

Salt Lake City Department of Public Utilities

Impact Fee Analysis

September 25, 2025



Agenda

- Purpose and Need
- Utah State Code
- Methodology
- Impact Fee Analysis
 - Water
 - Sewer
 - Stormwater
- Summary
- Discussion



Purpose and Need



What is an impact fee and who pays it?

- One time charge to account for the additional capacity anticipated for new connection to the utility system
- Fee is typically collected:
 - At time of connection, or
 - When building permit is issued
- Recovers capital investments (past and/or planned) to serve growth
- More than half the states currently have enabling legislation



Why now?

- Current impact fee has been in place for over 20 years
- SLCDPU has extensive capital needs for all three systems analyzed
 - Existing system has capacity to serve new growth and costs are being carried by existing users
 - “Growth pays for growth”
- Current impact fees are low when compared to other communities in Utah and neighboring states



Utah State Code





Utah State Code

- The requirements for the development of impact fees are outlined in Title 11, Chapter 36a of the Utah Code (the Impact Fees Act).
- A local political subdivision or private entity wanting to implement an impact fee must develop both an Impact Fee Facility Plan (IFFP) and an Impact Fee Analysis.
- The Utah Code allows for impact fees for water, wastewater, and stormwater systems, as well as other public services.





Utah State Code

- The preparation of the Impact Fee Facilities Plan (IFFP) is a key step in the process and must include the following:
 - Identify the existing and proposed level of service for the utility.
 - Identify available capacity in the existing facilities and planned improvements to accommodate growth.
 - Identify the demands of new development for the next 6 years and beyond.
- This Impact Fee Study takes the results of the IFFP and applies the anticipated demands placed on each system to calculate proposed unit costs per equivalent residential unit and then develops proposed impact fee schedules for each system.

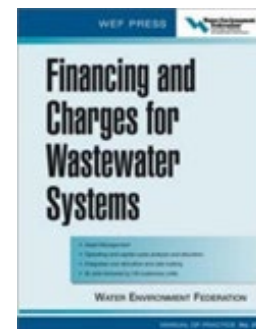
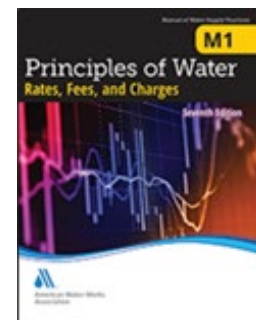
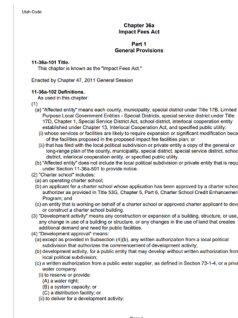


Impact Fee Methodology



Impact Fee Methodology

- The proposed impact fees are composed of two components: a recoupment fee and an improvement fee.
- Recoupment fee: recovers the capital investment associated with available capacity to serve new users in the existing system.
- Improvement fee: recovers the capital investment in planned improvements that provide capacity to serve new users.
- Impact fees may consist of a recoupment fee, an improvement fee, or a combination of the two



Water Impact Fee



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Water Impact Fee

- Water service area consists of both within and outside the city boundaries
- Treatment (production), storage and transmission and distribution systems assets allocated to existing customers, next 6-year growth and beyond 6-year growth based on available capacity
- Share of existing facilities to Existing Customers and Growth:

System	Existing Customers	Growth Next 6 Years	Growth Beyond 6 Years
Treatment (Production)	46.8%	2.0%	51.2%
Storage	80.7%	3.4%	15.9%
Transmission and Distribution	89.0%	3.8%	7.2%



Water Impact Fee

- Planned improvements were allocated to existing customers and growth based on professional judgement
- Capital investment in treatment plants, distribution mains and reservoirs
 - \$122.4 million projects as work in process and integral component of the recoupment fee

Impact Fee Components	\$/ERU
Recoupment Fee	\$2,528
Improvement Fee	\$3,135
Total Impact Fee	\$5,664



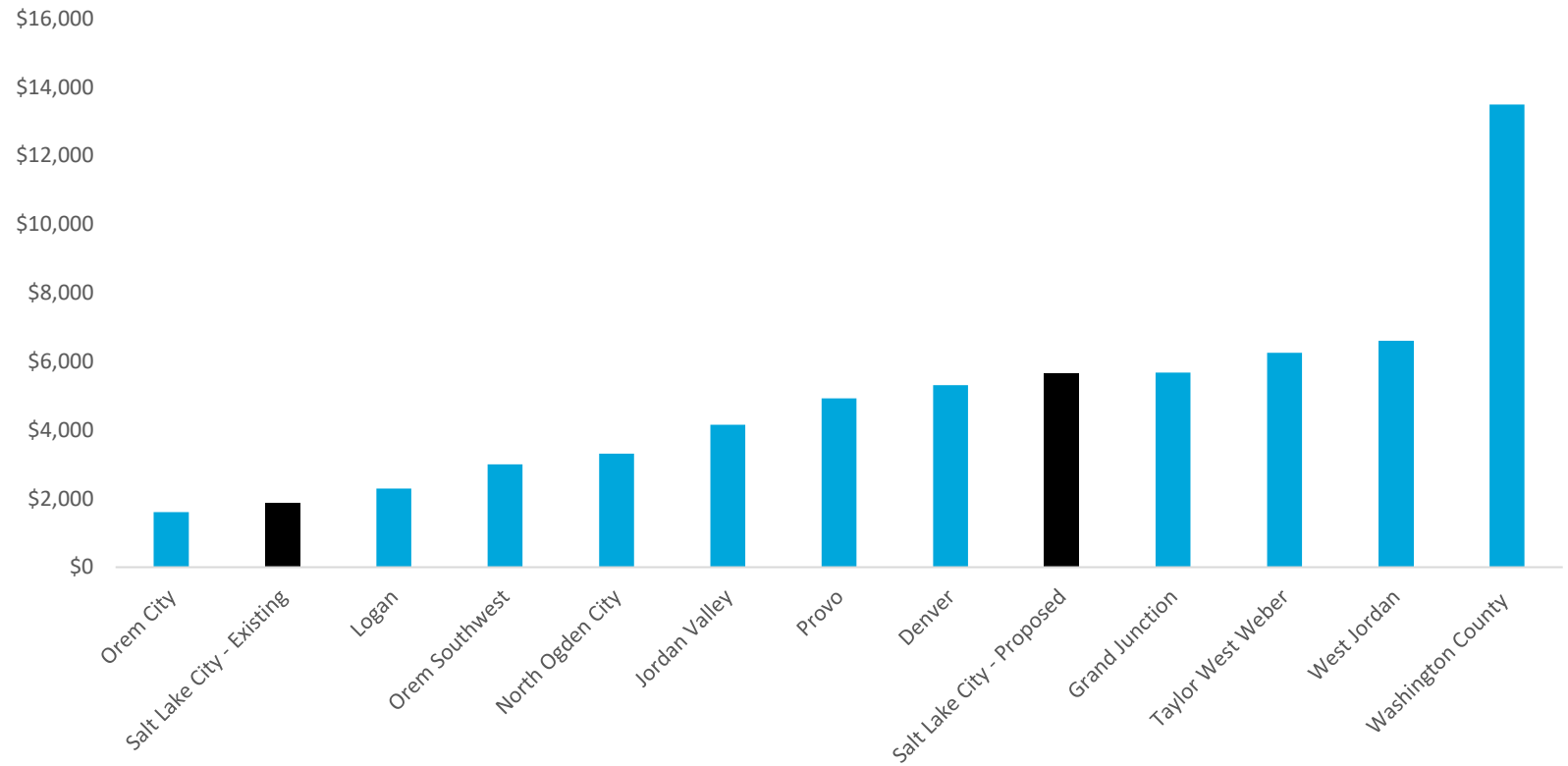
Water Impact Fee Schedule

Meter Size	Existing Impact Fee	Proposed Impact Fee
3/4-inch	\$1,871	\$5,664
1-inch	\$3,830	\$11,327
1.5-inch	\$7,584	\$23,221
2-inch	\$11,776	\$35,681
3-inch	\$23,678	\$71,928
4-inch	\$27,359	\$82,688
6-inch	\$54,718	\$165,377
8-inch	\$87,549	\$265,056
10-inch	\$125,851	\$381,160

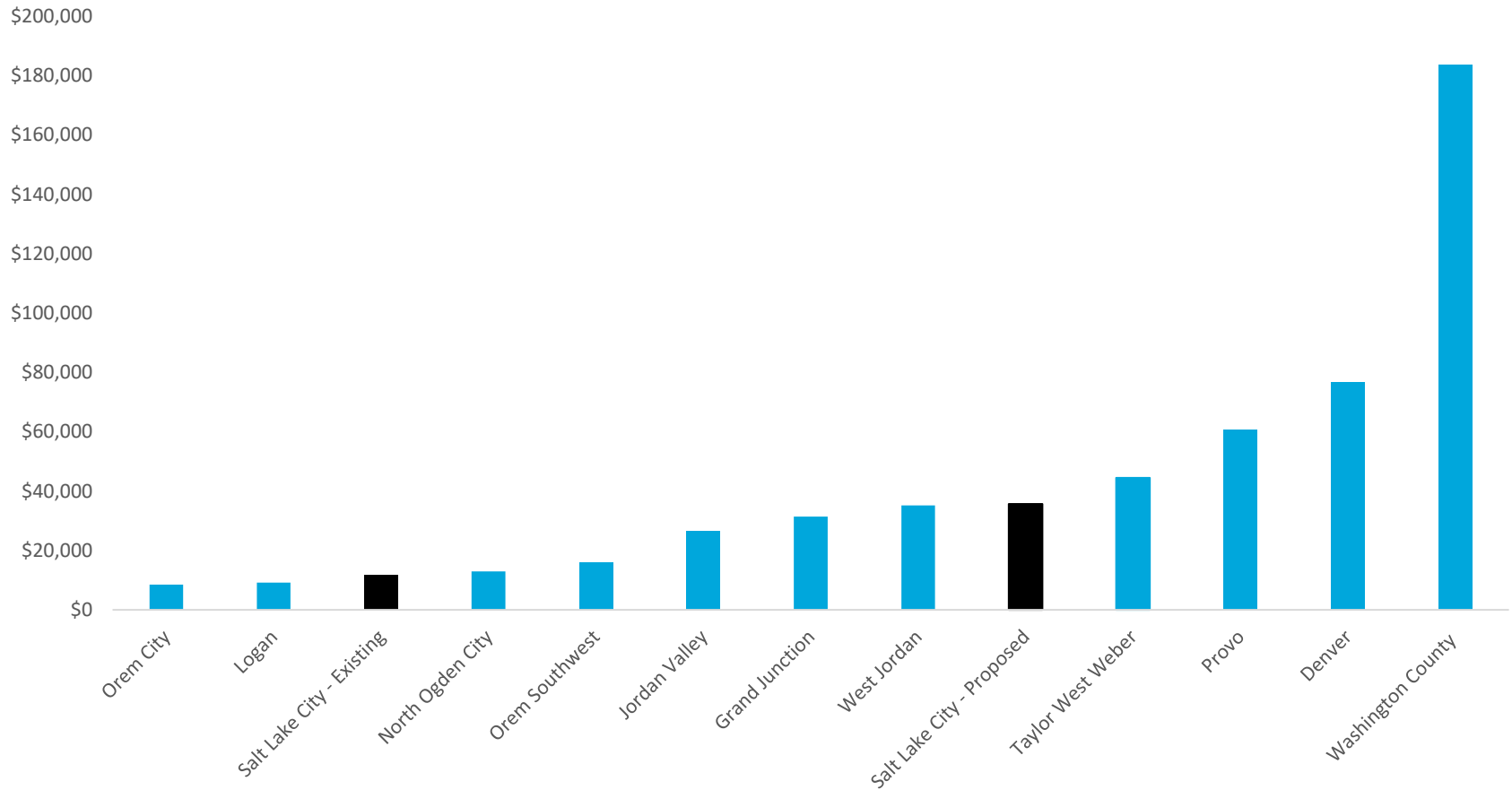
- 1 ERU = Single Family Home = ¾-inch meter size



Water Impact Fee Comparison, ¾-inch Meter, Residential



Water Impact Fee Comparison, 2-inch Meter, Commercial



Sewer Impact Fee



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Sewer Impact Fee

- Sewer service area closely aligns with City boundaries
- Existing treatment and collection assets allocated to existing customers, growth over next 6 years, and growth beyond 6 years based on available capacity
 - Based on the analyses conducted for this study, most of collection system allocated to existing customers

System Component	Existing Customers	Growth Next 6 Years	Growth Beyond 6 Years
Treatment	71.4%	3.2%	25.4%
Collection	96.3%	3.7%	0.0%



Sewer Impact Fee

- Planned improvements were allocated to existing customers and growth based on professional judgement
- Large capital investment in water reclamation facility
 - \$850 million project considered a work in process and is a key component of the recoupment fee
 - New WRF is not increasing plant capacity

Impact Fee Components	\$/ERU
Recoupment Fee	\$3,550
Improvement Fee	\$750
Total Impact Fee	\$4,300



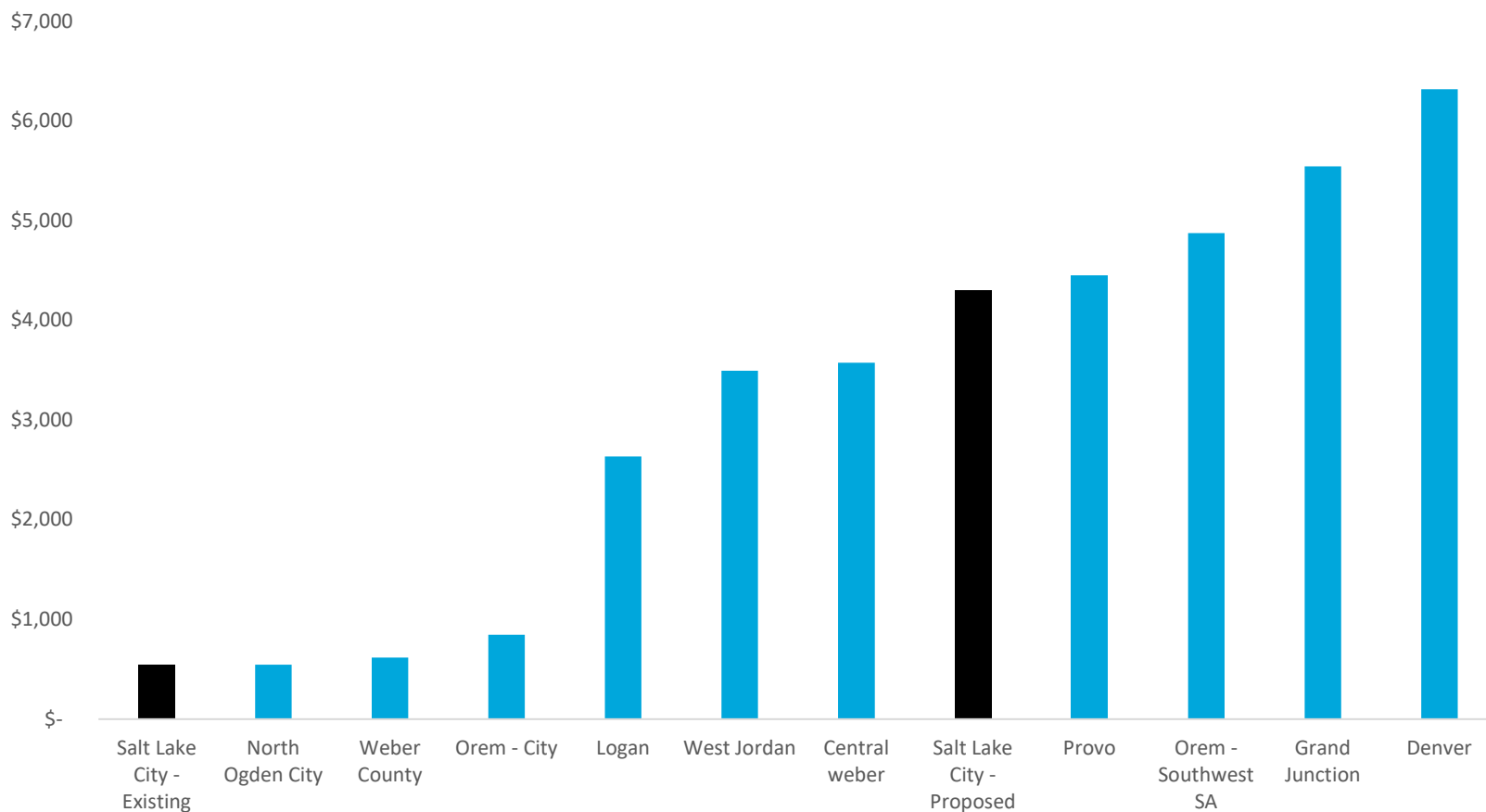
Sewer Impact Fee Schedule

- Current Residential Impact Fee = \$545/unit
- Current Commercial Fee based on Equivalent fixture units
- Proposed Fee charges residential based on number of Equivalent Residential Units
 - Single Family Residential = 1 ERU
 - Apartment and other multi-unit buildings: 0.75 ERU per unit
 - Mobile homes = 1 ERU
- Commercial based on meter size
 - Charge based on meter capacity ratios (similar to water)

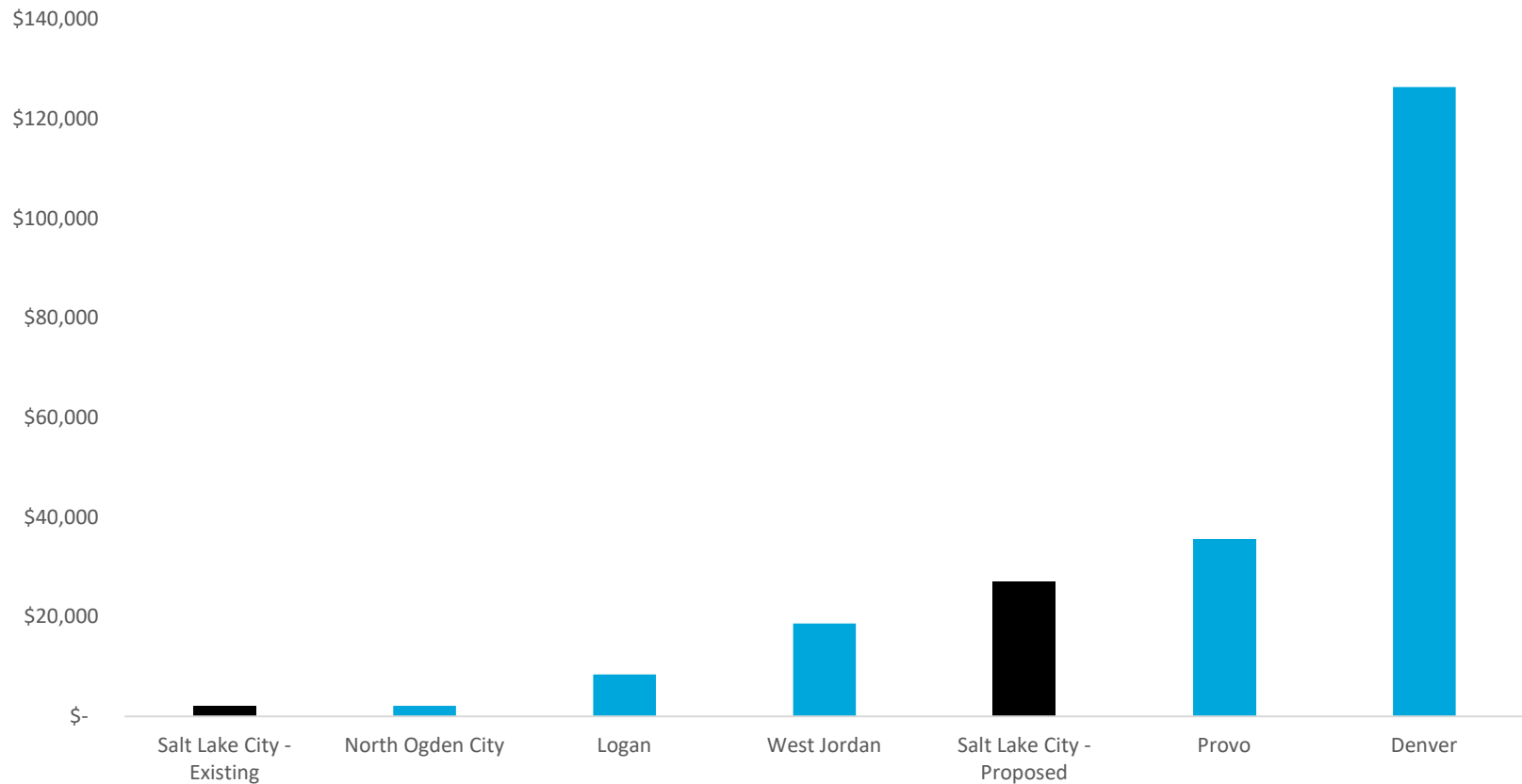
Customer Class	Proposed Impact Fee
Single-family Residential , \$/unit	\$4,300
Multifamily Residential \$/unit	\$3,225
Other Residential (Trailer/Recreation Park), \$/unit	\$4,300
Non-Residential, Meter Size	
3/4-inch	\$4,300
1-inch	\$8,802
1.5-inch	\$17,430
2-inch	\$27,064
3-inch	\$54,418
4-inch	\$62,877
6-inch	\$125,755
8-inch	\$201,208
10-inch	\$289,235



Sewer Impact Fee Comparison, Residential



Sewer Impact Fee Comparison, Commercial 2"



Stormwater Impact Fee



Stormwater Impact Fee

- Stormwater service area closely aligns with City boundaries
- All stormwater assets allocated to existing customers, growth over next 6 years, and growth beyond 6 years based on available capacity
- Existing customers use approximately 78% of existing capacities of stormwater infrastructure.

System	Existing Customers	Growth Next 6 Years	Growth Beyond 6 Years
Assets	78.1%	5.4%	16.5%



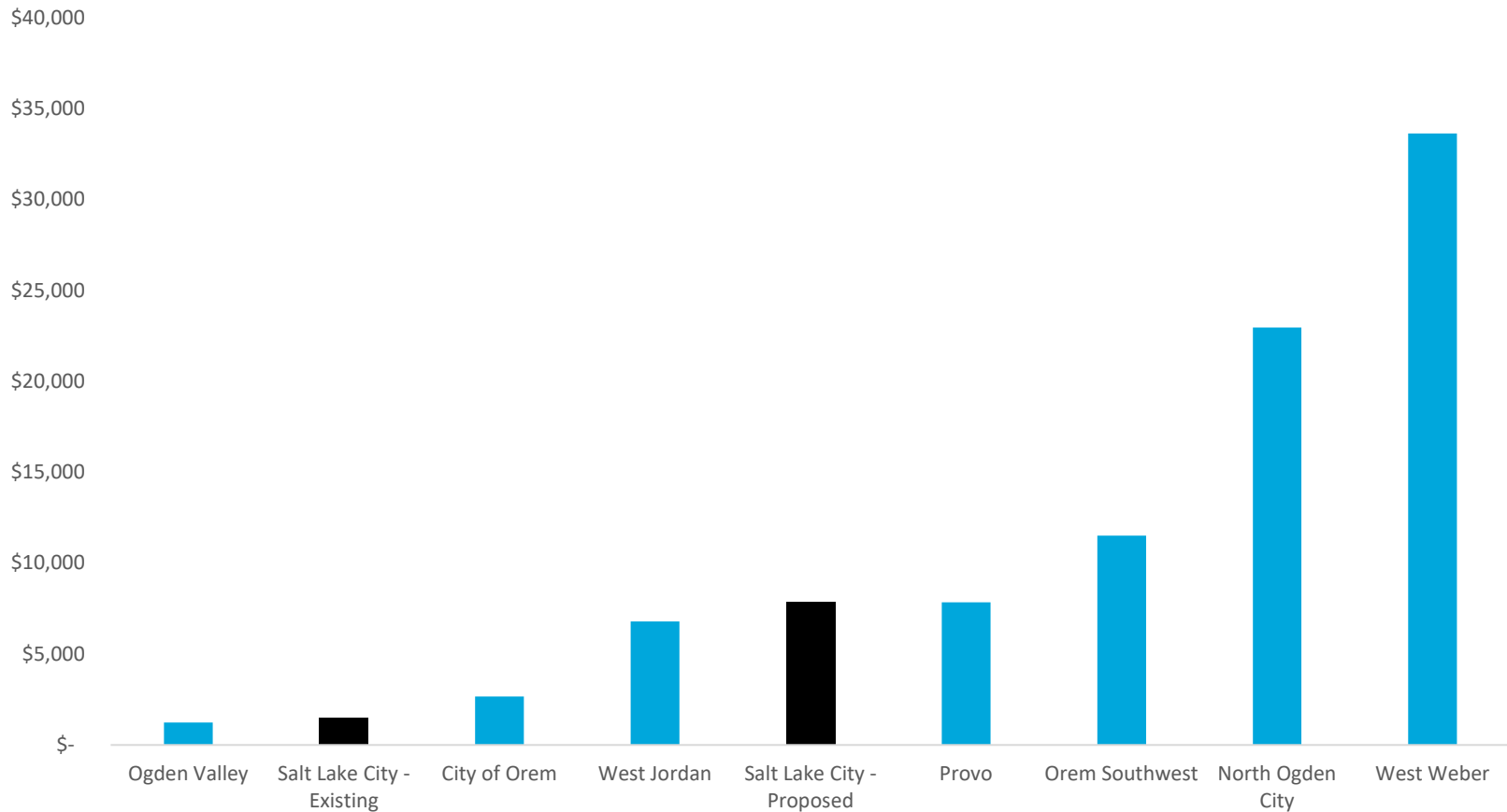
Stormwater Impact Fee

- Planned improvements were allocated to existing customers and growth based on professional judgement
- Capital investment in lift stations, detention basins, collection mains, landscaping and more.
 - Nearly \$1m in projects as work in process and \$14.2m in existing depreciated assets.
- Residential and commercial customers pay same impact fee per ¼ acre basis
- Current fee: \$374 per ¼ acre

Impact Fee Components	\$/Lot (1/4 acre)
Recoupment Fee	\$1,864
Improvement Fee	\$99
Total Impact Fee	\$1,963



Stormwater Impact Fee Comparison, per acre



Summary



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Summary

- Impact fees for SLCDPU have not been updated for over 20 years
- Utility systems have substantial capital investment needs
- Existing system has capacity to serve new growth and costs are being carried by existing users
- Proposed Residential Impact Fee

System	Existing	Proposed	% Change
Water (\$ per 3/4" meter)	\$1,871	\$5,664	203%
Sewer (\$ per 3/4" meter)	\$545	\$4,300	689%
Stormwater (\$ per ¼ acre)	\$374	\$1,963	425%
Total	\$2,790	\$11,927	327%



Next Steps

- Incorporate comments from advisory committee into analysis
- Revise Impact Fee
 - Consider phased approach to implement proposed fees
- Presentation to City Council
 - Adoption of Impact Fee Facility Plan and Impact Fee Report
 - Adoption of Impact Fee Schedules



Recommendations

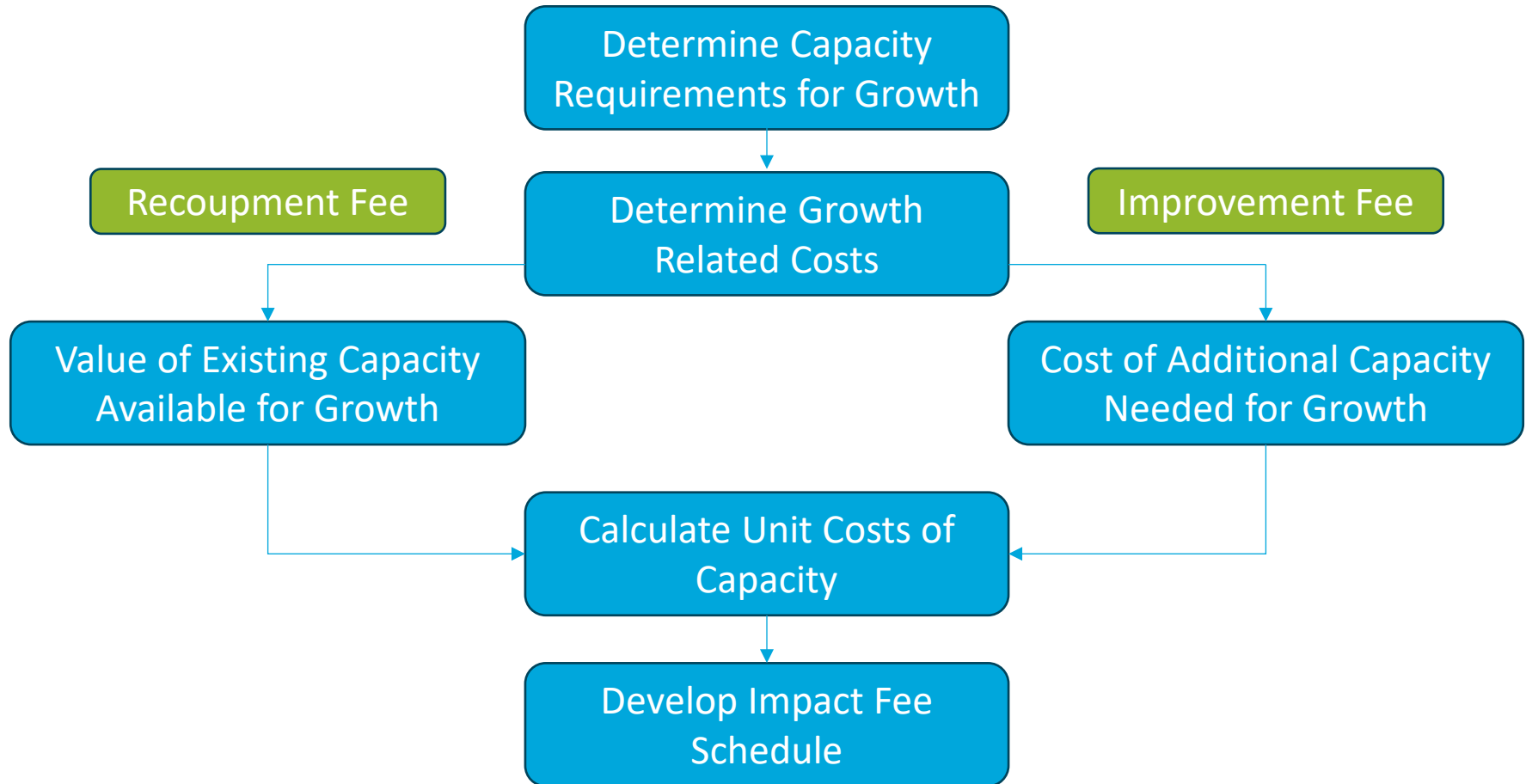
- Follow appropriate process to adopt the IFFP and Impact Fee Analysis
- City may wish to consider phasing in the updated impact fees to reduce fee shock



Extra Slides



Impact Fee Methodology



Recoupment
Investment

- Value of Existing Assets, Less:
 - Developer Contributions
 - Outstanding Debt
 - Credit for replacement of existing assets
 - Improvements funded by grants

Allocate to Existing
Customers and
Growth



Improvement
Investment

- Planned Capital Improvements, Less:
 - Projected principal on new debt

Allocate to Existing
Customers and
Growth



Number of New
Connections

- Equivalent Residential Units (ERUs) over the next 6 years
- Stormwater based on Acreage



Impact Fee
(\$/ERU)



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Impact Fee Methodology

- The net capital investment in each system is then broken down into the respective system components.
 - Water: treatment, storage, and distribution components.
 - Wastewater: treatment and collection and transmission.
 - The stormwater system is treated as one component.



Impact Fee Methodology

- Adjustments are made to the existing capital investment and cost of the planned improvements in the system to reflect:
 - the outstanding debt on each system
 - developer contributions
 - improvements funded from grants
 - assets that will be retired or replaced by the planned improvements.
- The net capital investment in each system is then broken down into the respective system components.
 - Water: treatment, storage, and distribution components.
 - Wastewater: treatment and collection and transmission.
 - The stormwater system is treated as one component.

