

ORDINANCE NO. 2015-\_\_\_\_\_

AN ORDINANCE OF THE CITY OF SOUTH SALT LAKE CITY COUNCIL AMENDING SECTION 15.14.030, IMPACT FEES - AUTHORITY AND APPLICABILITY, OF THE CITY OF SOUTH SALT LAKE CODE; ADOPTING A SANITARY SEWER IMPACT FEE FACILITIES PLAN AND A SANITARY SEWER IMPACT FEE ANALYSIS; IMPOSING IMPACT FEES FOR SANITARY SEWER SERVICE; AND ESTABLISHING A SERVICE AREA FOR PURPOSES OF THE SANITARY SEWER IMPACT FEES.

WHEREAS: the State of Utah has enacted the Impact Fees Act (the "Act") to authorize the political subdivisions to collect fees in order to fund public facilities which are made necessary by new development;

WHEREAS: the City of South Salt Lake is a local political subdivision under the Act; and

WHEREAS: the City properly noticed its intent to prepare a Sanitary Sewer Impact Fee Facilities Plan ("IFFP") and Sanitary Sewer Impact Fee Analysis ("IFA"), as required by law, which are attached as Exhibit A to this ordinance; and

WHEREAS: the City has, through its consultants, completed the IFFP and IFA in accordance with applicable provisions of the Act, to appropriately assign capital infrastructure costs to development in an equitable and proportionate manner as more particularly provided herein; and

WHEREAS: the City has provided the required notice and held a public hearing before the City Council regarding the proposed Sanitary Sewer Impact Fees, IFFP, and IFA in accordance with applicable provisions of the Act; and

WHEREAS: changes to the "Impact Fees" section of the Consolidated Fee Schedule were required in order to bring the schedule into conformity with the costs incurred, as well as other regulations,

THEREFORE, BE IT ORDAINED by the City Council of the City of South Salt Lake that Title 15, Chapter 14, Section 030 of the City of South Salt Lake Code is amended, as provided in the attached ordinance draft Exhibit B.

THEREFORE, BE IT FURTHER ORDAINED by the City Council of the City of South Salt Lake that Sections 220 and 230 of Title 15, Chapter 14 of the City of South Salt Lake Code are enacted, as provided in the attached ordinance draft Exhibit C.

THEREFORE, BE IT FURTHER ORDAINED BY the City Council that the "Impact Fees" subsection of Section IV, of the Consolidated Fee Schedule is amended, as provided in the

attached Exhibit D.

This ordinance will take effect upon execution by the Mayor or after fifteen days from transmission to the office of the Mayor if neither approved nor disapproved by the Mayor.

(signatures appear on separate page)

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

BY THE CITY COUNCIL:

\_\_\_\_\_  
Irvin H. Jones, Jr., Council Chair

ATTEST:

\_\_\_\_\_  
Craig D. Burton, City Recorder

City Council Vote as Recorded:

Beverly	_____
Gold	_____
Jones	_____
Rapp	_____
Rutter	_____
Snow	_____
Turner	_____

Transmitted to the Mayor's office on this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Craig D. Burton, City Recorder

MAYOR'S ACTION: \_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Cherie Wood, Mayor

ATTEST:

\_\_\_\_\_  
Craig D. Burton, City Recorder

EXHIBIT A  
Sanitary Sewer Impact Fee Facilities Plan and Impact Fee Analysis

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

CITY OF SOUTH SALT LAKE



NOVEMBER 2015



**LEWIS YOUNG**  
**ROBERTSON & BURNINGHAM, INC.**

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## IMPACT FEE CERTIFICATION

The Impact Fee Act requires certification of the Impact Fee Facilities Plan ("IFFP") and Impact Fee Analysis ("IFA"). Lewis Young Robertson and Burningham Inc. has provided the required certification with the understanding that it is the intent of the City to execute the recommendations for future projects proposed in the Sanitary Sewer Master Plan (2014) and IFFP. If all or a portion of the IFFP or IFA are modified or amended, or if the assumption utilized in this analysis change substantially, the IFFP and IFA should be reviewed and updated to reflect these changes.

### IFFP CERTIFICATION

Lewis Young Robertson & Burningham, Inc. and the City of South Salt Lake jointly certify that the Impact Fee Facilities Plan prepared for sanitary sewer 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; and
3. complies in each and every relevant respect with the Impact Fees Act.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.  
CITY OF SOUTH SALT LAKE

### IFA CERTIFICATION

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

## SECTION 1: EXECUTIVE SUMMARY

The purpose of this Sanitary Sewer Impact Fee Facilities Plan (IFFP), with supporting Impact Fee Analysis (IFA), is to fulfill the requirements established in Utah Code Title 11 Chapter 36a, the "Impact Fees Act," and help the City of South Salt Lake (the "City") fund necessary capital improvements for future growth. This document will address the existing and future sanitary sewer infrastructure needs to serve the City through the next six to ten years, as well as the appropriate impact fees the City may charge to new growth to maintain the level of service (LOS). The **South Salt Lake Sanitary Sewer Master Plan, May 2014** (the "Master Plan"), along with information provided from the City and Central Valley Water Reclamation Facility serve as the basis for this analysis for the purposes of calculating impact fees.

- ☞ **Impact Fee Service Area:** The Service Area for the sanitary sewer impact fees includes all areas within the Sanitary Sewer Impact Fee Service Area, as illustrated in **Figure 3.1**. This document identifies the necessary future system improvements for the Service Area that will maintain the existing level of service (LOS) into the future.
- ☞ **Demand Analysis:** The demand unit utilized in this analysis is equivalent residential connections ("ERCs"). The primary impact on the system will be growth in residential and commercial ERCs through redevelopment. As redevelopment occurs within the City, it generates increased demand on the sanitary sewer system, above the current demand. The existing and future system improvements identified in this study are designed to maintain the existing or proposed level of service for any new or redeveloped property within the City.
- ☞ **Level of Service:** Several factors were considered when determining the existing and proposed LOS including average flows, peak flows and inflow and infiltration. For the collection system, peak flows are utilized to determine level of service. The Master Plan identifies the proposed LOS of 200 gallons per day per ERC, which has been applied to collection and treatment facilities. This is less than the existing actual LOS of 350 gallons per capita per day (gpcd) or 875 gallons per day per ERC<sup>1</sup> as shown in the Master Plan for collection and the actual average flows to the Central Valley Water Reclamation Facility of 614 gallons per day per ERC.
- ☞ **Excess Capacity:** Based on the proposed LOS, there is excess capacity within the existing system related to collection, pumping and treatment, quantified at 17.0 percent, 19.0 percent and 39.6 percent respectively. The actual value of existing system improvements as reflected in the City's depreciation statements and financial records is used to determine the proportional buy-in fee within this analysis.
- ☞ **Outstanding Debt:** CVWRF has the 2005 Sewer Revenue Bonds outstanding. These bonds, totaling \$35,000,000, were issued on a taxable basis to fund the post-1993 ownership of the treatment facility. The impact fee includes the interest component of these outstanding bonds in the value of the existing system. According to the City, South Salt Lake's total interest obligation is \$171,753. This value is added to the original investment value.
- ☞ **Capital Facilities Analysis:** Several projects have been identified in the Master Plan within the next ten years. However, these projects have been identified as repair or replacement projects and not growth related improvements. Several growth related projects have been identified beyond the 10-year IFFP planning horizon. A future capital facility component is not included in the calculation of the impact fees due to the timing of these facilities. As the needed capital improvements become more eminent, the impact fee analysis should be updated to include the associated cost of future facilities.
- ☞ **Funding of Future Facilities:** It is anticipated that future facilities will be funded through rate revenues. A future capital facility component is not included in the calculation of the impact fees due to the timing of these facilities.

<sup>1</sup> Source: South Salt Lake Sanitary Sewer Master Plan, May 2014, p.V-2





## PROPOSED SANITARY SEWER IMPACT FEE

The sanitary sewer impact fees proposed in this analysis will be assessed within the Service Area. **Tables 1.1** and **1.2** illustrate the appropriate impact fee to recoup associated buy-in to the existing system and fund sanitary sewer projects occurring within the next ten years.

TABLE 1.1: IMPACT FEE PER ERC

	ORIGINAL VALUE/MASTER PLAN COST	COST TO IFFP	ERCs SERVED	FEE PER ERC
Treatment Buy-In	\$9,264,670	\$860,277	1,642	\$524
Collection Buy-In	\$4,740,641	\$806,324	1,642	\$491
Pump Stations Buy-in	\$1,059,537	\$70,335	1,642	\$43
Future Facilities	-	-	1,642	-
Impact Fee Fund Balance	-	-	1,642	-
Professional Expense	\$8,700	\$8,700	1,642	\$5
<b>Totals</b>	<b>\$15,073,548</b>	<b>\$1,745,635</b>	<b>Total</b>	<b>\$1,063</b>

TABLE 1.2: IMPACT FEE PER METER

METER SIZE	CITY MULTIPLIER	IMPACT FEE PER METER SIZE
0.75	1.00	\$1,063
1.00	2.12	\$2,259
1.50	7.76	\$8,252
2.00	10.38	\$11,038
3.00	22.73	\$24,167
4.00	38.96	\$41,417
6.00	63.68	\$67,694

Multipliers based on 2014 City water usage data and AWWA M6 Water Manual statistics

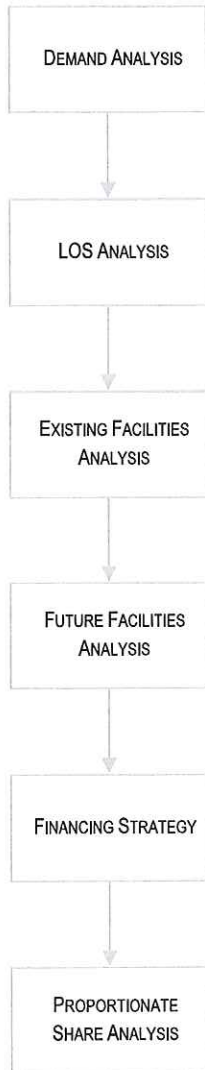
### NON-STANDARD IMPACT FEES

The City 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>2</sup> This adjustment could result in a lower impact fee if the City determines that a particular user may create a different impact than what is standard for its land use.

<sup>2</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 IFFP and IFA<sup>3</sup>. The IFFP is designed to identify the demands placed upon the City's existing facilities by future development and evaluate how these demands will be met by the City, as well as the future improvements required to maintain the existing LOS. The purpose of 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 IFFP and IFA.

### DEMAND ANALYSIS

The demand analysis serves as the foundation for the IFFP. 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 level of service 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, to the extent possible the IFFP provides an inventory of the City's existing **system** facilities. The inventory valuation should include the original construction cost and estimated useful life of each facility. 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>4</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>5</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>3</sup>UC 11-36a

<sup>4</sup> UC 11-36a-302(2)

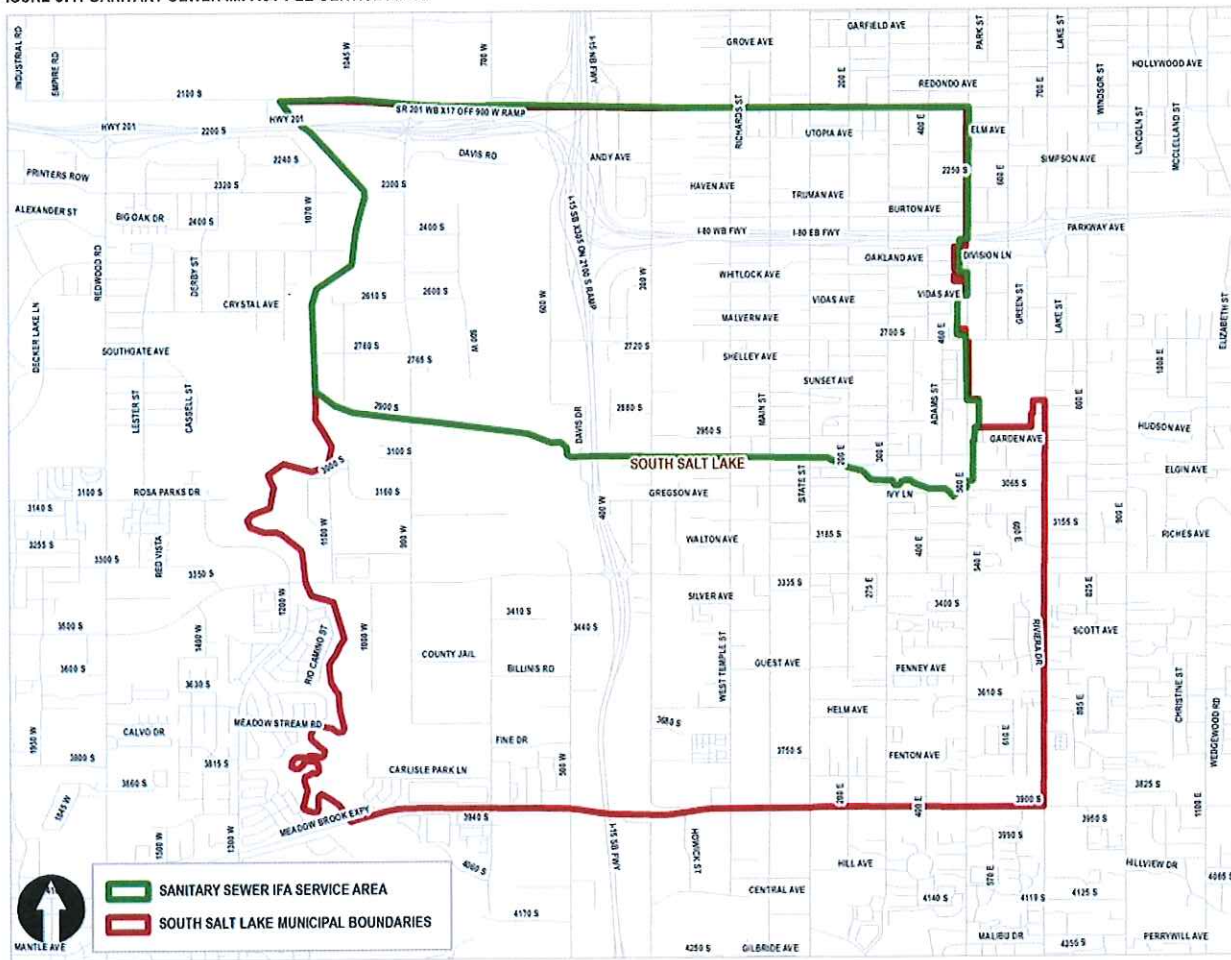
<sup>5</sup> UC 11-36a-302(3)

## 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>6</sup> The Service Area for the sanitary sewer impact fees includes all areas within the Sanitary Sewer Impact Fee Service Area, as illustrated in **Figure 3.1**. 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 3.1: SANITARY SEWER IMPACT FEE SERVICE AREA



### DEMAND UNITS

TABLE 3.1: SERVICE AREA ERC GROWTH PROJECTIONS

YEAR	ERCs
2015	4,954
2025	6,596
2030	7,397
2035	8,497
2050	9,651
<b>New ERCs to Buildout</b>	<b>4,697</b>
<b>New ERCs (2015-2025)</b>	<b>1,642</b>

Source: SSL Sanitary Sewer MP p.V-3

The demand unit utilized in this analysis is equivalent residential connections, or ERCs. The primary impact on the system will be growth in residential and commercial ERCs through redevelopment. As redevelopment occurs within the City, it generates increased demand on the sewer 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 City. If growth assumptions change substantially, the impact fee analysis should be updated to reflect these changes.

<sup>6</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 sanitary sewer level of service to ensure that the new capacities of projects financed through impact fees do not exceed the established standard.

The Master Plan identified the adopted LOS of 200 gallons per day per ERC for collection.<sup>7</sup> This is less than the existing actual LOS identified in the Master Plan of 350 gallons per capita per day (gpcd) or 875 gallons per day per ERC. The LOS for treatment was also compared to actual average flows to the Central Valley Water Reclamation Facility. According to Facility staff, South Salt Lake produces 3.04 million gallons per day of effluent, or an average of 614 gallons per day per ERC.<sup>8</sup> The adopted LOS is 200 gallons per day per ERC, which is less than the actual LOS.

It is important to note that the ERC calculations found in the Master Plan are based on the Sanitary Sewer Service Area which is not coterminous with the municipal boundaries. In order to determine future growth, the Master Plan analyzes the change between the total City population and the projected buildout population. To determine existing demand, Appendix A of the Master Plan shows a total of 2,591 metered connections within the Sewer System Service Area, for a total of 4,954 ERCs.

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<sup>7</sup> Source: Master Plan p.V-2

<sup>8</sup> Source: Central Valley Water Reclamation Facility



## SECTION 4: EXISTING FACILITIES INVENTORY

### EXISTING FACILITIES

According to the Master Plan, the existing sanitary sewer collection system consists of approximately 38 miles of pipeline, ranging from 6-inches to 33-inches in diameter, and over 557 manholes. In addition, the sanitary sewer system supports three pump stations. The wastewater in the sanitary sewer system flows to the Central Valley Water Reclamation Facility (CVWRF) located at 800 West Central Valley Road, South Salt Lake. CVWRF was organized in 1978 and currently serves Cottonwood Improvement District, Granger Hunter Improvement District, Kearns Improvement District, Murray City, Mt. Olympus Improvement District, The City of South Salt Lake, and Taylorsville-Bennion Improvement District. The current capacity of the facility is 75 million gallons per day. According to CVWRF, South Salt Lake's ownership interest provides for 3.93 million gallons per day (MGD) of treatment capacity.

TABLE 4.1: EXISTING COLLECTION SYSTEM VALUE

	ORIGINAL VALUE
38 miles of pipeline (Diameter of 6-inches to 33-inches)	\$4,740,641

Source: Master Plan p.II-1, City of South Salt Lake Depreciation Schedule (2014) based on assets with a useful life of 10 or more years.

TABLE 4.2: EXISTING PUMP SYSTEM VALUE

ID	PUMP TYPE	LOCATION	PUMP CAPACITY	PUMP TDH (FT)	HORSEPOWER (HP)
1	ABS	2250 S 600 W	4,100 gpm	39 ft	67 hp
1	ABS	2250 S 600 W	4,100 gpm	39 ft	67 hp
2	Flygt	2280 S 900 W	1,100 gpm	40 ft	15 hp
3	Flygt	949 W 2610 S	260 gpm	15 ft	2.3 hp
<b>Original Value</b>					<b>\$1,059,537</b>

Source: Master Plan p.II-1, City of South Salt Lake Depreciation Schedule (2014) based on assets with a useful life of 10 or more years.

TABLE 4.3: EXISTING TREATMENT SYSTEM VALUE

	ACTUAL VALUE	CAPACITY METHODOLOGY	CITY'S OWNERSHIP CAPACITY BY COMPONENT	AVERAGE USED CAPACITY
Original Investment Equity	\$7,934,273	Q (MGD)	3.93	3.04
Expansion Equity	\$514,551	Q (MGD)	3.93	3.04
Sludge Land	\$237,372	BOD (lbs/day)	7,724	5,386
Digester	\$208,516	BOD (lbs/day)	7,724	5,386
Clarifier	\$198,205	TSS (lbs/day)	6,834	3,863
<b>Total</b>	<b>\$9,092,917</b>			

Source: "Actual Value" obtained from City of South Salt Lake Balance Sheet, October 31, 2014. "City's Ownership Capacity" and "Averaged Used Capacity" obtained from Central Valley Water Reclamation Facility based on current equity distribution and average loadings from October 2013 through September 2014.

### EXCESS CAPACITY

Excess capacity was evaluated for each of the major system components: collection, pumping and treatment. The collection system is sufficiently sized to handle new development within the IFFP horizon, thus no new facilities are included in this analysis. Similarly, pumping and treatment facilities are sufficiently sized to handle new growth in the planning horizon without new capital improvements.

As stated previously, redevelopment is not expected to increase the amount of inflow and infiltration into the system. Therefore, an adopted level of service of 200 gpd per ERC is adopted for this analysis.



The calculated existing system value applied to new growth is found in **Table 4.4**. This will be include in the impact fee as a buy-in component, representing the calculated latent capacity in the system that new development will need to reimburse the City through impact fees.

TABLE 4.4: ILLUSTRATION OF COLLECTION SYSTEM EXCESS CAPACITY

	VALUE	NOTES
New ERCs in IFFP	1,642	ERCs Estimated through 2025
Percent of 2050 ERCs	17.0%	1,642 New ERCs / 9,651 ERC at buildout
Collection System Original Value	\$4,740,641	Original collection system value as shown in existing depreciation schedule
Bonding/Interest Expense	-	No outstanding interest costs associated with collection
Total Collection System Value	\$4,740,641	
<b>Value to New Growth</b>	<b>\$806,324</b>	$\$4,740,641 \times 17.0\% = 806,324$

The Master Plan includes an analysis of pumping capacity used by new development through buildout, as shown in **Table 4.5**. An estimated 19 percent of capacity will be used by new development to buildout. The demand within the next ten years represents 35 percent of the total new demand to buildout.

TABLE 4.5: ILLUSTRATION OF PUMPING SYSTEM EXCESS CAPACITY

ID	PUMP STATION	PUMP MANUFACTURER	CAPACITY (GPM)	EXISTING MODELED PEAK FLOW (GPM)	FUTURE MODELED PEAK FLOW (GPM)	NOTES
1	Main Lift	ABS	4,100	2,545	3,582	
2	2280 S. Lift	Flygt	1,100	673	673	
3	2610 S. Lift	Flygt	260	92	92	
<b>Total</b>			<b>5,460</b>	<b>3,310</b>	<b>4,347</b>	
			<b>Percent of Total</b>	<b>60.6%</b>	<b>79.6%</b>	
			<b>% Excess Capacity Used Through 2050</b>		<b>19.0%</b>	$79.6\% - 60.6\% = 19.0\%$
			Pump Station System Original Value		\$1,059,537	Original pumping system value as shown in existing depreciation schedule
			Bonding/Interest Expense		-	No outstanding interest costs associated with pumping
			<b>Total Value of Pump Stations</b>		<b>\$1,059,537</b>	
			<b>Value of Excess Capacity</b>		<b>\$201,234</b>	$\$1,059,537 \times 19\% = \$201,234$
			ERCs Served by Excess Capacity		4,697	9,651 Buildout ERCs - 4,954 Existing ERCs = 4,697
			New ERCs in IFFP		1,642	
			Percent to IFFP Demand		35.0%	$1,642 / 4,697 = 35.0\%$
			<b>Value to New Growth</b>		<b>\$70,335</b>	$\$201,234 * 35.0\% = \$70,335$

The Central Valley Water Reclamation Facility treats waste for its seven members through its treatment facilities and associated improvements, including land, digesters and clarifiers. Each member entity is billed for operations and maintenance costs based on actual annual utilization. Capital facility ownership is allocated to each member entity based upon their current respective ownership percentages. The City's ownership value by component is shown below, as well as the estimate of total capacity and existing utilized capacity by component. Based on the capacity data, remaining excess capacity percentages are shown for each component. Two different methodologies were used to determine the value of excess capacity to new growth. First, the value of excess capacity was calculated using flow data only, resulting in value to new growth of **\$773,948** (See **Table 4.6**). The second methodology used an expanded criteria incorporating flow data as well as a measure of biochemical oxygen demand (BOD) and total suspended solids (TSS) for the applicable components of the treatment facility. Using the expanded criteria produced a slightly higher value to new growth at **\$860,277** (See **Table 4.6**). For this analysis, the second or expanded methodology is utilized.



TABLE 4.6: ILLUSTRATION OF COLLECTION SYSTEM EXCESS CAPACITY

	USING FLOW ONLY	ORIGINAL INVESTMENT EQUITY	EXPANSION EQUITY	SLUDGE LAND	DIGESTER	CLARIFIER	SUM TOTAL
<b>Methodology</b>	<b>Q (MGD)</b>	<b>Q (MGD)</b>	<b>Q (MGD)</b>	<b>BOD (lbs/day)</b>	<b>BOD (lbs/day)</b>	<b>TSS (lbs/day)</b>	
Original Value	\$9,092,917	\$7,934,273	\$514,551	\$237,372	\$208,516	\$198,205	\$9,092,917
Bonding/Interest Expense	\$171,753	\$171,753	-	-	-	-	\$171,753
<b>Total Original System Value</b>	<b>\$9,264,670</b>	<b>\$8,106,026</b>	<b>\$514,551</b>	<b>\$237,372</b>	<b>\$208,516</b>	<b>\$198,205</b>	<b>\$9,264,670</b>
Total Capacity	3,930,000	3,930,000	3,930,000	7,724	7,724	6,834	
Existing Utilized Capacity	3,040,000	3,040,000	3,040,000	5,386	5,386	3,863	
Total Excess Capacity	890,000	890,000	890,000	2,338	2,338	2,971	
Percent of Total	22.6%	22.6%	22.6%	30.3%	30.3%	43.5%	
<b>Value of Excess Capacity</b>	<b>\$2,098,106</b>	<b>\$1,835,716</b>	<b>\$116,527</b>	<b>\$71,851</b>	<b>\$63,116</b>	<b>\$86,167</b>	<b>\$2,173,377</b>
New Demand through 2025 (MGD or lbs/day)	328,303	328,303	328,303	1,784	1,784	1,280	
Percent of Total	36.9%	36.9%	36.9%	76.3%	76.3%	43.1%	39.6%
<b>Value to New Growth</b>	<b>\$773,948</b>	<b>\$677,158</b>	<b>\$42,984</b>	<b>\$54,840</b>	<b>\$48,174</b>	<b>\$37,120</b>	<b>\$860,277</b>
Demand Served	1,642	1,642	1,642	1,642	1,642	1,642	1,642
<b>Buy-in Per ERC</b>	<b>\$471.48</b>	<b>\$412.52</b>	<b>\$26.19</b>	<b>\$33.41</b>	<b>\$29.35</b>	<b>\$22.61</b>	<b>\$524.08</b>

In summary, there is excess capacity within the existing system related collection, pumping and treatment, quantified at 17.0 percent, 19.0 percent and 39.6 percent respectively.

**MANNER OF FINANCING EXISTING PUBLIC FACILITIES**

CVWRF has the 2005 Sewer Revenue Bonds outstanding. These bonds, totaling \$35,000,000, were issued on a taxable basis to fund the post-1993 ownership of the treatment facility. The impact fee includes the interest component of these outstanding bonds in the value of the existing system. According to the City, South Salt Lake's total interest obligation is \$171,753. This value is added to the original investment value.

## SECTION 5: CAPITAL FACILITY ANALYSIS

Several projects have been identified in the Master Plan within the next ten years. However, these projects have been identified as repair or replacement projects and not growth related improvements. Several growth related projects have been identified beyond the 10-year IFFP planning horizon. A future capital facility component is not included in the calculation of the impact fees due to the timing of these facilities. As the needed capital improvements become more eminent, the impact fee analysis should be updated to include the associated cost of future facilities.

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

ID	DESCRIPTION	SOLUTION	ADDRESSED DEFICIENCY	PHASE
1	Replace 3,170 feet of pipe identified by SSLC at approximately 9 different locations	Replacement	Repair Issues	5-yr
2	Install liner in 18,025 feet of pipe identified by SSLC at approximately 60 different locations	Liner	Repair Issues	5-yr
3	Repair approximately 73 different locations in need of point repairs as identified by SSLC	Point Repair	Repair Issues	5-yr
4	Replace 17 clean outs with access manholes	Replacement	Maintenance	35-yr
5	Monitor minor capacity issues identified in existing deficiencies. If issues become significant, implement future recommended project	Monitor	CE1-CE8	Ongoing

Source: Master Plan Table VII-1, p.VII-3

TABLE 5.2: ILLUSTRATION OF CAPITAL IMPROVEMENTS RELATED TO GROWTH SCHEDULED TO BE COMPLETED BEYOND THE IFFP PLANNING HORIZON

ID	DESCRIPTION	SOLUTION	ADDRESSED DEFICIENCY	PHASE
6a	Replace 292 ft of 15-in pipe in West Temple St. from Malvern Ave. to 2700 South to reverse the grade so that Malvern Ave. flows to 2700 South	Change Slope/Re-Routing	CF13	15-yr
6b	Replace 1,121 ft of 18-in pipe with 24-in pipe in West Temple St. from Haven Ave. to Utopia Ave. to increase pipe capacity, repair cracks, and prevent I&I	Increase Diameter	CF13 Liner Repairs	15-yr
7a	Install 252 ft of 8-in pipe across State St. in 2400 South using trenchless technology to divert partial flows west	New Pipe/Re-Routing	CF3, CF4, CF9	15-yr
7b	Replace 1,608 ft of 10-in pipe with 12-in pipe in Robert Ave. from State St. to West Temple to increase pipe capacity	Increase Diameter	CF4, CF9	15-yr
8a	Install 193 ft of 8-in pipe across State St. in Truman Ave. using trenchless technology to divert partial flows west	New Pipe/Re-Routing	CF4, CF11	15-yr
8b	Replace 862 ft of 10-in and 8-in pipe with 12-in pipe in State St. from Truman Ave. to Robert Ave. to increase pipe capacity, repair cracks, and prevent I&I	Increase Diameter	CF3, CF4, CF11 Liner Repairs	15-yr
9a	Replace 995 ft of 8-in pipe in 300 East from Haven Ave. to Burton Ave. and in Burton Ave. from 300 East to 250 East to increase the grade and re-route flows west	Change Slope/Re-Routing	CF10	15-yr
9b	Replace 575 ft of 8-in pipe with 10-in pipe in 300 East from Haven Ave. to Burton Ave and replace 1,531 ft of 8-in pipe with 10-in pipe in 2400 South from 300 East to State St to increase pipe capacity	Increase Diameter	CF3, CF10	15-yr
10	Monitor minor issues identified in future deficiencies. If issues become significant, increase pipe capacity or re-route flows to alleviate issues	Monitor	CF1, CF2, CF5, CF6, CF7, CF8, CF12	Ongoing

Source: Master Plan Table VII-2, p.VII-4

### 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>9</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>10</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>11</sup> In conjunction with this revenue analysis, there must be a

<sup>9</sup> 11-36a-102(21)

<sup>10</sup> 11-36a-102(14)

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





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>12</sup>

The City's policy is to collect impact fees to supplement other revenue sources in the repayment of existing facilities as well as the funding of future facilities. It is anticipated that 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.
- ☒ **Property Tax Revenues:** Property tax revenues are not specifically identified in this analysis as a funding source for growth-related capital projects, but inter-fund loans can be made from the general fund which would ultimately include some property tax revenues. Inter-fund loans would be repaid once sufficient impact fee revenues have been collected. This method is not currently contemplated as a funding mechanism for future facilities but the City could adopt a policy to do so.
- ☒ **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 by the City for growth related projects, or for developer funded IFFP projects.
- ☒ **Debt Financing:** In the event the City has not amassed sufficient impact fees to pay for the construction of time sensitive or urgent capital projects needed to accommodate new growth, the City must look to revenue sources other than impact fees for funding. The Impact Fees Act allows for the costs related to the financing of future capital projects to be 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. However, financing costs are not included in this analysis as a means to fund future projects.

## 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>13</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 existing and new capital improvements related to new growth. In addition, alternative funding mechanisms are identified to help offset the cost of future capital improvements.

<sup>12</sup> 11-36a-302(3)

<sup>13</sup> 11-36a-402(2)



## SECTION 6: SANITARY SEWER IMPACT FEE CALCULATION

Impact fees are calculated based on many variables centered on proportionality and level of service. 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 SANITARY SEWER 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 level of service.

The sanitary sewer impact fees proposed in this analysis will be assessed within the Sanitary Sewer 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.

TABLE 6.1: IMPACT FEE PER ERC

	ORIGINAL VALUE/MASTER PLAN COST	COST TO IFFP	ERCs SERVED	FEE PER ERC
Treatment Buy-In	\$9,264,670	\$860,277	1,642	\$524
Collection Buy-In	\$4,740,641	\$806,324	1,642	\$491
Pump Stations Buy-in	\$1,059,537	\$70,335	1,642	\$43
Future Facilities	-	-	1,642	-
Impact Fee Fund Balance	-	-	1,642	-
Professional Expense	\$8,700	\$8,700	1,642	\$5
<b>Totals</b>	<b>\$15,073,548</b>	<b>\$1,745,635</b>	<b>Total</b>	<b>\$1,063</b>

Due to the available excess capacity within the system, a future facilities component is not included in the calculation of the impact fee. A total buy-in value of **\$1,745,635** for treatment, collection and pumping system facilities is applied to new growth, based on the original value of system assets. These costs, along with the professional expense result in a total cost per ERC of **\$1,063**. The professional expense includes the current cost to update the IFFP and IFA. The professional expense and the costs for future projects are apportioned based on the demand anticipated to be served by these facilities. The impact fee per meter is shown below.

TABLE 6.2: IMPACT FEE PER METER

METER SIZE	MULTIPLIER	IMPACT FEE PER METER SIZE
0.75	1.00	\$1,063
1.00	2.12	\$2,259
1.50	7.76	\$8,252
2.00	10.38	\$11,038
3.00	22.73	\$24,167
4.00	38.96	\$41,417
6.00	63.68	\$67,694

Multipliers based on 2014 City water usage data and AWWA M6 Water Manual statistics

#### NON-STANDARD IMPACT FEES

The City reserves the right under the Impact Fees Act<sup>14</sup> to assess an adjusted fee that more closely matches the true impact that the land use will have upon the City's sanitary sewer 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.

<sup>14</sup> 11-36a-402(1)(c)



## **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.

## **GROWTH-DRIVEN EXTRAORDINARY COSTS**

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

## **SUMMARY OF TIME PRICE DIFFERENTIAL**

The Impact Fees Act allows for the inclusion of a time price differential to ensure that the future value of costs incurred at a later date are accurately calculated to include the costs of construction inflation. While an inflation component may be included in the impact fee analysis to reflect the future cost of facilities, at the request of the City 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.

EXHIBIT B  
AMENDED CODE SECTION

**15.14.030 Authority and applicability.**

- A. The collection of impact fees shall apply to all new development activity in the city unless otherwise provided herein. Until any impact fee required by this chapter has been paid in full, no building permit for any development activity shall be issued.
- B. A stop work order shall be issued on any development activity for which the applicable impact fee has not been paid in full.
- C. The movement of a structure onto a lot shall be considered development activity and is subject to the impact fee provisions, unless otherwise provided herein.
- D. Public facilities for which impact fees may be imposed by the city include public facilities for:
  - 1. culinary water; and
  - 2. sanitary sewer.
- E. The city may not impose an impact fee to:
  - 1. cure deficiencies in public facilities serving existing development;
  - 2. raise the established level of service of a public facility serving existing development;
  - 3. recoup more than the local political subdivision's costs actually incurred for excess capacity in an existing system improvement; or
  - 4. include 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.

EXHIBIT C  
ENACTED CODE SECTIONS

**15.14.220 Sanitary Sewer impact fee- Service Area, IFFP, & IFA.**

A. *Services Area.* The service area for sanitary sewer impact fees includes the boundaries of South Salt Lake City generally north of the Millcreek waterway, as shown in Figure 3 (outlined in Green).

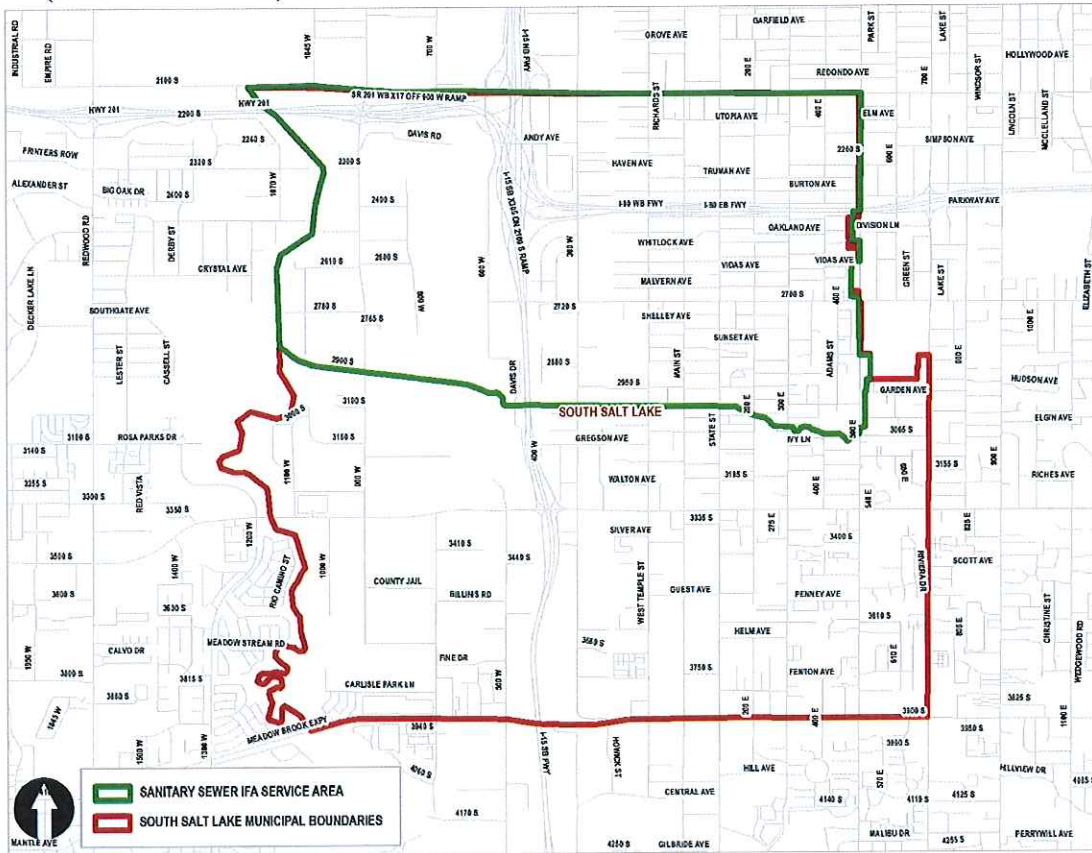


Figure 3

A. *Sanitary Sewer Impact Fee Facilities Plan.* Pursuant to section of 15.14.050 of this Chapter and section 11-36a-302 of the Act, the City has, through its consultants, researched and analyzed the factors set forth in the Act and caused to be prepared a Sanitary Sewer Impact Fee Facilities Plan, as part of the Sanitary Sewer Impact Fee Facilities Plan and Impact Fee Analysis: City of South Salt Lake. The Sanitary Sewer IFFP establishes the current and proposed level of service. The city currently maintains a system which meets the state's requirements for sanitary sewer systems related to peak and average flow. In addition, the City maintains treatment facilities through Central Valley Water Reclamation Facility. Future development will require the City to expand its collection systems in a manner which continues to meet the state's standards for

sanitary sewer systems. The Sanitary Sewer Impact Fee Facilities Plan and Impact Fee Analysis: City of South Salt Lake, is attached as Exhibit A to this ordinance, is hereby adopted in its entirety by the city in accordance with applicable provisions of this Chapter and the Act.

- B. *Impact Fee Analysis*. Pursuant to section 15.14.050 of this Chapter, and section 11-36a-303 of the Act, the city has, through its consultants, researched and analyzed the factors set forth in the Act and prepared a Sanitary Sewer Impact Fee Analysis, as part of the Sanitary Sewer Impact Fee Facilities Plan and Impact Fee Analysis: City of South Salt Lake, which is attached as Exhibit A to this ordinance, is hereby adopted in its entirety by the city in accordance with the applicable provisions of this Chapter and the Act.

5.14.230 Sanitary Sewer impact fee- calculation

- A. Based upon the Sanitary Sewer IFA, equivalent residential connections in the City are those which connect to the city's sanitary sewer system within the service area converted to the demand of any three-quarter-inch (3/4") or smaller water meter.
- B. The maximum impact fee for sanitary sewer for each equivalent residential connection is \$1063.
- C. The city council may, by amending the consolidated fee schedule, implement impact fees for development within the service area, with fees based upon the number of equivalent residential connections for a development, which fee shall be determined by the size of meter or meters installed for the development.

EXHIBIT D  
 CONSOLIDATED FEE SCHEDULE AMENDMENTS TO IMPACT FEE SUBSECTION OF  
 SECTION IV

**Impact Fees**

Impact fees are applicable if construction is taking place within the specific fee's service area.

<b>Culinary Water Impact Fee</b>	
¾" meter	\$733
1" meter	\$1,557
1.5" meter	\$5,690
2" meter	\$7,611
3" meter	\$16,664
4" meter	\$28,558
6" meter	\$46,676
Other meter connection	\$733/ERC, determined by Director

<b><u>Sanitary Sewer Impact Fee (Meter Size)</u></b>	<b><u>City Multiplier</u></b>	<b><u>Impact Fee</u></b>
<u>¾" meter</u>	<u>1.00</u>	<u>\$1,063</u>
<u>1" meter</u>	<u>2.12</u>	<u>\$2,259</u>
<u>1.5" meter</u>	<u>7.76</u>	<u>\$8,252</u>
<u>2" meter</u>	<u>10.38</u>	<u>\$11,038</u>
<u>3" meter</u>	<u>22.73</u>	<u>\$24,167</u>
<u>4" meter</u>	<u>38.96</u>	<u>\$41,417</u>
<u>6" meter</u>	<u>63.68</u>	<u>\$67,694</u>