rights	Delivered Supply
Existing Capacity (AF)	541.02	420
2016 Usage (AF)	420.31	420
Excess Capacity (AF)	120.71	-
Proposed LOS (AF/ERU)	0.36	0.36
ERUs Served by Excess Capacity	335	-
ERUs in IFFP Horizon	350	350
Remaining to Serve	15	350

TABLE 4.3: ILLUSTRATION OF EXCESS DISTRIBUTION CAPACITY

DISTRIBUTION	IFFP ASSUMPTIONS	IFA ASSUMPTIONS
Linear Feet	4,900	4,900
Percent Excess Capacity	50%	50%
Cost per LF	\$69.00	\$7.26
Total Cost	\$338,100	\$35,576
Value of Excess Capacity	\$169,050	\$17,788
ERUs Served	1,215	1,215
Cost per ERU	\$139.14	\$14.64

SECTION 5: CAPITAL FACILITY ANALYSIS

The IFFP identifies the needed facilities to serve new growth based on the proposed LOS. This analysis evaluates the IFFP facilities to determine the proportionate share of the proposed new facilities attributed to development within the 10-year planning horizon. From this analysis, a portion of future development costs were attributed to new growth and included in the impact fee analysis as shown in **Table 5.1**. Based on the projected growth in the Service Area, the excess water right and delivery capacity will not be sufficient to serve new development. Therefore, additional facilities are needed related to water rights and delivery.

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

Component	Description	Cost	Added Capacity	Unit	Proposed LOS	ERUs Served
Delivery/Storage						
1.b	Construct 3.63 AF Retreat Pond	\$197,835	21.82	AF	0.36	60.50
1.c	90 AF Bridges Pond	\$5,310,000	90.15	AF	0.36	250.00
1.d	Add Spring Run-Off	\$3,083,699	52.50	AF	0.36	145.60
1.e	Underground Wells	\$430,990	13.34	AF	0.36	37.00
1.f	Purchase Shares of Irrigation Companies	\$1,332,335	21.82	AF	0.36	60.50
	Total	\$10,354,859	199.63			553.60
10-Year Demand						350
% of Total						63.22%
Cost to 10-Year Demand						\$6,546,605

As discussed in **Section 4**, the excess water right capacity will serve an estimated 335 ERUs, which is only slightly lower than the anticipated ERUs in the 10-year planning horizon. Therefore, no new water right costs are identified in this analysis.

The source system is at capacity. Therefore, it is anticipated that additional source improvements will be needed in the next ten years to perpetuate the existing LOS. The IFFP identifies potential system improvements to mitigate the impact of new development. Due to the uncertainty of which course of action the District will take regarding future system improvements, this analysis only includes the projects identified above. This analysis should be updated as additional system improvements are finalized.

Capital projects related to curing existing deficiencies were not included in the calculation of the impact fees, as these projects cannot be funded through impact fees. A total of **\$10,354,859** system improvement costs is considered impact fee eligible within the next ten years. These projects are intended to provide capacity for 554 ERUs. The demand in the next 10 years represents 63 percent of the total capacity added to the system.

SYSTEM VS. PROJECT IMPROVEMENTS

System improvements are defined as existing and future public facilities designed to provide services to service areas within the community at large.⁶ Project improvements are improvements and facilities that are planned and designed to provide service for a specific development (resulting from a development activity) and considered necessary for the use and convenience of the occupants or users of that development.⁷ To the extent possible, this analysis only includes the costs of system improvements related to new growth within the proportionate share analysis.

FUNDING OF FUTURE FACILITIES

The IFFP must also include a consideration of all revenue sources, including impact fees and the dedication of system improvements, which may be used to finance system improvements.⁸ In conjunction with this revenue analysis, there must be a determination that impact fees are necessary to achieve an equitable allocation of the costs of the new facilities between the new and existing users.⁹

⁶ 11-36a-102(21)

⁷ 11-36a-102(14)

⁸ 11-36a-302(2)

⁹ 11-36a-302(3)

In considering the funding of future facilities, the WCWSID has determined the portion of future projects that will be funded by impact fees as growth-related, system improvements. No other revenues from other government agencies, grants or developer contributions have been identified within the IFFP to help offset future capital costs. If these revenues become available in the future, the impact fee analysis should be revised. It is anticipated that future project improvements will be funded by the developer. These costs have not been included in the calculation of the impact fee.

Other revenues such as utility rate revenues will be necessary to fund non-growth related projects and to fund growth related projects when sufficient impact fee revenues are not available. In the latter case, impact fee revenues will be used to repay utility rate revenues for growth related projects. A brief description of alternative financing options is included below.

- ☞ **Utility Rate Revenues:** Utility rate revenues serve as the primary funding mechanism within enterprise funds. Rates are established to ensure appropriate coverage of all operations and maintenance expenses, debt service coverage, and capital project needs. Impact fee revenues are generally considered non-operating revenues and help offset future capital costs.
- ☞ **Grants, Donations and Other Contributions:** Grants and donations are not expected as a future funding source. The impact fees should be adjusted if grant monies are received. New development may be entitled to a reimbursement for any grants or donations received for growth related projects, or for developer funded IFFP projects.
- ☞ **Debt Financing:** This analysis assumes future growth-related facilities will need to be funded using debt financing. The District's cash reserves are not sufficient to fund these projects internally. The analysis assumes an additional financing cost of \$1,093,437.

TABLE 5.2: ILLUSTRATION OF DEBT FINANCING ASSUMPTIONS INCLUDED IN IFA

Bond Issue	PAR Amount of Bonds	Interest	Project Proceeds	Net Additional Cost for Future Projects
Proposed Bond	\$3,045,000	\$1,048,437	(\$3,000,000)	\$1,093,437

Assumes cost is amortized over 20 years at 3.0 percent annual interest, with cost of issuance of 1.5 percent of PAR amount.

PROPOSED CREDITS OWED TO DEVELOPMENT

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

EQUITY OF IMPACT FEES

Impact fees are intended to recover the costs of capital infrastructure that relate to future growth. The impact fee calculations are structured for impact fees to fund 100 percent of the growth-related facilities identified in the proportionate share analysis as presented in the impact fee analysis. Even so, there may be years that impact fee revenues cannot cover the annual growth-related expenses. In those years, other revenues such as general fund revenues will be used to make up any annual deficits. Any borrowed funds are to be repaid in their entirety through impact fees.

NECESSITY OF IMPACT FEES

An entity may only impose impact fees on development activity if the entity's plan for financing system improvements establishes that impact fees are necessary to achieve parity between existing and new development. This analysis has identified the improvements to public facilities and the funding mechanisms to complete the suggested improvements. Impact fees are identified as a necessary funding mechanism to help offset the costs of new capital improvements related to new growth. In addition, alternative funding mechanisms are identified to help offset the cost of future capital improvements.

¹⁰ 11-36a-402(2)

SECTION 6: SECONDARY WATER IMPACT FEE CALCULATION

Impact fees are calculated based on many variables centered on proportionality and LOS. The previous sections identified the future demand, the existing and proposed LOS, the availability of excess capacity and the needed future facilities to serve new development. The following section identifies the appropriate impact fee to be assessed to new development to maintain the existing LOS.

PROPOSED SECONDARY WATER IMPACT FEE

Impact fees can be calculated based on a defined set of costs specified for future development, usually defined within the Master Plan, Capital Improvement Plan and IFFP. The total project costs are divided by the total ERUs the projects are designed to serve. Under this methodology, it is important to identify the existing LOS and determine any excess capacity in existing facilities that could serve new growth. Impact fees are then calculated based on many variables centered on proportionality share and LOS. The secondary water impact fees proposed in this analysis will be assessed within the Service Area. The table below illustrates the appropriate impact fee to maintain the existing LOS, based on the assumptions within this document. The maximum allowable impact fee assignable to new development per ERU is **\$20,802**.

TABLE 6.1: IMPACT FEE PER ERU

	Cost	% to IFA	Cost to IFA	ERUs Served	Cost per ERU
Buy-In					
Distribution Buy-In	\$35,576	50%	\$17,788	1,215	\$15
Delivery					
Annual Delivery	\$10,354,859	63%	\$6,546,605	350	\$18,705
Delivery Financing	\$1,093,437	63%	\$691,298	350	\$1,975
Professional Expense	\$22,600	100%	\$22,600	210	\$108
				Total Fee per Unit	\$20,802

TABLE 6.2: IMPACT FEE BY LAND USE TYPE

Fee Type	ERU Conversion	Fee
Single Family	1.00	\$20,802
Multi Family	0.33	\$7,489

NON-STANDARD IMPACT FEES

WCWSID reserves the right under the Impact Fees Act¹¹ to assess an adjusted fee that more closely matches the true impact that the land use will have upon the secondary water system. This adjustment could result in a lower impact fee if

evidence suggests a particular user will create a different impact than what is standard for its category.

CONSIDERATION OF ALL REVENUE SOURCES AND EXTRAORDINARY COSTS

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. The WCWSID does not anticipate any extraordinary costs necessary to provide services to future development.

EXPENDITURE OF IMPACT FEES

Legislation requires that impact fees should be spent or encumbered within six years after each impact fee is paid. Impact fees collected should be spent only on those projects outlined in the IFFP as growth related costs to maintain the LOS.

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. While an inflation component may be included in the impact fee analysis to reflect the future cost of facilities, at the request of the WCWSID it is not considered in the cost estimates in this study. However, the impact fee analysis should be updated regularly to account for changes in cost estimates over time.

¹¹ 11-36a-402(1)(c)