

# CULINARY WATER IMPACT FEE ANALYSIS (IFA)

WOLF CREEK WATER AND SEWER  
IMPROVEMENT DISTRICT



MARCH 2022

  
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## IMPACT FEE CERTIFICATION

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### IFA CERTIFICATION

Lewis Young Robertson & Burningham, Inc. certifies that the Impact Fee Analysis prepared for culinary 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.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

## DEFINITIONS

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The following acronyms or abbreviations are used in this document:

- AF:** Acre Foot
- 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
- PSI:** Pounds per Square Inch

## 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 culinary water infrastructure needed to serve new development through the next ten years, as well as the appropriate impact fees the WCWSID may charge to new growth to maintain the level of service (LOS). The Culinary Water Impact Fee Facilities Plan (IFFP) completed March 2022, along with information from WCWSID, provide much of the information for this analysis as the basis for calculating impact fees.

- ☞ **Impact Fee Service Area:** The Service Area for the culinary water impact fees includes all areas within the WCWSID boundary. 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 unit utilized in this analysis is 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 culinary water system. The system improvements identified in this study are designed to maintain the proposed LOS for any new ERUs that connect to the system.
- ☞ **Level of Service:** The proposed LOS for water rights is 0.208 AF per ERU, with source based on indoor demand of 0.206 gallons per minute (gpm) per ERU. The proposed level of service for the storage component is 185 gallons of equalization storage, plus 540,000 gallons for fire suppression. The distribution system LOS is based on maintaining 20 psi during conditions of fire flow, 30 psi during peak instantaneous demand, and 40 psi during peak day demand.<sup>1</sup>
- ☞ **Excess Capacity:** Based on the proposed LOS, there is no source excess capacity. The excess capacity related to storage is 492,250 gallons, or 68 percent of the total system storage capacity. Excess capacity within the distribution is based on the known cost of the 10" pipes with excess capacity, as defined in the IFFP. These pipes are anticipated to serve through buildout. In addition, the analysis includes the 2018 WBWCD water right contract excess capacity.
- ☞ **Outstanding Debt:** The Series 2016 Water, Sewer and Irrigation Revenue Bonds were issued in part to fund storage and distribution improvements. Approximately 13 percent, or \$1,017,000 of the total principal amount of the bonds was used for the culinary system. A proportionate amount of the interest related to this bond is included in this analysis.
- ☞ **Capital Facilities Analysis:** Based on the projected growth of 344 ERUs, new source facilities will be needed.
- ☞ **Funding of Future Facilities:** This analysis assumes future growth-related facilities will be funded through a combination of utility revenues and impact fee revenues.

## PROPOSED CULINARY WATER IMPACT FEE

The culinary water impact fees proposed in this analysis will be assessed within the Service Area. **Table 1.1** illustrates the appropriate fee associated with culinary water projects occurring within the next ten years. As stated in the IFFP, the District will analyze future commercial connections on a case-by case basis and assess fees based on the estimated peak day use of the commercial connection, relative to an average residential connection, which assessment will determine the impact of the commercial connection on the system's Facilities in terms of ERUs.<sup>2</sup>

TABLE 1.1: IMPACT FEE PER ERU

	COST	% TO IFA	COST TO IFA	ERUS SERVED	COST PER ERU
<b>Buy-In</b>					
Water Right Buy-in	\$521,118	24%	\$124,290	344	\$361
Source Buy-in	\$319,896	-	-	344	-
Storage Buy-in	\$1,054,792	7%	\$76,598	344	\$270
Distribution Buy-in	\$523,104	50%	\$261,552	2,156	\$121
<b>Future Facilities</b>					
Source Future Facilities	\$8,765,800	34%	\$2,950,417	344	\$8,577
Financing Cost	\$1,093,437	34%	\$368,032	344	\$1,070
Professional Expense	\$22,600	100%	\$22,600	210	\$108
<b>Total Fee Per ERU</b>					<b>\$10,506</b>

### NON-STANDARD CULINARY WATER IMPACT FEES

The 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.<sup>3</sup> This adjustment could result in a lower impact fee if the WCWSID determines that a particular user may create a different impact than what is standard for its land use.

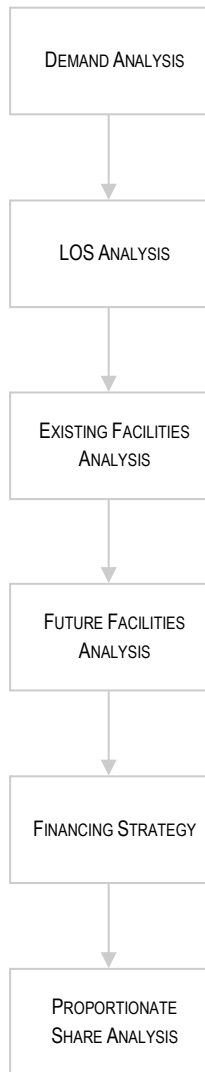
<sup>1</sup> Source: Impact Fee Facility Plan (IFFP) p. 11

<sup>2</sup> Source: IFFP, P.5

<sup>3</sup> 11-36a-402(1)(c)

## SECTION 2: GENERAL IMPACT FEE METHODOLOGY

FIGURE 2.1: IMPACT FEE METHODOLOGY



The purpose of this study is to fulfill the requirements of the Impact Fees Act regarding the establishment of an IFA<sup>4</sup>. 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

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.<sup>5</sup> 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.<sup>6</sup>

### 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).

<sup>4</sup>UC 11-36a-301,302,303,304

<sup>5</sup> UC 11-36a-302(2)

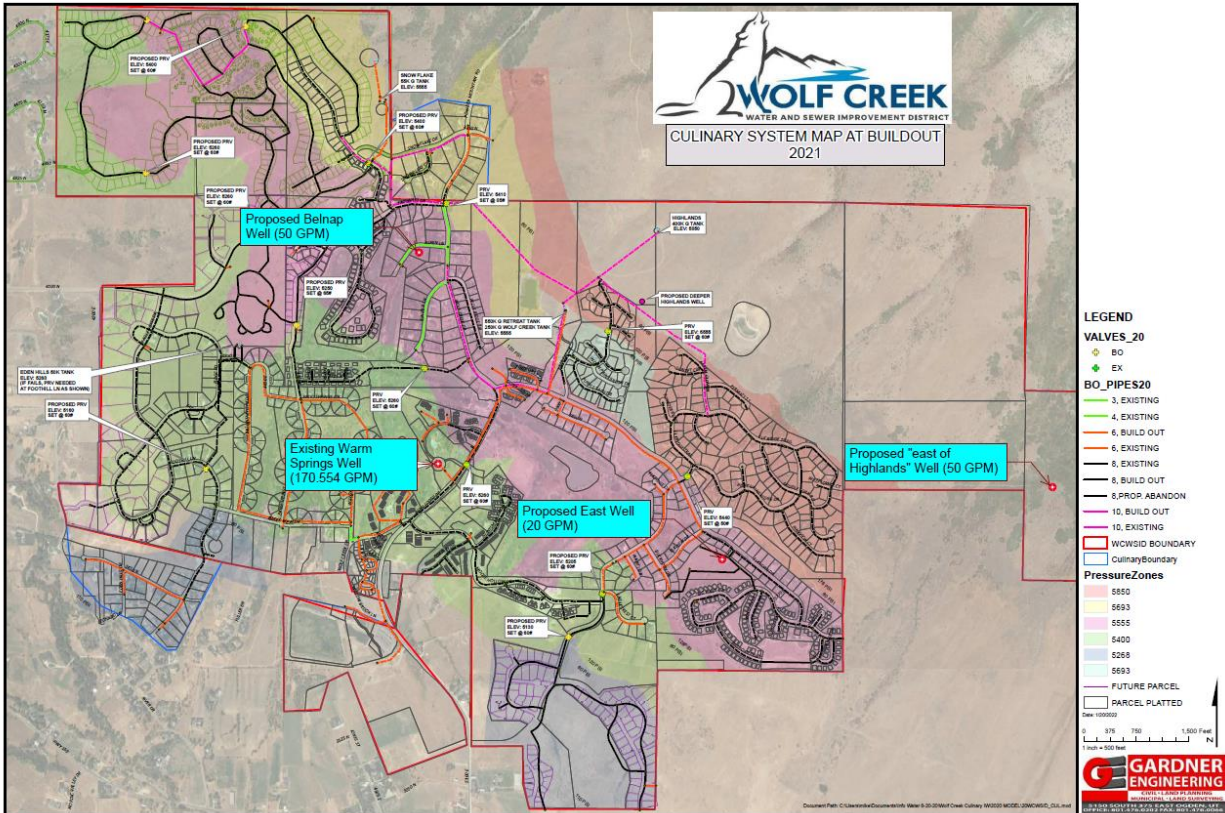
<sup>6</sup> UC 11-36a-302(3)

## 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.<sup>7</sup> The Service Area for the culinary water impact fees includes all areas within the WCWSID boundary illustrated in **Figure 1.1**. This document identifies the necessary future system improvements for the Service Area that will maintain the existing level of service (LOS) into the future.

FIGURE 1.1: CULINARY IMPACT FEE SERVICE AREA



### DEMAND UNITS

The demand unit utilized in this analysis is equivalent residential connections, or ERUs. The primary impact on the system will be growth in residential and commercial ERUs through development. As development occurs within the WCWSID, it generates increased demand on the culinary water system, above the current demand. The system improvements identified in this study are designed to maintain the existing level of service 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: SERVICE AREA ERU GROWTH PROJECTIONS

	ACTIVE CONNECTIONS	CHANGE IN ERUS
Existing	1,250	NA
10-Year	1,594	344

Source: IFFP p.5-6, LYRB  
Currently the District has 1,381 connections that have paid impact fees.

It is important to note that the IFFP illustrates the number of active connections, number of inactive connections, and the number of connections that have paid impact fees. For the purposes of calculating impact fees, this analysis uses the active number of ERUs as the starting point.

<sup>7</sup> UC 11-36a-402(1)(a)

## LEVEL OF SERVICE STANDARDS

Impact fees cannot be used to finance an increase in the level of service to current or future users of capital improvements. Therefore, it is important to identify the culinary water level of service 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 source, storage, and distribution. According to the Impact Fee Act, the proposed level of service may diminish or equal the existing level of service. As shown below, the proposed LOS is less than the existing LOS, except for source. The proposed LOS identified in the IFFP for source is based on peak day indoor demand of .206 gallons per minute (gpm) per ERU. In accordance with the Impact Fee Act, this analysis identifies the portion of future facilities that will be needed to cure this deficiency (See **Table 5.2**).

The proposed level of service for the storage component is 185 gallons of equalization storage, plus 540,000 gallons for fire suppression. No emergency storage is deemed necessary. The distribution system LOS is based on maintaining 20 psi during conditions of fire flow, 30 psi during peak instantaneous demand, and 40 psi during peak day demand.<sup>8</sup> **Table 3.2** illustrates existing system LOS based on the total culinary water ERUs.

TABLE 3.2: EXISTING & PROPOSED LOS

ACTUAL EXISTING LOS	PROVIDED LOS	PROPOSED LOS	MEASUREMENT
Source	0.136	0.206	gpm/ERU
Storage (Equalization)	579	185	gal/ERU
Water Rights	0.860	0.208	AF/ERU

Source: IFFP pp.7-10

<sup>8</sup> Source: IFFP p. 10



## SECTION 4: EXISTING FACILITIES INVENTORY

### ORIGINAL SYSTEM VALUE

According to the District's financial records, the system is value as shown below. This represents the original value of the system, including any related debt services, as discussed in the sections below. The distribution system value only includes the distribution line referenced in the IFFP with excess capacity.<sup>9</sup>

TABLE 4.1: ORIGINAL SYSTEM VALUE

	ORIGINAL COST	INTEREST	TOTAL
Source	\$319,895.93	\$0.00	\$319,895.93
Storage	\$956,821.44	\$97,970.91	\$1,054,792.35
Distribution	\$449,061.33	\$74,042.22	\$523,103.55
<b>Total</b>	<b>\$1,725,778.70</b>	<b>\$172,013.13</b>	<b>\$1,897,791.83</b>

### EXCESS CAPACITY

Based on the proposed LOS, there is no source excess capacity. The excess capacity related to storage is 492,250 gallons, or 68 percent of the total system storage capacity. Excess capacity within the distribution is based on the known cost of the 10" pipes with excess capacity, as defined in the IFFP. These pipes are anticipated to serve through buildout. The tables below illustrate the calculation of excess capacity and the proportional value included in the calculation of the impact fee.

TABLE 4.2: ILLUSTRATION OF SOURCE EXCESS CAPACITY

	GPM	NOTES
Existing Source Capacity	171	IFFP p.9
Required for Existing Development to Maintain LOS	257	1,250 Existing ERUs x LOS of 0.206 gpm/ERU
<b>Excess Capacity</b>	<b>(87)</b>	<b>171 – 257 = (87) gpm</b>
Required for New Development to Maintain LOS	71	344 New ERUs x LOS Of 0.206 gpm/ERU
<b>% of Total</b>	<b>-</b>	<b>No Excess Capacity</b>
Value of Existing Source System	\$319,896	Source: WCWSID Depreciation Statements
<b>Value to New Growth</b>	<b>-</b>	<b>No Excess Capacity</b>
Additional Source Needed for IFA	157	87 gpm Required to Cure Deficiency and 71 gpm for New Development
<b>Remaining ERUs to Serve</b>	<b>344</b>	There is currently no excess capacity within existing source infrastructure. Therefore, new facilities will be needed.

TABLE 4.3: ILLUSTRATION OF STORAGE EXCESS CAPACITY

	GAL	NOTES
Existing Equalization Storage Capacity	723,500	IFFP p.9-10
Required for Existing Development to Maintain LOS	231,250	1,250 Existing ERUs x LOS of 185 gal/ERU
<b>Excess Capacity</b>	<b>492,250</b>	
Required for New Development to Maintain LOS	63,640	344 New ERUs x LOS Of 185 gal/ERU
<b>% of Total</b>	<b>8.8%</b>	<b>63,640 gal needed for New Development / 723,500 gal</b>
Value of Existing Storage System	\$1,054,792	Source: WCWSID Depreciation Statements, Includes Interest
<b>Value to New Growth</b>	<b>\$92,781</b>	<b>\$1,054,792 x 8.8%</b>
Additional Storage Needed for IFA	-	
<b>Remaining ERUs to Serve</b>	<b>-</b>	Existing capacity is sufficient to maintain the proposed LOS.

TABLE 4.4: ILLUSTRATION OF DISTRIBUTION EXCESS CAPACITY

Value of Distribution Improvement	\$523,104
% to New Growth	50%
<b>Value to New Growth</b>	<b>\$261,552</b>

<sup>9</sup> See IFFP p. 12

As shown in **Tables 4.2-4.4**, there is capacity related to source, storage, and distribution. However, based on the forecasted growth in ERUs, the WCWSID will need to construct additional source 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.

In addition, the District negotiated with Weber Basin Water Conservancy District (WBWCD) in 2018 to pay \$521,118 to reinstate a previous contract to divert 300 AF of water for Municipal use, with WCWSID as the contracting entity. That capital expense is impact eligible, with half of it collected through the culinary impact fee and half collected through the secondary impact fee. The allocation of this expense is shown below.

TABLE 4.5: ALLOCATION OF WBWCD WATER RIGHT CONTRACT

WBWCD Water Right	
Existing AF	300
Original Cost	\$521,118
Allocation to Culinary	50%
Cost to Culinary	\$260,559
Required AF for New Dev to Maintain LOS	71.55
% to New Growth	24%
<b>Value to New Growth</b>	<b>\$62,145</b>

### MANNER OF FINANCING EXISTING PUBLIC FACILITIES

The Series 2016 Water, Sewer and Irrigation Revenue Bonds were issued in part to fund storage and distribution improvements. Approximately 13 percent, or \$1,017,000 of the total principal amount of the bonds was used for the culinary system. A proportionate amount of the interest related to this bond is included in this analysis, as shown below.

TABLE 4.6: ALLOCATION OF 2016 INTEREST EXPENSE

DESCRIPTION	VALUES	NOTES	DESCRIPTION	VALUES	NOTES
<b>Original PAR</b>	\$7,854,000		Actual Project Costs	\$1,043,249	According to District Depreciation schedule.
<b>Culinary Proceeds</b>	\$1,017,000	Bond proceeds used for culinary system	Storage: 500,000 Gallon Tank	\$594,187	
Allocation to Water	13%	\$1,017,000 / \$7,854,000	Distribution: High Pressure Line	\$449,061	
Interest	\$1,328,408		Allocation to Storage	57%	\$594,187 / \$1,043,249
Interest Cost to Water	\$172,013	\$1,328,408 x 13%	Allocation to Distribution	43%	\$449,061 / \$1,043,249
			<b>Interest Cost to Storage</b>	<b>\$97,971</b>	\$172,013 x 57%
			<b>Interest Cost to Distribution</b>	<b>\$74,042</b>	\$172,013 x 43%

Figures may not total due to rounding

## SECTION 5: CAPITAL FACILITY ANALYSIS

The estimated costs attributed to new growth were analyzed based on existing development versus future development patterns. From this analysis, a portion of future development costs were attributed to new growth and included in this impact fee analysis as shown in **Table 5.1** and **5.2**. Capital projects related to curing existing deficiencies were not included in the calculation of the impact fees. The costs of projects related to curing existing deficiencies cannot be funded through impact fees.

As shown in **Section 4**, there is capacity related to storage and distribution. However, based on the forecasted growth in ERUs, the WCWSID will need to construct additional source facilities to serve the demand within the next ten years. The IFFP has identified the potential source projects to mitigate impacts from new development.

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

METHOD	COST	ESTIMATED CAPACITY INCREASE (GPM)	ESTIMATED INCREASE IN SUPPORTED ERUS	RELATIVE COST (\$/ERU)	RELATIVE RISK
Purchase WCIC Shares	\$400,000	4.540	22.039	\$18,150	LOW
Develop and Equip East Well	\$1,390,000	20.000	97.087	\$14,317	MEDIUM
Re-Drill Belnap Well	\$1,349,000	50.000	242.718	\$5,558	HIGH
Construct New Well, TBD	\$1,793,400	50.000	242.718	\$7,389	HIGH
Construct New Well East of Highlands	\$1,893,400	50.000	242.718	\$7,801	HIGH
Re-Drill Warm Spring Well	\$1,940,000	36.000	174.757	\$11,101	HIGH
<b>Total Source Improvements</b>	<b>\$8,765,800</b>	<b>210.540</b>	<b>1,022.037</b>	<b>\$8,577</b>	

Source: IFFP p. 16-21

TABLE 5.2: IMPACT FEE ELIGIBLE CAPITAL COSTS

	COST	CAPACITY (GPM)	ERUS SERVED BY NEW FACILITY	ERU DEFICIENCY	% TO CURE DEFICIENCY	REMAINING ERUS TO SERVE IN IFFP WINDOW	% TO IFA	COST TO IFA
Total Source Improvements	\$8,765,800	211	1,022	(421)	-41.2%	344	33.7%	<b>\$2,950,417</b>

A total of 1,022 ERUs can be served by the new source facilities based on the total capacity and the proposed LOS. Approximately 34 percent of the new facilities will be needed to serve development in the planning horizon, or a total of \$2,950,417 of impact eligible capital cost within the next ten years.

### 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.<sup>10</sup> 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.<sup>11</sup> 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.<sup>12</sup> 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.<sup>13</sup>

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.

<sup>10</sup> 11-36a-102(21)

<sup>11</sup> 11-36a-102(14)

<sup>12</sup> 11-36a-302(2)

<sup>13</sup> 11-36a-302(3)

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 includes debt financing as a needed tool to fund the cost related to the proposed new facilities. It is assumed that approximately \$3M in debt financing will be issued to fund future facilities. The future debt financing cost assumptions include 1.5 percent in cost of issuance and an interest rate of three percent based on a 20-year maturity (assuming level debt service). Approximately 34 percent of the financing costs will be allocated to development in the planning horizon, similar to the allocation of future facility costs.

TABLE 5.3: FINANCING COST INCLUDED IN ANALYSIS

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.<sup>14</sup> 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.

<sup>14</sup> 11-36a-402(2)

## SECTION 6: CULINARY 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 level of service, 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 CULINARY WATER IMPACT FEE

#### PLAN BASED IMPACT FEE CALCULATION

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 demand units the projects are designed to serve. Under this methodology, it is important to identify the existing level of service and determine any excess capacity in existing facilities that could serve new growth. Impact fees are then calculated based on many variables centered on proportionality share and LOS.

The culinary 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 fee below represents the maximum allowable impact fee assignable to new development. The total fee per ERU is **\$10,506**. As stated in the IFFP, the District will analyze future commercial connections on a case-by case basis and assess fees based on the estimated peak day use of the commercial connection, relative to an average residential connection, which assessment will determine the impact of the commercial connection on the system's facilities in terms of ERUs.<sup>15</sup>

TABLE 6.1: IMPACT FEE PER ERU

	COST	% TO IFA	COST TO IFA	ERUS SERVED	COST PER ERU
<b>Buy-In</b>					
Water Right Buy-in	\$521,118	24%	\$124,290	344	\$361
Source Buy-in	\$319,896	-	-	344	-
Storage Buy-in	\$1,054,792	7%	\$76,598	344	\$270
Distribution Buy-in	\$523,104	50%	\$261,552	2,156	\$121
<b>Future Facilities</b>					
Source Future Facilities	\$8,765,800	34%	\$2,950,417	344	\$8,577
Financing Cost	\$1,093,437	34%	\$368,032	344	\$1,070
Professional Expense	\$22,600	100%	\$22,600	210	\$108
<b>Total Fee Per ERU</b>					<b>\$10,506</b>

#### NON-STANDARD IMPACT FEES

The WCWSID reserves the right under the Impact Fees Act<sup>16</sup> to assess an adjusted fee that more closely matches the true impact that the land use will have upon the culinary 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

The Impact Fees Act requires the proportionate share analysis to demonstrate that impact fees paid by new development are the most equitable method of funding growth-related infrastructure. See Section 5 for further discussion regarding the consideration of revenue sources.

### EXPENDITURE OF IMPACT FEES

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

<sup>15</sup> Source: IFFP, P.4

<sup>16</sup> 11-36a-402(1)(c)



## **GROWTH-DRIVEN EXTRAORDINARY COSTS**

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

## **SUMMARY OF TIME PRICE DIFFERENTIAL**

The Impact Fees Act allows for the inclusion of a time price differential to ensure that the future value of costs incurred at a later date are accurately calculated to include the costs of construction inflation. 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 costs estimates over time.

