

8 IMPACT FEE ANALYSIS

8.1 Storm Drain Impact Fees

This report constitutes an Impact Fee Facilities Plan to determine the public facilities requirement to serve growth resulting from new development activity. A community may charge an impact fee to provide funding for the projects required by this growth. The total cost that is eligible for the impact fee assessment is equal to the portion of a planned project in the planning window that is attributed or caused by growth.

Currently, the City charges an impact fee based on the zoning of residential units. The existing impact fees are shown below in Figure 8-1. The City currently only charges impact fees to new residential units and does not have an impact fee for commercial properties.

Figure 8-1: Existing Impact Fees

Zone	Average Lot Size (acres)	Impact Fee
R-A-1	1.00	\$ 3,344
R-1-14	0.32	\$ 1,070
R-1-10	0.23	\$ 769
R-1-8	0.18	\$ 615
R-3-6	0.14	\$ 461

As detailed throughout this report, the city is in need of additional storm drain system infrastructure to meet the needs of current and future drainage scenarios. The City is responsible for the current deficiencies in the storm drain system, but future development that occurs within the drainage area analyzed will further add to the deficiencies in the system. Because of this, an appropriate share of the costs associated with the recommended improvements should be the responsibility of the future developments.

To determine this appropriate share, the total area of undeveloped land within the city boundary excluding the upper bench, but understood to be developable, was divided by the total area of the city excluding the upper bench. This percentage was taken to be the portion of the improvement costs that is impact fee eligible.

Figure 8-2 shows the calculations used to determine the maximum impact fee per acre of land. This analysis includes the projects within the 10 - year window as well as the next update to this study. The costs for these projects include a 3% rate of inflation as well as financing costs. The financing costs were based on 2.5% and 30-year term.

Figure 8-2: Impact Fee Analysis

LA VERKIN CITY STORM WATER MASTER PLAN IMPACT FEE CALCULATION				
IMPACT FEE ELIGIBILITY CALCULATION				
Total Developed Area (Excluding Upper Bench)	966		acres	
Undeveloped Land within City (Excluding Upper Bench)	602		acres	
Total Area in City (Excluding Upper Bench)	1,568		Acres	
Percent of Cost Impact Fee Eligible:				38.4%
PROPOSED IMPROVEMENT PROJECTS				
	2023 Costs	Est. Install Year	Cost w/ Inflation	Cost w/ Inflation & Financing
100 East Trunk Line	\$ 4,571,400.00	2029	\$ 5,458,500.00	\$ 7,823,800.00
Impact Fee Study	\$ 50,000.00	2028	\$ 58,000.00	\$ 58,900.00
Impact Fee Eligible Project Costs				
	Total Project Costs	%IF Eligible		IF Eligible \$
100 East Trunk Line	\$ 7,823,800.00	38.4%		\$ 3,005,000.00
Impact Fee Study	\$ 58,900.00	100.0%		\$ 58,900.00
MAXIMUM IMPACT FEE CALCULATION				
Total Impact Fee Eligible Cost				\$ 3,063,900.00
Undeveloped Land With in City (Excluding Upper Bench)			602 acres	
Maximum Impact Fee per Acre of Land within Drainage Boundary				\$ 5,086.07 / acre
PROPOSED IMPACT FEE				
Proposed Residential Impact Fee				\$ <u>5,086</u> / acre
Proposed Comercial Impact Fee				\$ <u>7,629</u> / acre
$\text{Commercial Impact Fee} = \text{Residential IF} \times \frac{0.6 (C)}{0.4 (C)}$				
C = Rational Method Runoff Coefficient				

As mentioned in the user rate analysis, commercial properties typically generate more drainage runoff than residential properties. Looking at the Rational Method for calculating drainage runoff, there is a coefficient assigned to the type of surface being analyzed. The higher the coefficient the higher the expected runoff. For an average residential property this is expected to be 0.4 while for a commercial property is 0.6. This indicates that on the same size property a commercial property is expected to generate 50% more runoff than a residential property. This ratio was multiplied to the residential impact fee calculated above to establish a commercial/institutional impact fee.

The maximum impact fee allowable based on this calculation for residential properties is **\$5,086** per acre. The maximum impact fee allowable per commercial/institutional property is **\$7,629** per acre.

It is the responsibility of the City to set the actual impact fee, but it is recommended that the impact fee be set so that the City will have sufficient funds to cover annual expenses resulting from improvement projects.



It should be noted that curb and gutter improvements were not included in the impact fee calculations. The recommendation for curb and gutter projects in this report was for areas previously developed and as such these improvements would not be considered impact fee eligible. In addition, it is understood that any curb and gutter improvements for new development areas will be constructed by the developments.

8.2 Cash Flow Analysis

Using the information from the Impact Fee Analysis, proposed financing plan, and a user rate analysis a 20- year cash flow analysis was performed. This cash flow shows several years of past revenues and expenses, along with 20 years of projected revenues and expenses for the storm water system. These projections are based on assumptions of inflations, growth, average rates, proposes projects, etc. The cash flow analysis is provided in Appendix G.

Storm water rates and fees should be reviewed by the City periodically to ensure that they keep up with inflation rates and increased costs in system maintenance. La Verkin City does not have to adopt the amounts shown in the above analyses. However, the rates and fees suggested are calculated to be enough to ensure that the storm water fund remains viable.

