

ZIONS

HIGHLAND, UTAH

NOTICING DRAFT
PUBLIC SAFETY IMPACT FEE ANALYSIS

PREPARED BY
ZIONS BANK PUBLIC FINANCE

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EXECUTIVE SUMMARY

WHAT IS AN IMPACT FEE?

An impact fee is a development fee, not a tax, charged by a local government to new development to recover all or a portion of the costs of providing services to new development. Impact fees collected for police, fire and EMS services provide funding for essential public safety infrastructure needed by Highland City (the City) to handle the increase in calls that new growth will create.

Impact fees are a common and equitable way to share the costs of infrastructure between existing and future residents. According to a survey completed in 2012, 28 states actively employ impact fees as a method of funding.¹ Utah adopted its first impact fee legislation into the Utah Code in 1995, with its most recent update in 2011 with the Recodified Impact Fees Act.

WHY ARE IMPACT FEES NECESSARY?

Without impact fees, new development may not pay its fair share of the infrastructure built to support its existence. This would arguably require existing residents to pay for facilities and services that may only be needed by new development. Utilizing impact fees to pay a portion of the costs associated with future infrastructure puts future users on an equal footing with existing users—who have been paying property taxes, sales taxes, user fees and/or other revenue sources in order to generate the revenue required to provide needed services.

The recommended impact fee structure presented in this analysis has been prepared to satisfy Utah State Code Title 11, Chapter 36, Sections 1-5 (the Impact Fee Act). To ensure sufficient and proper funding, the City has retained Zions Bank Public Finance (ZBPF, Zions) to evaluate and calculate the maximum equitable impact fee the City may assess in compliance with the Impact Fee Act.

WHY IS HIGHLAND UPDATING THE PREVIOUS ANALYSIS?

Highland City has commissioned this *Public Safety Impact Fee Analysis (IFA)* to accomplish the following:

- Ensure that the police, fire and the emergency medical service (EMS) facilities within Highland's Impact Fee Service Area (Service Area) are appropriately funded by existing and future recipients of public safety services
- Update financial projections and the cost of facilities to reflect the most up to date information available
- Put the analysis in compliance with the latest changes to the Impact Fees Act effective May 2011
 - Base impact fees upon an Impact Fee Facilities Plan (IFFP) with a six to ten year capital planning horizon and address the historic cost of facilities where applicable
- More clearly define the current and future level of service that the City will provide, ensuring that the current level of service is not exceeded with funds collected from impact fees

HOW WILL NEW GROWTH AFFECT THE CITY?

A network of fire and police protection is required to ensure that the majority of development within the service area receives a first responder response time which adequately protects life and property. New growth adds pressure to the fire and police departments by increasing the call volume as the amount and density of development increases—particularly in areas further and further away from the center. This increases the amount of crews and apparatus needed which in turn requires additional and/or expanded facilities.

¹"National Impact Fee Survey: 2012" completed by Duncan Associates: http://impactfees.com/publications%20pdf/2012_survey.pdf

A new fire or police station is often built well ahead of the growth it will ultimately serve to ensure response times are met even when the current development within the service area is sparse. As growth occurs within the service area and development becomes denser, the new station with latent or reserved capacity will respond to more and more calls until either development reaches its full potential or an additional station is needed.

Until development reaches its maximum density there is a reserve capacity in the network of stations that can still be used to serve new growth. The general impact fee methodology designates a percentage of a station as benefitting existing development and another percentage to serve new growth. The cost of the percentage of stations that can serve new growth is calculated based upon the historic cost of existing stations and the future cost of building new stations—which is then divided by the number of additional calls which new development will add. A final fee based on specific land use categories is then calculated by multiplying the cost per call by the number of calls that each type of development typically generates (according to local dispatch records).

WHAT COSTS ARE INCLUDED IN THE IMPACT FEE?

The public safety services considered in this analysis are: 1) police protection, 2) fire protection and EMS services, and 3) apparatus and ladder truck services provided to commercial development.

The impact fees proposed in the Public Safety Impact Fee Analysis are calculated based upon the costs of constructing:

- New facilities required to maintain (but not exceed) the existing level of service; only those expected to be built within ten years are considered in the final calculations of the impact fee
- Interest costs related to existing and future debt; including apparatuses in the inventory and expected to be added within ten years
- Historic costs of existing facilities that will serve new development
- Cost of professional services for engineering, planning, and preparation of the impact fee facilities plan and impact fee analysis

WHAT COSTS ARE NOT INCLUDED IN THE IMPACT FEE?

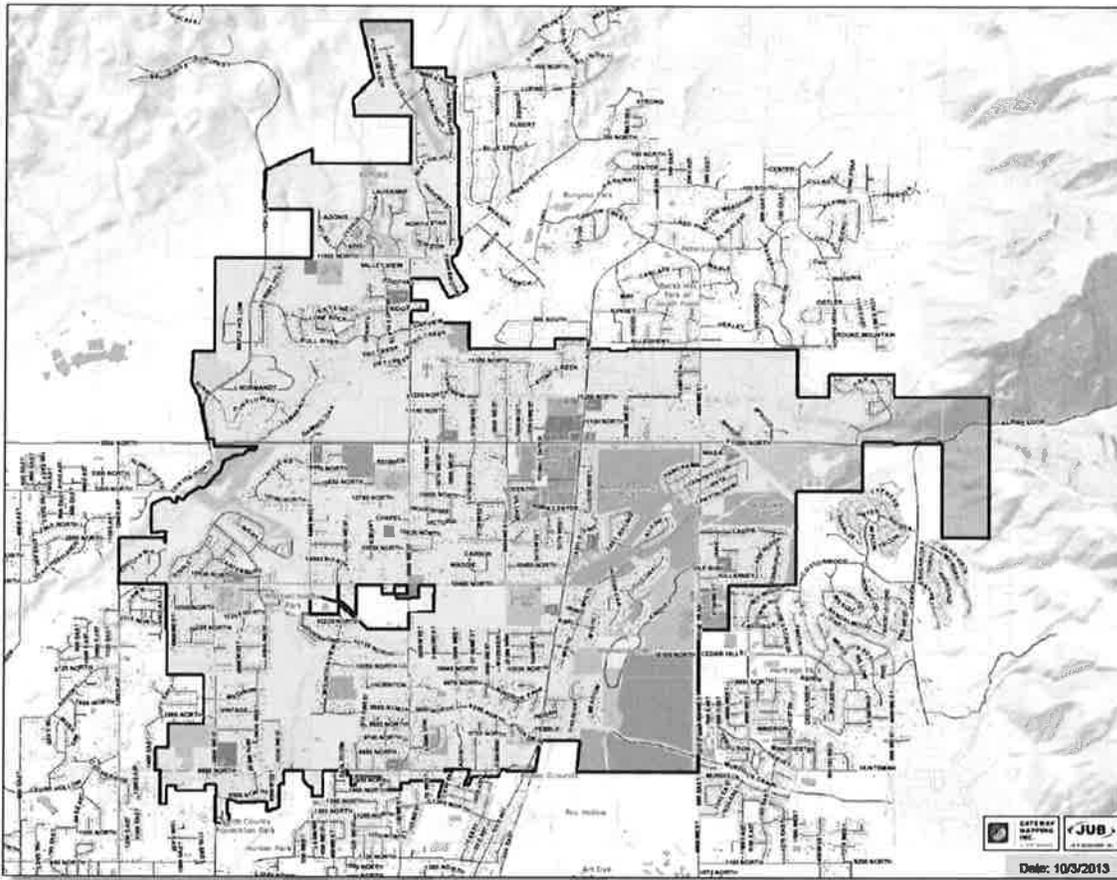
- Operational and maintenance costs
- Cost of facilities constructed beyond 10 years
- Cost of facilities funded by grants or other funds which the City is not required to repay
- Cost of renovating or reconstructing facilities which do not provide new capacity or needed enhancement of services to future development

It should also be noted that this analysis does not directly consider public safety services which are provided for areas outside of the City. These services are provided based on mutual aid agreements or are funded through service agreements where the entity receiving the benefit pays a service charge. Therefore, the extra cost associated with this service is defrayed and does not need to be included in the impact fee analysis.

WHERE WILL THE IMPACT FEES APPLY?

The proposed impact fees will be assessed throughout the entire Service Area. The established Service Area includes all areas within the current Highland City limits.

FIGURE 1: HIGHLAND CITY BOUNDARY AND PUBLIC SAFETY IMPACT FEE SERVICE AREA



WHAT IS THE NEW CALCULATED FEE?

The impact fees have been calculated with all the above considerations. The following tables contain the current impact fee assessment; the first table presents the fire / EMS impact fee and the second table presents the police impact fee. The fees proposed in these tables represent the maximum impact fee that the City may assess new development. The City will impose and oversee all aspects of the impact fees. The impact fees will be paid directly to Highland City.

TABLE 1: RECOMMENDED FIRE / EMS IMPACT FEE ASSESSMENT

FIRE	Cost per Call	Calls per Unit	Fee per Unit
Residential			
Single Family Residential	\$9,176.25	0.063	\$581.88
Multi-Family Residential	\$9,176.25	0.010	\$90.01
Commercial			
Private Non Residential (kSF Floor space)	\$9,176.25	0.040	\$365.94

TABLE 2: RECOMMENDED POLICE IMPACT FEE ASSESSMENT

POLICE	Cost per Call	Calls per Unit	Fee per Unit
Residential			
Single Family Residential	\$903.38	0.591	\$533.79
Multi-Family Residential	\$903.38	0.083	\$75.32
Commercial			
Private Non Residential (kSF Floor space)	\$903.38	0.372	\$336.24

The following definitions and policies apply:

- “Single Family Residential Units” have been categorized as only those single family housing structures which are entirely detached. One structure is equal to one unit regardless of the size. The “Single Family” fee per unit is the final fee for each single family detached structure.
- “Multiple Family Residential Units” are defined as any other residential structure other than single family detached housing. This includes attached condos and any other separately sold units which are physically attached to other units (duplexes, townhomes, etc.). One dwelling is equal to one unit. The fee for a two unit, ten unit, or hundred unit multi family structure (or any number of units) is to be calculated the same way. The number of units is multiplied by the “Multiple Family” fee per unit to arrive at the final fee.
- The “Private Non Residential” category includes all building square footage associated with all private nonresidential activity excluding schools only. This includes all commercial and industrial activity, as well as churches, medical facilities, assisted living facilities, and other private institutions. The final fee is based on the total square footage of the structure. Each 1,000 square foot (kSF) increment of building space is equal to one unit. The total amount of square feet should be divided by 1,000 square foot increments to arrive at the total number of units. For example, a 10,300 square foot building is equal to 10.3 units. The number of units is then multiplied by the “Private Non Residential” fee per unit to arrive at the final fee.

Occasionally a private project is constructed which has a unique impact on the community and does not easily fit into any of the major land use categories used in the previous tables to assess impact fees. In addition, a private project may fit into one of the land use categories listed above but may have an unusually high or low number of anticipated calls.

Highland City reserves the right under the Impact Fees Act to assess an adjusted fee that more closely matches the true impact that a unique project may have upon fire / EMS and police services. As well, those individuals and/or organizations subject to an impact fee also have the ability to request the City to review an exception. Whichever party initiates the review for an exception has the burden of proof to justify the higher or lower fee based on the formulas explained below.

To determine the impact fee for a non-standard use, the formulas presented below should be utilized. The variable in these formulas is the number of annual calls (emergency calls to the police and/or fire department) projected to be created by the non-standard use in question. The number of annual calls projected for a non-standard use should be well documented using specific and timely data from Highland City or other cities which closely resemble Highland City in population size and overall character.

TABLE 3: NON-STANDARD USER IMPACT FEE FORMULA FOR FIRE / EMS

FIRE Cost Per Call	Non Standard Development		Impact Fee Assessed
\$9,176.25	x	# of Annual Calls Projected to be Created	= Non-Standard Impact Fee





TABLE 4: NON-STANDARD USER IMPACT FEE FORMULA FOR POLICE

POLICE Cost Per Call		Non Standard Development		Impact Fee Assessed
\$903.38	x	# of Annual Calls Projected to be Created	=	Non-Standard Impact Fee

MAXIMUM LEGAL IMPACT FEE

The City Council has the discretion to set the actual impact fees to be assessed, but they may not exceed the maximum allowable fee calculated in this impact fee analysis. The City may, on a case by case basis, work directly with a developer to adjust the standard impact fee to respond to unusual circumstances and ensure that impact fees are imposed fairly. This process was explained in the previous section.

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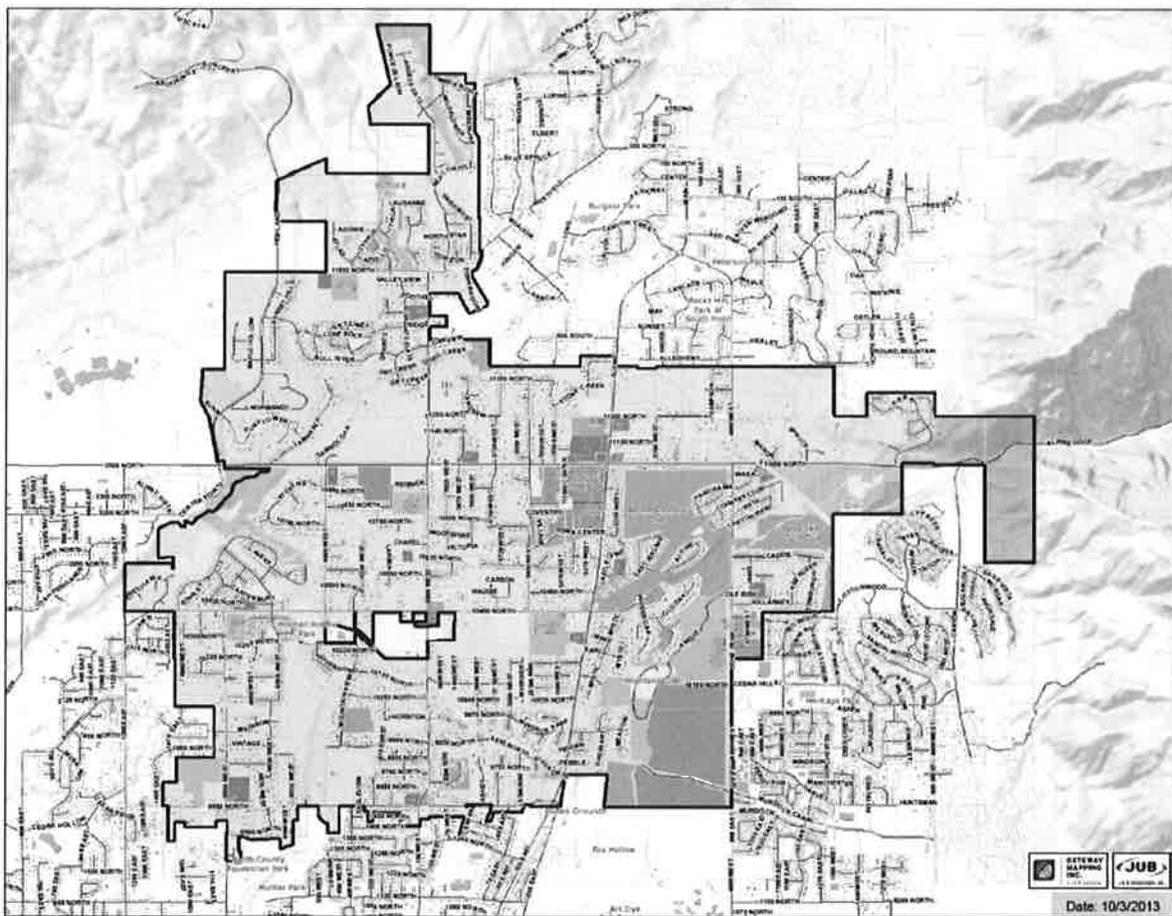


CHAPTER 1: INTRODUCTION AND PROJECT OVERVIEW

HIGHLAND CITY PUBLIC SAFETY SERVICE AREA

Highland is a city in Utah County, Utah, United States. It is approximately 30 miles south of Salt Lake City and is part of the Provo–Orem Metropolitan Statistical Area. According to the 2010 census the population was 15,523. The map below presents the current municipal boundaries of Highland City. As previously mentioned, the current City boundaries are also the boundaries of the impact fee service area. While the City does provide public safety services outside of the impact fee service area, only activity within the service area (or future development that is anticipated within the planned annexation areas) will be considered in the calculation of the updated impact fee. For a full accounting of all police, fire and EMS calls handled by Highland City, see the appendix.

FIGURE 2: HIGHLAND CITY



LAND USE AND SERVICE CALLS

Determining the existing and future land use of Highland City is an essential part of calculating an impact fee. Details on existing and future residential and non-residential development are contained in chapter 2.

In this study, non-residential development will only be listed as private nonresidential.

SERVICE CALLS

Currently the City has a three year average of 269 total private fire / EMS calls per year, and 2,505 total private police calls. In the future, it is anticipated that 269 total private fire / EMS calls will be added along with 2,501 total private police calls. Greater detail on the number of calls to specific land uses is contained in chapter 2. Details on calls to areas outside the service area are contained in the appendix.

Private calls are those which are made to private land uses, such as residences, businesses, and churches. Public calls are those which are made to public land uses such as public land, parks or roads. Traffic calls have also been excluded as the land use is difficult to assign and may be generated by outside of City residents. Generally, impact fees are calculated by separating private calls from public calls and assessing impact fees to private development based on the historic calls per unit each private land use generates.

Although schools may be considered public, the Utah Impact Fee Act does allow certain municipal utilities and services to levy and impact fee on both private and public schools.

EXISTING AND FUTURE PUBLIC SAFETY FACILITIES

The number and type of existing and future facilities needed for fire / EMS and police service coverage in Highland has been catalogued. Currently, Highland maintains one central fire station and one police station (which is combined with the City courthouse). The City does not expect to add any facilities for fire and police services.

EXISTING AND FUTURE INFRASTRUCTURE COSTS

The costs associated with the existing public safety facilities have been calculated. Details on the existing facility costs of infrastructure are contained in chapter 3 and 4. There are no future facility costs to be included in this analysis.

LEVEL OF SERVICE

The Impact Fee Act specifically prohibits the use of impact fees to cure existing deficiencies in infrastructure or to construct infrastructure that provides a level of service per user that is higher than the existing level of service. Furthermore, impact fees cannot be used to maintain a level of service for current system users by funding the repair and/or replacement of existing facilities. The historic and projected level of service for public safety services in the City is based upon floor space already constructed within the City. This floor space is tied to the number of calls in each land use category. This provides a level of service which can be used in evaluating whether or not future, planned infrastructure in the City is in compliance with the Impact Fee Act.

It should be noted that this level of service calculation is separate from the service standard goals which the City is aiming to reach—especially in regards to fire and EMS coverage. When it comes to protecting property and especially life, zero loss would be the ideal goal. However, constraints of resources make it impossible to locate a fire or police station on every corner. Therefore, decisions must be made to enable the best protection possible under the circumstances. It is the goal of the City to respond to at least 90% of fire and EMS calls within four minutes. This four minute response time standard has been adopted from NFPA 1710. Details on the coverage and service goals of Highland can be found in greater detail in the Impact Fee Facilities Plan.

SUMMARY OF PROPORTIONATE SHARE ANALYSIS

As part of this analysis, the Utah Impact Fees Act requires that the calculated impact fee be roughly proportionate and reasonably related to the impact caused by the development activity. Ideally, implementing an impact fee to pay for needed infrastructure places a burden on future users that is equal to the burden that was borne in the past by

existing users (Utah Impact Fees Act, 11-36a-304(2) (c) (d)). Chapter 6 lays out the methodology and calculation of the proportionate share analysis. Highlights of the analysis are contained below:

When completing a Proportionate Share Analysis the following points should be considered:

1. The cost of existing and future public facilities;
2. The type of financing for existing and future public facilities;
3. Current and future levels of service; and
4. Determination that impact fees are justifiable.

As stated above, part of the proportionate share analysis is a consideration of the manner of funding for existing public facilities. The City has had the ability to fund infrastructure in the past through the following sources:

- Property Tax Revenues;
- Bond Proceeds;
- Developer Exactions; and
- Impact Fees.

EXISTING INFRASTRUCTURE AND CAPACITY TO SERVE NEW GROWTH

The City provided Zions with a list of all City owned assets. An analysis has been completed to identify the existing capacity able to serve new growth and any impact fee qualifying apparatus (i.e. apparatus with a purchase price of \$500,000 or greater). There aren't any impact fee qualifying apparatus at this time.

OUTSTANDING AND FUTURE DEBT

The City has an outstanding bond which relates to public safety in Highland—for the cost of the fire building and for the cost of the combined police / courthouse. Details on this existing debt related to public safety can be found in chapter 4.

IMPACT FEE CALCULATION

The impact fee calculations have been formulated to allow impact fees to fund 100% of the growth-related portion of facilities identified in the proportionate share analysis as presented in this analysis. These calculations are contained in chapter 8.

CHAPTER 2: LAND USE AND SERVICE CALLS

CURRENT AND FUTURE DEVELOPMENT

The estimates of current and future development in Highland were determined by using ESRI's GIS (geographic information systems) software, data from the Utah County Assessor's Office parcel database, data from the US Census American Factfinder, population projections from the Utah Governor's Office of Planning and Budget (GOPB) and input and data from the Highland Planning Department.

The first part of this analysis involved determining how much land in Highland City is currently developed. Combining City and County data resulted in the developed parcels within Highland's current City boundaries. The table below summarizes the developed and developed units to be added in both the current Highland boundaries.

TABLE 5: CURRENT MEASUREMENT OF DEVELOPED FUTURE UNITS IN HIGHLAND

Residential Units	Existing Development		Future Development to be Added		Existing + Future	
	Population (2013 Estimate)	Units	Population	Units*	Population	Units
Single Family	16,128	3,832	11,882	3,924	28,010	7,756
Multi-Family	858	204	632	209	1,490	413
Total	16,986	4,036	12,514	4,133	29,500	8,169
Private Non Residential Units	Estimated Acres	Estimated kSF	Estimated Acres	Estimated kSF**	Estimated Acres	Estimated kSF
Private Non Residential^	85	602	63	443	148	1,045

Residential land uses are measured in dwelling units and non-residential land uses are measured in units of thousand square feet increments (kSF). Future residential units are based on population projections from the GOPB and Highland planning department estimates. Current and future non-residential units are based on estimates of floor area ratios (FAR) provided by the Highland planning department.

LAND USE AND FUTURE CALLS

CURRENT CALL VOLUME

Summaries of the current private call volumes for fire / EMS and police are contained in the following two tables. For more information regarding non private and total call volumes, see the appendix.

TABLE 6: TOTAL PRIVATE FIRE CALLS PER UNIT BY DEVELOPMENT TYPE

Total Private Calls Per Unit by Development Type	
Development Type	Average 2011-2013
Single Family Residential	
Fire Calls	243
Units	3,832
Single Family Calls per Unit FIRE	0.063
Multi-Family Residential	
Fire Calls	2
Units	204
Single Family Calls per Unit FIRE	0.010
Private Non Residential	
Police Calls	24
Units (kSF)	602
Private Non Residential Calls per Unit FIRE	0.040

TABLE 7: TOTAL PRIVATE POLICE CALLS PER UNIT BY DEVELOPMENT TYPE

Total Private Calls Per Unit by Development Type	
Development Type	Average 2011-2013
Single Family Residential	
Police Calls	2,264
Units	3,832
Single Family Calls per Unit POLICE	0.591
Multi-Family Residential	
Police Calls	17
Units	204
Single Family Calls per Unit POLICE	0.083
Private Non Residential	
Police Calls	224
Units (kSF)	602
Private Non Residential Calls per Unit POLICE	0.372

The current average call volume is divided by the total number of current units in each land use category (as determined in the previous land use analysis) to calculate the calls per unit. The calls per unit figure is then multiplied by the number of future units anticipated in each land use category. This results in the number of future service calls to be anticipated by future development.

The following tables detail this calculation by showing the existing average number of calls that went to each land use category, the calls per unit of each land use category, the number of projected future calls, and the number of total calls (existing + future) that are estimated to take place when Highland City is built out.

TABLE 8: EXISTING AND FUTURE PRIVATE FIRE / EMS CALLS

Existing and Future Private Fire Calls			
Development Type	Existing (3 yr Avg)	Future	Existing + Future
Single Family Residential	243	249	492
Multi-Family Residential	2	2	4
Private Non Residential	24	18	42
Total	269	269	538

TABLE 9: EXISTING AND FUTURE PRIVATE POLICE CALLS

Existing and Future Private Police Calls			
Development Type	Existing (3 yr Avg)	Future	Existing + Future
Single Family Residential	2,264	2,319	4,583
Multi-Family Residential	17	17	34
Private Non Residential	224	165	389
Total	2,505	2,501	5,007

To clarify, where the term "Future" is used, this refers to the number of units and calls that will be added in addition to the units and calls that already exist. Thus, there are three groups of calls being discussed: existing calls—those which existing development are responsible for, future calls—those which future added development will be responsible for, and existing plus future calls—this is the grand total of all calls projected to occur when all of Highland's land is built out.

CHAPTER 3: EXISTING & FUTURE PUBLIC SAFETY FACILITIES

EXISTING PUBLIC SAFETY BUILDING

A summary of the existing fire / EMS and police facilities are contained in the following tables. Currently the City maintains one fire station, and one police station (which is combined with the City courthouse). In addition, the police department is currently constructing a storage facility which will be located on land being used by the public works department.

TABLE 10: SUMMARY OF EXISTING FIRE / EMS AND POLICE FACILITIES

Existing Police Facilities			
	Acres	SF of Space	Cost
Portion of existing Police Building / Courthouse: 5400 Civic Center Dr. Suite 3	-	13,710	\$3,647,366.34
Land Associated with Police Building	1.90	-	
Total	1.90	13,710	\$3,647,366

Existing Fire Facilities			
	Acres	SF of Space	Cost
5582 Parkway West Drive	-	16,998	\$3,849,854.00
Land Associated with Fire Building	0.86	-	
Total	0.86	16,998	\$3,849,854

EXISTING POLICE INFRASTRUCTURE

The police department currently maintains 13,710 SF of infrastructure. With new development and growth the police department will need to expand. The optimal size of the force, the amount of equipment, and the building space needed for this growth is much more difficult to assess than fire department needs. Where the fire department needs can be linked to response time standards, the goals of the police department translate less easily into infrastructure requirements. One reason for this difference is the fact that the police units are not stationary apparatus stored at one location, but instead smaller vehicles that are constantly moving within the city.

While infrastructure needs for police services are generally smaller than that required for fire & EMS services, as a City grows and becomes more urbanized, commercial and dense (with higher populations)—police services generally become more complex and thus require more infrastructure for activities such as investigations, criminal processing, evidence storage, and various other police services.

According to the Impact Fee Act, increases to an existing level of service cannot be funded with impact fee revenues. While the police department does have plans to expand beyond the existing infrastructure, it will be demonstrated later in this report that the current level of service (in terms of SF per call) is at its highest and will not be exceeded by future projects funded by impact fees.

EXISTING FIRE & EMS COVERAGE

The fire / EMS department in Highland currently maintains 16,998 SF of infrastructure. Generally as more homes, businesses, and other types of development are built, the number of emergency calls increase. This increase in call volume affects the fire / EMS services in two major ways. First, much of the newer development comes from undeveloped land that is located further away from Highland’s center, where the public safety building is located. This increases response times—taking it longer for fire fighters or EMS personnel to reach emergency situations.



Also, as the call volume increases, so does the likelihood that multiple calls will occur at the same moment and compete for emergency services. This also increases the average response time. However it is anticipated that all existing and future calls will be handled by the existing station.

FUTURE FIRE / EMS INFRASTRUCTURE

There aren't plans for a future station for Fire/EMS in Highland City.

FUTURE POLICE INFRASTRUCTURE

There aren't plans for a future station for police services in Highland City.

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CHAPTER 4: EXISTING & FUTURE INFRASTRUCTURE COSTS

OUTSTANDING DEBT

The City has two outstanding bonds which relate to public safety in Highland—one for the cost of the fire building and one for the cost of the combined police / courthouse. Both were refunded and restructured subsequent to their initial issuance. These outstanding bonds were used in the calculation of costs associated with the existing facilities found at the beginning of chapter 3.

DEBT RELATED TO THE EXISTING FIRE AND POLICE STATION

The following two tables are both related to the debt that was issues to pay for the construction of the existing fire station and police station and courthouse. The set of tables shows the allocation of the debt services based on square footage. The calculation considers portions of the building that houses the courthouse and holding cells and takes those out of the calculation

TABLE 11: DEBT SERVICE ALLOCATION

Police		Fire	
City Reported Cost	\$ 4,336,402.00	City Reported Cost	\$ 3,849,854.00
Square Footage - Total	16,300	Square Footage - Total	16,998
Holding Cells/Other Non- Impact Fee Eligible	2,590		
Impact Fee Eligible Square Feet	13,710		16,998
Impact Fee Eligible Cost	\$ 3,647,366.34		\$ 3,849,854.00

Bond Debt Service	Bond Proceeds	%
\$7,972,552.88	\$ 5,870,000.00	
Cost Per Square Foot	\$ 176.29	
Fire @ 16,998 sq ft	\$ 2,996,524.12	51%
Police @ 16,300 sq ft	\$ 2,873,475.88	49%
Police Impact Fee Eligible @ 13,710 sq ft	\$ 2,416,892.91	41%

TABLE 12: TOTAL DEBT SERVICE FOR POLICE AND FIRE STATION²

Debt Service Paid (2006)	2,663,622.50
Original Debt Service to be Paid - Not refunded	\$585,275.00
Future Debt Service	\$4,723,655.38
Total	\$7,972,552.88

TEN YEAR HORIZON

There are no future capital expenses or bond issues anticipated in the future.

² Full Debt Service Schedules in the Appendix

CHAPTER 5: LEVEL OF SERVICE ANALYSIS

LEVEL OF SERVICE DEFINITION

According to State statute, impact fees cannot be used to correct deficiencies in the system or increase the level of service (LOS) over what currently exists. One way to determine if the level of service has been exceeded is to measure the current square footage of public safety infrastructure per emergency call and compare it to what is planned for the future. This analysis has been completed and is contained in this chapter.

THE CHALLENGE WITH PLANNING PUBLIC SAFETY INFRASTRUCTURE

The challenge with public safety infrastructure is that it cannot be added piece by piece but must be added station by station. In other words, if call volume increases by five percent, the infrastructure cannot simply be increased by 5%. When new infrastructure is needed to serve a new area of the city—even if the overall call volume of that area is low—the City is justified in building infrastructure to serve areas of need. When that infrastructure is constructed the level of service must therefore be viewed not in terms of the call volume it currently serves, but the total call volume it was built to serve.

The current and future LOS goal to be maintained by the fire / EMS and police departments is displayed in the following tables. The current and future floor space of the fire / EMS and police departments is based on the existing and future infrastructure described in chapter 3 and the emergency call volumes presented in chapter 2.

TABLE 13: CURRENT AND PROJECTED FACILITY FLOOR SPACE LEVEL OF SERVICE FOR FIRE / EMS

Time Frame	Floorspace	Calls*	SF per Call
Current	16,998	269	63.19
Buildout	16,998	538	31.62

Projected Floorspace per Private Fire Call

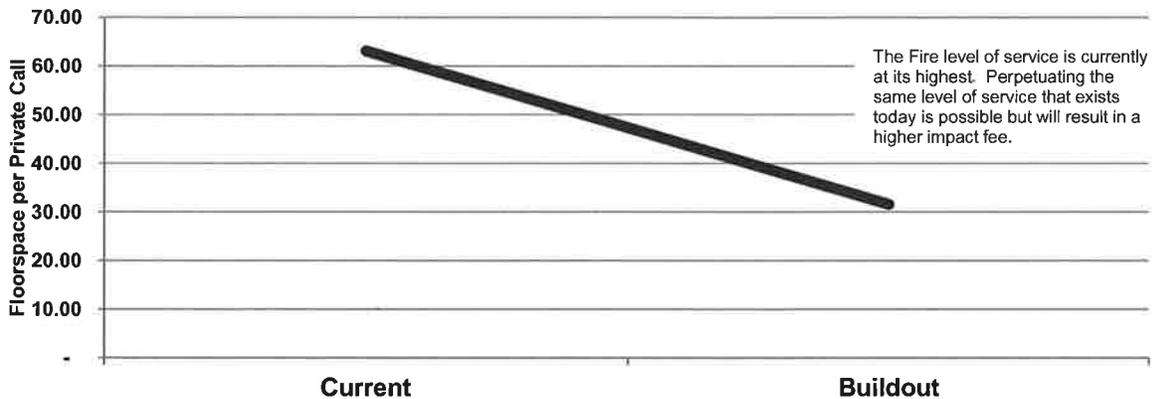
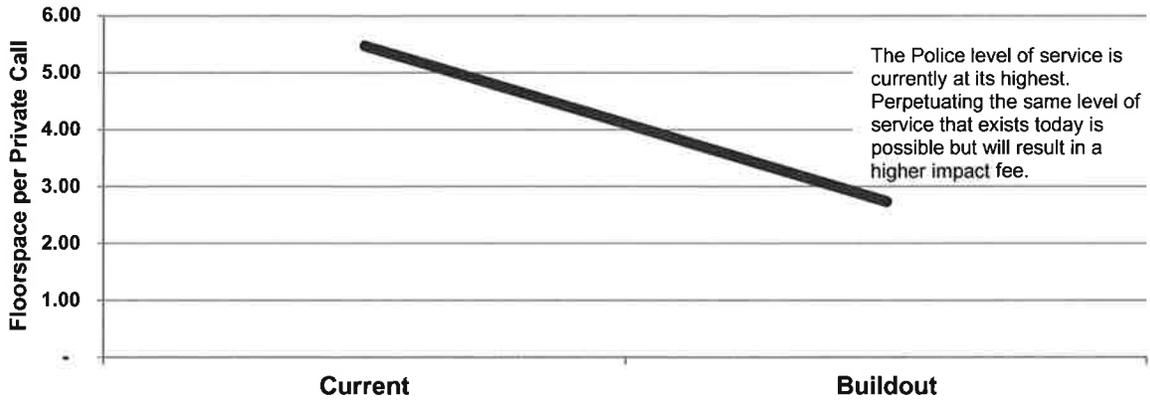


TABLE 14: CURRENT AND PROJECTED FACILITY FLOOR SPACE LEVEL OF SERVICE FOR POLICE

Time Frame	Floorspace	Calls*	SF per Call
Current	13,710	2,505	5.47
Buildout	13,710	5,006	2.74

Projected Floorspace per Private Adjusted Police Call



CHAPTER 6: PROPORTIONATE SHARE ANALYSIS

As part of this analysis, the Utah Impact Fee Act requires that the calculated impact fee be roughly proportionate and reasonably related to the impact caused by the development activity. Ideally, implementing an impact fee to pay for needed infrastructure places a burden on future users that is equal to the burden that was borne in the past by existing users (Utah Impact Fees Act, 11-36a-304(2) (c) (d)).

CALCULATION OF PROPORTIONATE SHARE

An equity buy-in can be calculated to recover the value of existing capital projects that still have significant capacity to serve new growth. The following tables display the current and future facility floor space and the calls that each will serve. With this information it is possible to calculate the percentage that will serve new growth, and thus the portion that future growth will be expected to fund. Realistically, all stations will serve existing and future growth once completed. However, the following tables are meant to show the overall capacity that future stations add and how that capacity will be apportioned.

TABLE 15: CALCULATION OF PROPORTIONATE FOR FIRE / EMS

Time Frame	Added Station Floorspace	% of Buildout Floor Space	Calls Served by this Infrastructure	Current Avg. Calls Served by this Infrastructure	Future Calls to be Added	% to Serve Future Growth
Existing	13,710	100.0%	5,007	2,505	0	0.0%
Future	13,710	100.0%	5,007	5,007	2,501	50.0%

	Impact Fee Qualifying Cost of Facilities	% of Allocated to Future Development	Amount to be Paid by Future Growth
Total	\$3,647,366	50.0%	\$1,822,198

TABLE 16: CALCULATION OF PROPORTIONATE SHARE FOR POLICE

Time Frame	Added Station Floorspace	% of Buildout Floor Space	Calls Served by this Infrastructure	Current Avg. Calls Served by this Infrastructure	Future Calls to be Added	% to Serve Future Growth
Existing	16,998	100.0%	538	269	0	0.0%
Future	16,998	100.0%	538	538	269	50.0%

	Impact Fee Qualifying Cost of Facilities	% of Allocated to Future Development	Amount to be Paid by Future Growth
Total	\$3,849,854	50.0%	\$1,923,411

MANNER OF FINANCING

The City has funded the capital infrastructure for public safety through a combination of different revenue sources. Impact fees cannot reimburse costs funded through federal grants and other funds that the City has received for capital improvements without an obligation to repay. The amounts included in this calculation are those that have been funded by the existing residents and businesses through fees and taxes.

Additionally, the Impact Fee Act requires the Proportionate Share Analysis to demonstrate that impact fees paid by new development are an equitable method for funding growth-related infrastructure. Existing users have funded and will continue to fund the share of costs proportionate to the number of existing calls relative to the buildout number of calls. In other words, existing users will always be responsible for their share of the system. The remaining portion of existing excess capacity costs and future facility costs will be fairly passed on to new growth.

TAX REVENUES

Tax revenues—property and sales—are the primary source of revenue for the City. The City has authority to collect a portion of the property and sales taxes within its boundaries. The revenues collected can cover the operational expenses, non-impact fee qualifying capital expenses and other general needs of the Highland City fire / EMS and police departments.

FEDERAL AND STATE GRANTS AND DONATIONS

Grants and donations are not currently contemplated in this analysis. If grants are available for constructing stations, they will be used. Grants or other funds that do not require repayment (not including developer exactions toward impact fee payment) must be considered in the analysis as an impact fee should not be collected for a project or expense otherwise covered through a grant or other revenue source without an appropriate credit.

IMPACT FEES

It is recommended that impact fees be used to fund growth-related capital projects as they help to maintain an adequate level of service and prevent existing users from subsidizing the capital needs for new growth. This Impact Fee Analysis calculates a fair and reasonable fee that new growth should pay to fund the portion of the existing and new facilities that will benefit new development.

Impact fees have become an ideal mechanism for funding growth-related infrastructure. Impact fees are charged to ensure new growth pays its proportionate share of the costs for the development of public infrastructure. Impact fee revenues can also be attributed to the future expansion of public infrastructure if the revenues are used to maintain an existing level of service. Increases to an existing level of service cannot be funded with impact fee revenues. Analysis is required to accurately assess the true impact of a particular user upon the City infrastructure and to prevent existing users from subsidizing new growth.

DEVELOPER DEDICATIONS AND EXACTIONS

Developer exactions are not the same as grants (which should be credited from the impact fee). Developer exactions may be considered in the inventory of current and future public safety infrastructure. If a developer constructs a fire station or dedicates land within the development, the value of the dedication is credited against that particular developer's impact fee liability.

All fire and police stations are considered to be system improvements, not project improvements. Thus, an impact fee credit will be due to the developer and the dedication / exaction will be classified in the inventory as if it had been funded directly by the City through impact fees collected.

If the value of the dedication / exaction is less than the development's impact fee liability, the developer will owe the balance of the liability to the City. If the value of the improvements dedicated is worth more than the development's impact fee liability, the City must reimburse the difference to the developer from impact fee revenues collected from other developments.

PROPOSED CREDITS OWED TO DEVELOPMENT

The Impact Fee Act requires that credits be granted to development for future fees that will pay for growth-driven projects included in the Impact Fee Facilities Plan that would otherwise be paid for through user fees. Credits may



also be granted to developers who have constructed and donated facilities to the City in-lieu of impact fees. This situation does not apply to developer exactions or improvements required to offset density or as a condition of development. Any project that a developer funds must be included in the Impact Fee Facilities Plan if a credit is to be issued.

If the situation arises that a developer chooses to construct facilities found in the Impact Fee Facilities Plan in-lieu of impact fees, appropriate arrangements must be made through negotiation between the developer and the City on a case by case basis.

SUMMARY OF TIME PRICE DIFFERENTIAL

The Impact Fees Act allows for the inclusion of a time price differential to ensure that the costs incurred at a later date are accurately calculated. This is not applicable in this analysis as the projects considered are already constructed.

EQUITY OF IMPACT FEES

Impact fees are intended to recover the costs of capital infrastructure that relate to future growth. This method results in an equitable fee as future users will not be expected to fund any portion of the projects that will benefit existing residents. This method also addresses current deficiencies by assuming that facilities are sized optimally to cover the City without deficiencies or excesses at buildout.

The impact fee calculations are structured for impact fees to fund 100% of the growth-related portion of 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. Other revenues will be used to make up any annual deficits. Any borrowed funds are to be repaid in their entirety through impact fees.



CHAPTER 7: IMPACT FEE CALCULATION

In order to determine the fair amount of the impact fee for each land use category, the cost per call must be determined. This amount is what each fire / EMS and police call will cost at buildout based on the cost of current and future infrastructure. The two tables below present the cost per call calculations.

The first column of each table carries the title for every grouping. The second column in each table details the major grouping of expenses or credits. The first group represents those expenses associated with existing facilities, the second group represents those expenses associated with facilities to be built within the next ten years (as discussed previously, only projects within this time frame are considered), and finally the third group represents the current public safety impact fee fund balance. This amount should be credited in this impact fee calculation since these funds have been allocated to fund future public safety infrastructure which is not yet built. Consequently, there is currently no money in the Highland City impact fee fund which has come from impact fees. According to the City, the impact fee fund has carried a negative balance in recent years and other city revenues have had to pay the outstanding debt obligations.

TABLE 17: FIRE / EMS IMPACT COST PER CALL CALCULATION

Expense	Impact Fee Qualifying Cost	Impact Fee Qualifying Cost Assigned to New Growth	Calls from Future Growth	Cost per Call
Existing Improvements				
Existing Facilities	\$3,849,854	\$1,923,411	269	\$7,161
Total	\$3,849,854	\$1,923,411	269	\$7,161
Other Improvements/Components				
Impact Fee Fund Balance	-	-	-	-
2006 Debt Service	4,069,838	2,033,317	269	7,571
2006 Proceeds	(2,996,524)	(1,497,082)	269	(5,574)
Professional Expenses	4,883	4,883	269	18
Total	\$1,073,314	\$536,234		2,015
Grand Total	\$4,923,168	\$2,459,646		9,176

TABLE 18: POLICE IMPACT COST PER CALL CALCULATION

Expense	Impact Fee Qualifying Cost	Impact Fee Qualifying Cost Assigned to New Growth	Calls from Future Growth	Cost per Call
Existing Improvements				
Existing Facilities	\$3,647,366	\$1,822,198	2,501	\$729
Total	\$3,647,366	\$1,822,198	2,501	\$729
Other Improvements/Components				
Impact Fee Fund Balance	-	-	-	-
2006 Debt Service	3,282,591	1,639,958	2,501	656
2006 Proceeds	(2,416,893)	(1,207,462)	2,501	(483)
Professional Expenses	4,883	4,883	2,501	2
Total	\$865,698	\$432,496		\$175
Grand Total	\$4,513,064	\$2,254,694		\$903

The result of dividing the third column by the fourth column is the fifth column, or cost per call. The cost per call is then allocated to each group of private development which the City has designated to be analyzed. The impact fees for each land use category for fire / EMS and police are contained in the following two tables.

TABLE 19: RECOMMENDED FIRE / EMS IMPACT FEE ASSESSMENT

FIRE	Cost per Call	Calls per Unit	Fee per Unit
Residential			
Single Family Residential	\$9,176.25	0.063	\$581.88
Multi-Family Residential	\$9,176.25	0.010	\$90.01
Commercial			
Private Non Residential (kSF Floor space)	\$9,176.25	0.040	\$365.94

TABLE 20: RECOMMENDED POLICE IMPACT FEE ASSESSMENT

POLICE	Cost per Call	Calls per Unit	Fee per Unit
Residential			
Single Family Residential	\$903.38	0.591	\$533.79
Multi-Family Residential	\$903.38	0.083	\$75.32
Commercial			
Private Non Residential (kSF Floor space)	\$903.38	0.372	\$336.24

The following definitions and policies apply:

- “Single Family Residential Units” have been categorized as only those single family housing structures which are entirely detached. One structure is equal to one unit regardless of the size. The “Single Family” fee per unit is the final fee for each single family detached structure.
- “Multiple Family Residential Units” are defined as any other residential structure other than single family detached housing. This includes attached condos and any other separately sold units which are physically attached to other units (duplexes, townhomes, etc.). One dwelling is equal to one unit. The fee for a two unit, ten unit, or hundred unit multi family structure (or any number of units) is to be calculated the same way. The number of units is multiplied by the “Multiple Family” fee per unit to arrive at the final fee.
- The “Private Non Residential” category includes all building square footage associated with all private nonresidential activity excluding schools only. This includes all commercial and industrial activity, as well as churches, medical facilities, assisted living facilities, and other private institutions. The final fee is based on the total square footage of the structure. Each 1,000 square foot (kSF) increment of building space is equal to one unit. The total amount of square feet should be divided by 1,000 square foot increments to arrive at the total number of units. For example, a 10,300 square foot building is equal to 10.3 units. The number of units is then multiplied by the “Private Non Residential” fee per unit to arrive at the final fee.

Occasionally a private project is constructed which has a unique impact on the community and does not easily fit into any of the major land use categories used in the previous tables to assess impact fees. In addition, a private project may fit into one of the land use categories listed above but may have an unusually high or low number of anticipated calls.

Highland City reserves the right under the Impact Fees Act to assess an adjusted fee that more closely matches the true impact that a unique project may have upon fire / EMS and police services. As well, those individuals and/or organizations subject to an impact fee also have the ability to request the City to review an exception. Whichever party initiates the review for an exception has the burden of proof to justify the higher or lower fee based on the formulas explained below.

To determine the impact fee for a non-standard use, the formulas presented below should be utilized. The variable in these formulas is the number of annual calls (emergency calls to the police and/or fire department) projected to be created by the non-standard use in question. The number of annual calls projected for a non-standard use should be well documented using specific and timely data from Highland City or other cities which closely resemble Highland City in population size and overall character.

TABLE 21: NON-STANDARD USER IMPACT FEE FORMULA FOR FIRE / EMS

FIRE Cost Per Call		Non Standard Development		Impact Fee Assessed
\$9,176.25	x	# of Annual Calls Projected to be Created	=	Non-Standard Impact Fee

TABLE 22: NON-STANDARD USER IMPACT FEE FORMULA FOR POLICE

POLICE Cost Per Call		Non Standard Development		Impact Fee Assessed
\$903.38	x	# of Annual Calls Projected to be Created	=	Non-Standard Impact Fee

MAXIMUM LEGAL IMPACT FEE

The City Council has the discretion to set the actual impact fees to be assessed, but they may not exceed the maximum allowable fee calculated in this impact fee analysis. The City may, on a case by case basis, work directly with a developer to adjust the standard impact fee to respond to unusual circumstances and ensure that impact fees are imposed fairly. This process was explained in the previous section.



IMPACT FEE CERTIFICATION

Zions has prepared this report in accordance with Utah Code Title 11 Chapter 36a (the "Impact Fees Act"), which prescribes the laws pertaining to Utah municipal capital facilities plans and impact fee analyses. The accuracy of this report relies upon the planning, engineering, and other source data which was provided by the City and their designees.

In accordance with Utah Code Annotated, 11-36a-306(2), Zions Public Finance, makes the following certification:

I certify that the attached impact fee analysis:

1. Includes only the cost 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
 - d. impact fee is paid;
2. Does not include:
 - a. costs of operation and maintenance of public facilities;
 - b. cost of 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
 - i. that is consistent with generally accepted cost accounting practices and the methodological
 - ii. standards set forth by the federal Office of Management and Budget for federal grant
 - iii. reimbursement;
3. Offset costs with grants or other alternate sources of payment; and
4. Complies in each and every relevant respect with the Impact Fees Act.

Zions Bank Public Finance makes this certification with the following caveats:

1. All of the recommendations for implementations of the Impact Fee Facilities Plan (IFFP) made in the IFFP or in the impact fee analysis are followed in their entirety by Highland City.
2. If all or a portion of the IFFP or impact fee analysis are modified or amended, this certification is no longer valid.
3. All information provided to Zions Bank Public Finance, its contractors or suppliers is assumed to be correct, complete and accurate. This includes information provided by Highland City and outside sources.

Dated: April 9, 2015

ZIONS BANK PUBLIC FINANCE



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Recommended Police Impact Fees Per Unit

POLICE	Cost per Call	Calls per Unit	Fee per Unit
Residential			
Single Family Residential	\$903.38	0.591	\$533.79
Multi-Family Residential	\$903.38	0.083	\$75.32
Commercial			
Private Non Residential (kSF Floor space)	\$903.38	0.372	\$336.24

Non Standard Development Impact Fee Calculation POLICE

POLICE Cost Per Call	x	# of Annual Calls Projected to be Created	=	Non-Standard Development	=	Impact Fee Assessed
\$903.38						

Recommended Fire Impact Fees Per Unit

FIRE	Cost per Call	Calls per Unit	Fee per Unit
Residential			
Single Family Residential	\$9,176.25	0.063	\$581.88
Multi-Family Residential	\$9,176.25	0.010	\$90.01
Commercial			
Private Non Residential (kSF Floor space)	\$9,176.25	0.040	\$365.94

Non Standard Development Impact Fee Calculation FIRE

FIRE Cost Per Call	x	# of Annual Calls Projected to be Created	=	Non-Standard Development	=	Impact Fee Assessed
\$9,176.25						

Police Impact Fee Cost per Call

Expense	Impact Fee Qualifying Cost	Impact Fee Qualifying Cost Assigned to New Growth	Calls from Future Growth	Cost per Call
Existing Improvements				
Existing Facilities	\$3,647,366	\$1,822,198	2,501	\$729
Total	\$3,647,366	\$1,822,198	2,501	\$729
Other Improvements/Components				
Impact Fee Fund Balance	-	-	-	-
2006 Debt Service	3,282,591	1,639,958	2,501	656
2006 Proceeds	(2,416,893)	(1,207,462)	2,501	(483)
Professional Expenses	4,883	4,883	2,501	2
Total	\$865,698	\$432,496		\$175
Grand Total	\$4,513,064	\$2,254,694		\$903

Fire Impact Fee Cost per Call

Expense	Impact Fee Qualifying Cost	Impact Fee Qualifying Cost Assigned to New Growth	Calls from Future Growth	Cost per Call
Existing Improvements				
Existing Facilities	\$3,849,854	\$1,923,411	269	\$7,161
Total	\$3,849,854	\$1,923,411	269	\$7,161
Other Improvements/Components				
Impact Fee Fund Balance	-	-	-	-
2006 Debt Service	4,069,838	2,033,317	269	7,571
2006 Proceeds	(2,996,524)	(1,497,082)	269	(5,574)
Professional Expenses	4,883	4,883	269	18
Total	\$1,073,314	\$536,234		2,015
Grand Total	\$4,923,168	\$2,459,646		9,176

EMERGENCY CALL DETAILS

Police Calls responded to from 2011 to 2013

Category	2011	2012	2013	3 yr Total	Average	% of Total
Residential	2,137	2,239	2,417	6,793	2,264	24.4%
Multi-Family Residential	10	22	18	50	17	0.2%
Private Non Residential	232	233	207	672	224	2.4%
Traffic	3,805	4,536	4,620	12,961	4,320	46.5%
Public Land Uses *	2,242	2,462	2,698	7,402	2,467	26.6%
All Calls	8,426	9,492	9,960	27,878	9,293	100.0%

* These include all police calls that did not respond to a specific land use and are therefore shared by the City as a whole

Fire Calls responded to from 2011 to 2013

Category	2011	2012	2013	3 yr Total	Average	% of Total
Residential	216	263	250	729	243	57.2%
Multi-Family Residential	2	0	5	7	2	0.5%
Private Non Residential	19	17	36	72	24	5.6%
Traffic	57	68	67	192	64	15.1%
Public Land Uses *	81	86	115	282	94	22.1%
All Calls	373	434	468	1,275	425	100.0%

* These include all fire calls that did not respond to a specific land use and are therefore shared by the City as a whole

Summary of Police Facilities

Time Frame	Added Station Floorspace	% of Buildout Floor Space	Calls Served by this Infrastructure	Current Avg. Calls Served by this Infrastructure	Future Calls to be Added	% to Serve Future Growth
Existing	13,710	100.0%	5,007	2,505	0	0.0%
Future	13,710	100.0%	5,007	5,007	2,501	50.0%

Proportionate Share of Police Facilities

Impact Fee Qualifying Cost of Facilities	% of Allocated to Future Development	Amount to be Paid by Future Growth
Total	50.0%	\$1,822,198

Summary of Fire Facilities

Time Frame	Added Station Floorspace	% of Buildout Floor Space	Calls Served by this Infrastructure	Current Avg. Calls Served by this Infrastructure	Future Calls to be Added	% to Serve Future Growth
Existing	16,998	100.0%	538	269	0	0.0%
Future	16,998	100.0%	538	538	269	50.0%

Proportionate Share of Fire Facilities

Impact Fee Qualifying Cost of Facilities	% of Allocated to Future Development	Amount to be Paid by Future Growth
Total	50.0%	\$1,923,411

Police

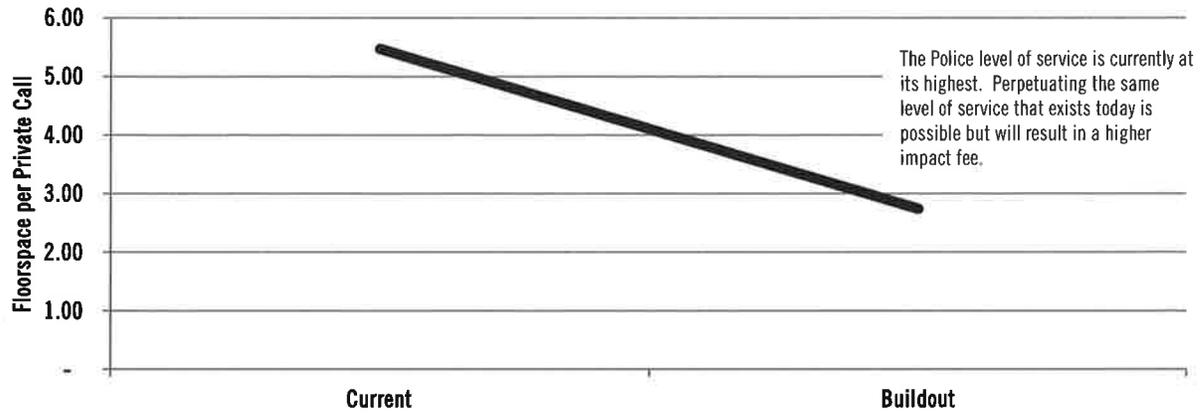
Time Frame	Floorspace	Calls*	SF per Call
Current	13,710	2,505	5.47
Buildout	13,710	5,007	2.74

Fire

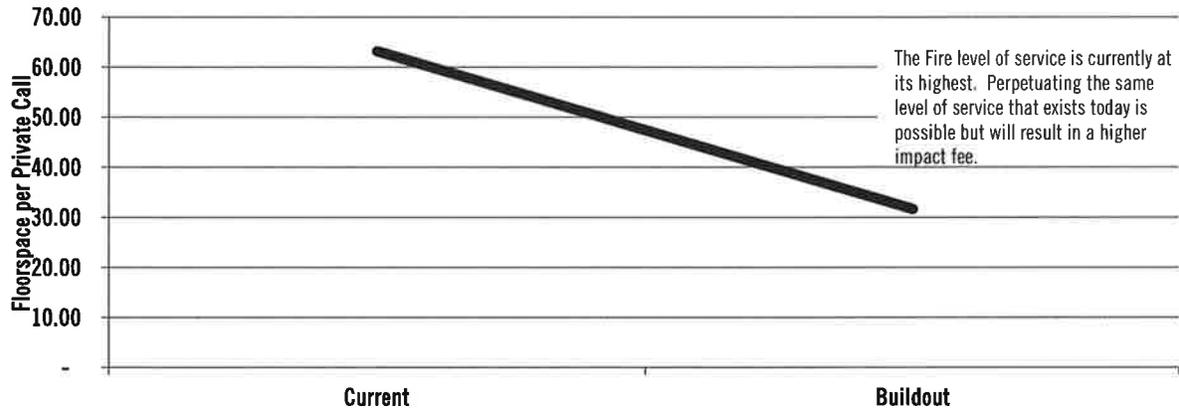
Time Frame	Floorspace	Calls*	SF per Call
Current	16,998	269	63.19
Buildout	16,998	538	31.62

capacity that will be served

Projected Floorspace per Private Adjusted Police Call



Projected Floorspace per Private Fire Call



Average Historic Calls per Unit to Private Development Types - Police

Total Private Calls Per Unit by Development Type		Average 2011-2013
Development Type		
Single Family Residential		
Police Calls		2,264
Units		3,832
Single Family Calls per Unit POLICE		0.591
Multi-Family Residential		
Police Calls		17
Units		204
Single Family Calls per Unit POLICE		0.083
Private Non Residential		
Police Calls		224
Units (KSF)		602
Private Non Residential Calls per Unit POLICE		0.372

Source: Utah County Assessors, GIS, and GIS Analysis

Projected Private Calls Created between 2011 and Buildout - POLICE

Projected Future Private Police Calls			
Development Type	Future Units	Calls per Unit	Projected Future Calls*
Single Family Residential	3,924	0.591	2,319
Multi-Family Residential	209	0.083	17
Private Non Residential	443	0.372	165
Total Undeveloped Future Private Calls 2			2,501

*Projected Future Calls are based only on future units in addition to existing calls from existing units.

Total Private Development Police Calls at Buildout - POLICE

Existing and Future Private Police Calls			
Development Type	Existing (3 yr Avg)	Future	Existing + Future
Single Family Residential	2,264	2,319	4,583
Multi-Family Residential	17	17	34
Private Non Residential	224	165	389
Total	2,505	2,501	5,007

Average Historic Calls per Unit to Private Development Types - Fire

Total Private Calls Per Unit by Development Type		Average 2011-2013
Development Type		
Single Family Residential		
Fire Calls		243
Units		3,832
Single Family Calls per Unit FIRE		0.063
Multi-Family Residential		
Fire Calls		2
Units		204
Single Family Calls per Unit FIRE		0.010
Private Non Residential		
Police Calls		24
Units (KSF)		602
Private Non Residential Calls per Unit FIRE		0.040

Source: Utah County Assessors, GIS, and GIS Analysis

Projected Private Calls Created between 2011 and Buildout - FIRE

Projected Future Private Police Calls			
Development Type	Future Units	Calls per Unit	Projected Future Calls*
Single Family Residential	3,924	0.063	249
Multi-Family Residential	209	0.010	2
Private Non Residential	443	0.040	18
Total Undeveloped Future Private Calls 2			269

*Projected Future Calls are based only on future units in addition to existing calls from existing units.

Total Private Development Police Calls at Buildout - FIRE

Existing and Future Private Fire Calls			
Development Type	Existing (3 yr Avg)	Future	Existing + Future
Single Family Residential	243	249	492
Multi-Family Residential	2	2	4
Private Non Residential	24	18	42
Total	269	269	538

Summary of Existing Police Facilities

Existing Police Facilities			
	Acres	SF of Space	Cost
Portion of existing Police Building / Courthouse: 5400 Civic Center Dr. Suite	-	13,710	\$3,647,366.34
Land Associated with Police Building	1.90	-	
Total	1.90	13,710	\$3,647,366

*The total building is estimated at 32,136 SF, with a total building cost of \$4,336,402 space used by the Courthouse and the holding cells have been excluded.

Summary of Existing Fire Facilities

Existing Fire Facilities			
	Acres	SF of Space	Cost
5582 Parkway West Drive	-	16,998	\$3,849,854.00
Land Associated with Fire Building	0.86	-	
Total	0.86	16,998	\$3,849,854

*The total building is estimated at 32,136 SF, with a total building cost of \$9,062,894, space used by the Courthouse and the holding cells have been excluded.

Historic and Future Population Growth

Future Population Estimates		
Year	Highland	% Annual Growth
2014	17,093	
2015	17,336	1.4%
2016	17,579	1.4%
2017	17,822	1.4%
2018	18,065	1.4%
2019	18,308	1.3%
2020	18,551	1.3%
2021	18,842	1.6%
2022	19,132	1.5%
2023	19,423	1.5%
2024	19,713	1.5%
Buildout*	30,547	-

*HAL

Historic and Future Residential Police Call Projections

Pop Based Call Projections - Police				
Year	Calls	Police SF	Police SF / Call	Police SF / Call
2011	2,137	13,710	6.42	
2012	2,239	13,710	6.12	
2013	2,417	13,710	5.67	
2014	2,264	13,710	6.05	
2015	2,297	13,710	5.97	
2016	2,329	13,710	5.89	
2017	2,361	13,710	5.81	
2018	2,393	13,710	5.73	
2019	2,425	13,710	5.65	
2020	2,457	13,710	5.58	
2021	2,496	13,710	5.49	
2022	2,534	13,710	5.41	
2023	2,573	13,710	5.33	
2024	2,611	13,710	5.25	
Buildout	4,583	13,710	2.99	

The 2014 figure is an average of the three previous years

This table applies the projected growth in population to call volume growth

Historic and Future Residential Fire Call Projections

Pop Based Call Projections - Fire				
Year	Calls	Fire SF	Fire SF / Call	Fire SF / Call
2011	216	16,998	78.69	
2012	263	16,998	64.63	
2013	250	16,998	67.99	
2014	243	16,998	69.95	
2015	246	16,998	68.97	
2016	250	16,998	68.02	
2017	253	16,998	67.09	
2018	257	16,998	66.19	
2019	260	16,998	65.31	
2020	264	16,998	64.45	
2021	268	16,998	63.46	
2022	272	16,998	62.50	
2023	276	16,998	61.56	
2024	280	16,998	60.65	
Buildout	492	16,998	34.56	

The 2014 figure is an average of the three previous years

This table applies the projected growth in population to call volume growth

Highland City, Utah
\$6,000,000 Sales and Franchise Tax Revenue Bonds
 Series 2006

Original Debt Service Paid - Historic
 Debt Service Schedule

03/01/2009	200,000.00	4.250%	242,135.00	442,135.00
03/01/2010	210,000.00	4.250%	233,422.50	443,422.50
03/01/2011	220,000.00	4.250%	224,285.00	444,285.00
03/01/2012	230,000.00	4.250%	214,722.50	444,722.50
03/01/2013	240,000.00	4.250%	204,735.00	444,735.00
03/01/2014	250,000.00	4.250%	194,322.50	444,322.50
Total	1,350,000.00		1,313,622.50	2,663,622.50

\$6,000,000 Sales and Franchise Tax Revenue Bonds
 Series 2006

Original Debt Service - Amount to be paid, not refunded
 Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/01/2014	-	-	-	-
03/01/2015	-	-	11,687.50	11,687.50
09/01/2015	270,000.00	4.250%	11,687.50	281,687.50
03/01/2016	-	-	5,950.00	5,950.00
09/01/2016	280,000.00	4.250%	5,950.00	285,950.00
03/01/2017	-	-	-	-
Total	\$550,000.00		\$35,275.00	\$585,275.00

Highland City, Utah
\$3,970,000 Sales Tax Revenue Refunding Bonds
 Series 2015
 (Final Numbers)

Debt Service Schedule

	Principal	Coupon	Interest	Total P+I	Fiscal Year Total
09/01/2015	-	-	45,888.50	45,888.50	-
03/01/2016	-	-	45,888.50	45,888.50	91,777.00
09/01/2016	45,000.00	1.000%	45,888.50	90,888.50	-
03/01/2017	-	-	45,663.50	45,663.50	136,552.00
09/01/2017	354,000.00	1.200%	399,663.50	399,663.50	-
03/01/2018	-	-	43,539.50	43,539.50	443,203.00
09/01/2018	356,000.00	1.300%	399,539.50	399,539.50	-
03/01/2019	-	-	41,225.50	41,225.50	440,765.00
09/01/2020	371,000.00	1.850%	38,495.50	409,495.50	-
09/01/2021	384,000.00	2.150%	35,063.75	419,063.75	-
03/01/2022	-	-	30,935.75	30,935.75	449,999.50
09/01/2022	398,000.00	2.500%	30,935.75	428,935.75	-
03/01/2023	-	-	25,960.75	25,960.75	454,896.50
09/01/2023	397,000.00	2.750%	25,960.75	422,960.75	-
03/01/2024	-	-	20,502.00	20,502.00	443,462.75
09/01/2024	422,000.00	3.000%	20,502.00	442,502.00	-
03/01/2025	-	-	14,172.00	14,172.00	456,674.00
09/01/2025	442,000.00	3.150%	14,172.00	456,172.00	-
03/01/2026	-	-	7,210.50	7,210.50	463,882.50
09/01/2026	437,000.00	3.300%	7,210.50	444,210.50	-
03/01/2027	-	-	-	-	444,210.50
Total	\$3,970,000.00		\$753,655.38	\$4,723,655.38	

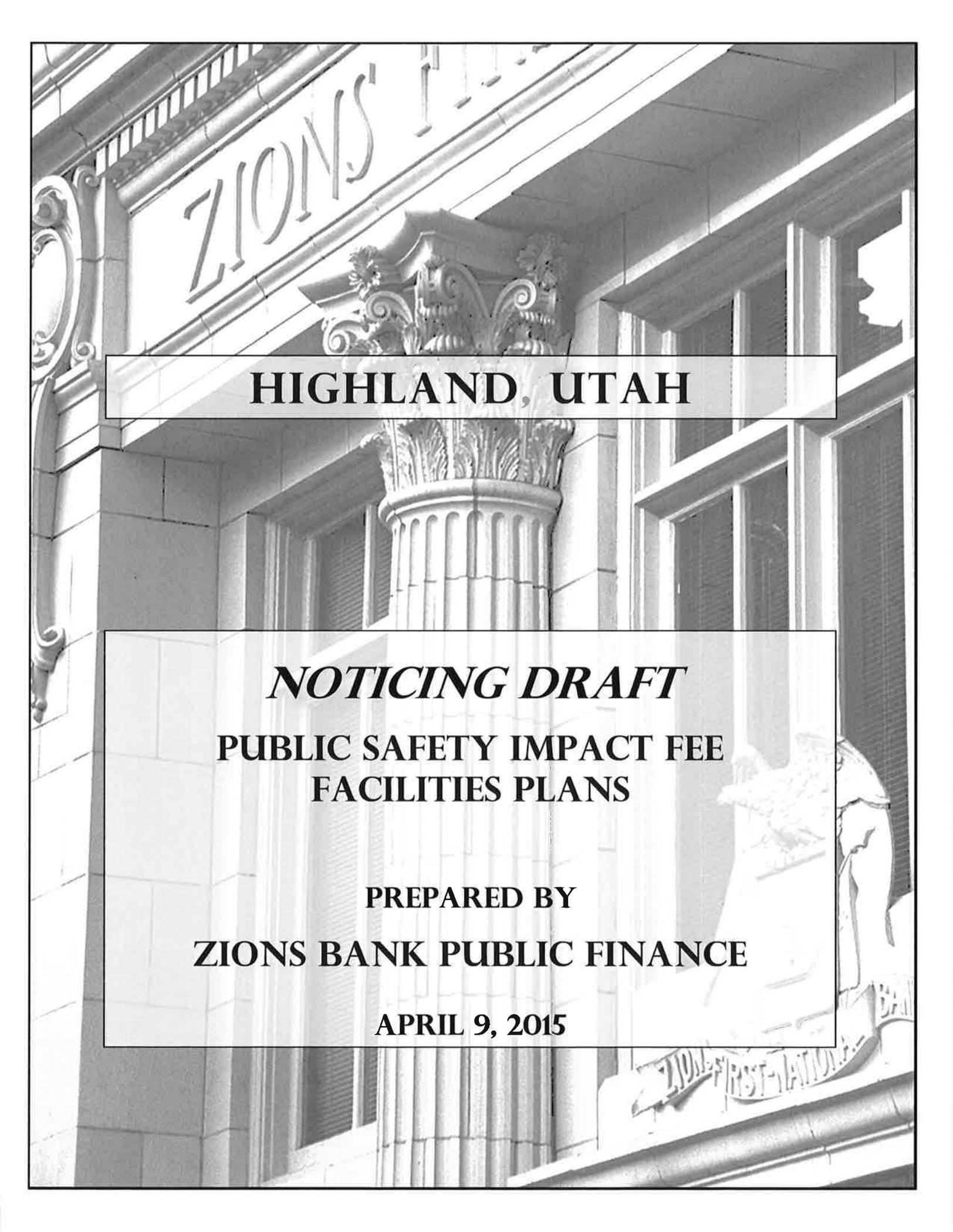
Grand Total Debt Service \$5,876,000.00

\$7,972,552.88

Debt Service Allocation

Police		Fire	
City Reported Cost	\$ 4,336,402.00	City Reported Cost	\$ 3,849,854.00
Square Footage - Total	16,300	Square Footage - Total	16,998
Holding Cells/Other Non Impact Fee Eligible	2,590		
Impact Fee Eligible Square Feet	13,710		16,998
Impact Fee Eligible Cost	\$ 3,647,366.34		\$ 3,849,854.00

Bond Debt Service		Bond Proceeds		%	
	\$ 7,972,552.88	\$ 5,870,000.00			
Cost Per Square Foot		\$ 176.29			
Fire @ 16,998 sq ft		\$ 2,996,524.12		51%	
Police @ 16,300 sq ft		\$ 2,873,475.88		49%	
Police Impact Fee Eligible @ 13,710 sq ft		\$ 2,416,892.91		41%	



HIGHLAND, UTAH

NOTICING DRAFT

**PUBLIC SAFETY IMPACT FEE
FACILITIES PLANS**

**PREPARED BY
ZIONS BANK PUBLIC FINANCE**

APRIL 9, 2015



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EXECUTIVE SUMMARY

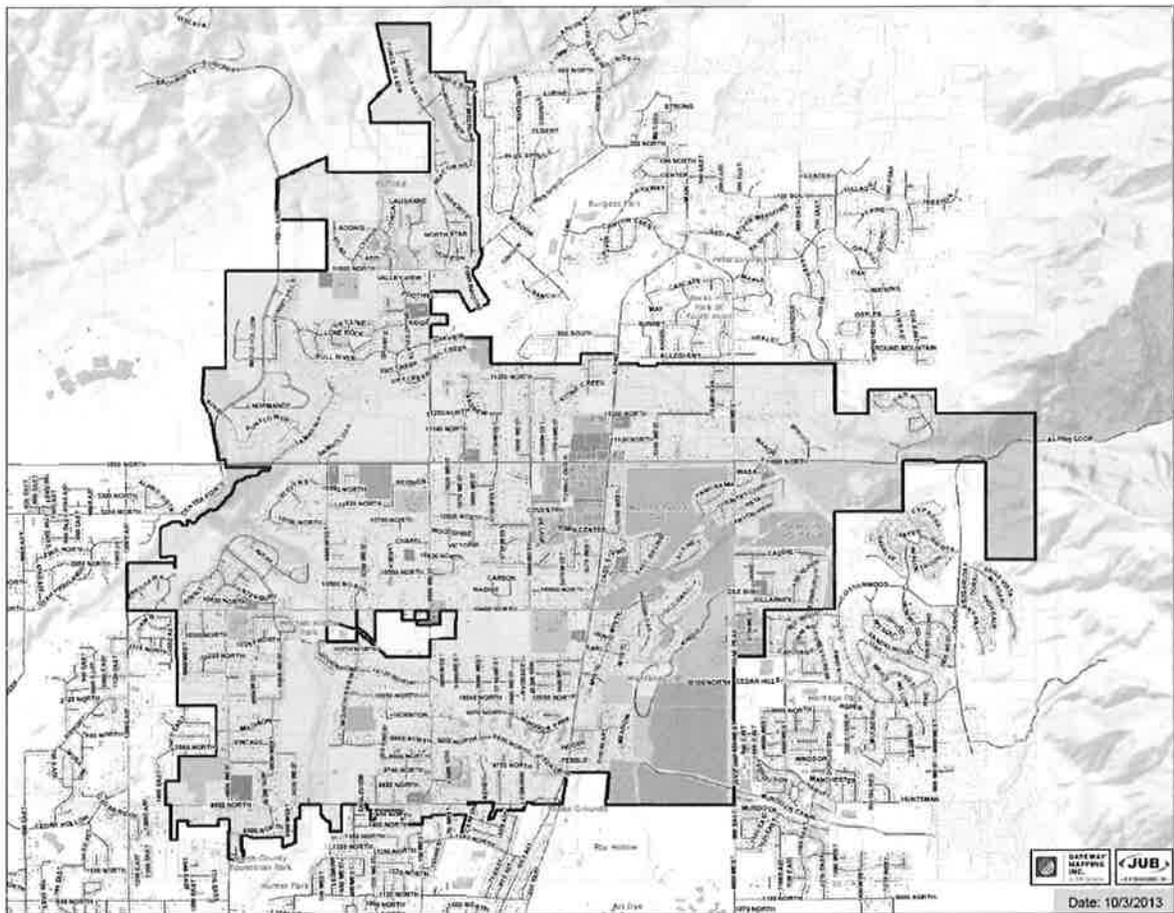
WHY IS AN IFFP NEEDED?

The purpose of the public safety *Impact Fee Facilities Plan* (IFFP) is a tool to provide Highland City (the City) with planning for any potential future fire / EMS and police capital infrastructure. The IFFP also provides a technical basis for assessing updated impact fees for public safety services throughout the City.

This document will address the existing public safety infrastructure constructed and intended to serve the City through a projected buildout scenario with regard to current land use planning. The existing facility for both fire and EMS services were constructed through a bond in 2006 and refunded this year (2015).

The existing infrastructure documented in this IFFP will ensure that the current level of service is not exceeding through impact fees for all existing and future residents who reside within the service area. The IFFP will also fulfill all financial requirements as promulgated under Title 11, Chapter 36 of the Utah code (the Impact Fees Act). It should also be noted that this analysis does not directly consider public safety services which are provided for areas outside of the City. These services are provided based on mutual aid agreements or are funded through service agreements where the entity receiving the benefit pays a service charge.

FIGURE 1: HIGHLAND CITY BOUNDARY AND PUBLIC SAFETY IMPACT FEE SERVICE AREA





HIGHLAND PUBLIC SAFETY IMPACT FEE FACILITIES PLAN

PURPOSE OF AN IMPACT FEE FACILITIES PLAN

The purpose of the Impact Fee Facilities Plan (IFFP) is to identify the increased demands placed upon the City's existing public safety facilities by future development and evaluate how these demands will be met by the City. The IFFP is also intended to outline the improvements (existing or future) which may be funded through impact fees.

PUBLIC SAFETY CAPITAL FACILITIES

The Impact Fees Act defines public safety facilities as “a building constructed or leased to house police, fire, or other public safety entities; or a fire suppression vehicle costing in excess of \$500,000.” The facilities must have a life expectancy of ten or more years and must be “owned or operated by or on behalf of a local political subdivision or private entity.”

REQUIRED ELEMENTS FOR AN IMPACT FEE FACILITIES PLAN

According to the Impact Fees Act, local political subdivisions with populations (or serving populations) of more than 5,000 as of the last federal census must prepare a Capital Facilities Plan. With 15,523 residents at the 2010 Census, the population of Highland meets this guideline and must prepare this comprehensive Impact Fee Facilities Plan for Fire/EMS infrastructure to ensure adequate planning for the future growth.

Local governments must pay strict attention to the required elements of the Impact Fee Facilities Plan which are enumerated in the Impact Fees Act. The following elements must be discussed in the IFFP before a local political subdivision can legally commence public notice and adopt the IFFP.

DEMAND ANALYSIS

The IFFP must consider the level of service which is provided to a community's existing residents and impact fees do not raise this level of service. The unit of measurement varies depending on which public facility is discussed. The demand on public safety improvements may be measured in terms of calls received. The IFFP is also required to include a clear nexus between estimated future demand and the proposed capital facilities required to be constructed or acquired to meet the future demand, or in this case, bought into.

FINANCING OPTIONS

The IFFP must also include a consideration of all revenue sources, including impact fees, which may be used to finance system improvements. 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.

NOTICING AND ADOPTION REQUIREMENTS

The Impact Fees Act requires that entities must publish a notice of intent to prepare or modify any IFFP. If an entity prepares an independent IFFP rather than include a capital facilities element in the general plan, the actual IFFP must be adopted by enactment. Before the IFFP can be adopted, a reasonable notice of the public hearing must be published in a local newspaper at least 10 days before the actual hearing. A copy of the proposed IFFP must be made available to the public during the 10 day noticing period for public review and inspection. Utah Code requires that the City must post a copy of the ordinance in at least three places. These places may include the City offices and the public library within the City's jurisdiction.

Following the 10-day noticing period, a public hearing will be held, after which the City Council may adopt, amend and adopt, or reject the proposed IFFP. Following the adoption, Utah Code Section 10-3-711 and 712 requires that a summary of the enactment be published in order for the enactment to become effective.



CHAPTER 1: EXISTING & FUTURE PUBLIC SAFETY FACILITIES

EXISTING PUBLIC SAFETY BUILDING

A summary of the existing fire / EMS and police facilities are contained in the following tables. Currently the City maintains one fire station, and one police station (which is combined with the City courthouse). The fire station is operated by Lone Peak Fire District and police by Lone Peak Police department.

TABLE 1: SUMMARY OF EXISTING FIRE / EMS AND POLICE FACILITIES

Summary of Existing Police Facilities

Existing Police Facilities			
	Acres	SF of Space	Cost
Portion of existing Police Building / Courthouse: 5400 Civic Center Dr. Suite 3	-	13,710	\$3,647,366.34
Land Associated with Police Building	1.90	-	
Total	1.90	13,710	\$3,647,366

**The total building is estimated at 32,136 SF, with a total building cost of \$4,336,402 space used by the Courthouse and the holding cells have been excluded.*

Summary of Existing Fire Facilities

Existing Fire Facilities			
	Acres	SF of Space	Cost
5582 Parkway West Drive	-	16,998	\$3,849,854.00
Land Associated with Fire Building	0.86	-	
Total	0.86	16,998	\$3,849,854

EXISTING POLICE INFRASTRUCTURE

The police department currently maintains 13,710 SF of infrastructure. The Lone Peak Police Department is headquartered in Highland City. The Police Department and the Justice Court share one building on 1.9 acres of land. However, the square footage of the Court and holding cells in the police department are not included in the square footage used in the table above.

According to the Impact Fees Act, increases to an existing level of service cannot be funded with impact fee revenues. While the police and fire departments do not have plans to expand beyond the existing infrastructure, it will be demonstrated later in this report that the current level of service (in terms of SF per call) is at its highest and will not be exceeded.

EXISTING FIRE & EMS COVERAGE

The fire / EMS department in Highland currently maintains 16,998 SF of infrastructure. Generally as more homes, businesses, and other types of development are built, the number of emergency calls increase. This increase in call volume affects the fire / EMS services in two major ways. First, much of the newer development comes from undeveloped land that is located further away from Highland's center, where the public safety building is located. This increases response times—taking it longer for fire fighters or EMS personnel to reach emergency situations.





HIGHLAND PUBLIC SAFETY IMPACT FEE FACILITIES PLAN

FUTURE FIRE / EMS INFRASTRUCTURE

When the land area currently included within the City is entirely built out, it is not anticipated that any additional stations will be needed. The current station is intended to serve through buildout.

FUTURE POLICE INFRASTRUCTURE

When the land area currently included within the City and the boundaries of the annexation declaration are entirely built out, it is not anticipated that any additional stations will be needed to provide adequate police service.

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CHAPTER 2: EXISTING & FUTURE INFRASTRUCTURE COSTS

OUTSTANDING DEBT

The City has an outstanding bond which relate to public safety in Highland—the 2006 Bond funded the cost of the fire building and the cost of the combined police / courthouse. The bond was refunded in 2015. The outstanding bond and details provided by the City and internal sources, was the information used in the calculation of costs associated with the existing facilities found at the beginning of the previous chapter. It should be noted however that in the calculation of the fee, only the costs directly relating to the police and fire station are included and not the courthouse and any holding cells.

DEBT RELATED TO THE EXISTING FIRE/POLICE STATIONS

The following table relates to the debt that was originally issued to pay for the construction of the existing fire and police stations. The full debt service schedule can be found in the appendix of this document.

TABLE 2: DEBT SERVICE TOTAL

Debt Service Paid (2006)	2,663,622.50
Original Debt Service to be Paid – Not refunded	\$585,275.00
Future Debt Service	\$4,723,655.38
Total	\$7,972,552.88

TEN YEAR HORIZON

Only infrastructure to be constructed within a ten year horizon is considered in the calculation of Highland public safety impact fees. It can be argued that projects beyond this horizon are too far away to be calculated accurately, owing to the large uncertainty surrounding events that far into the future. In addition, an analysis has been performed to determine if any non-impact fee qualifying sources of funding will be obtained and also excluded from the calculation.

In the ten year horizon there are no additional police or fire infrastructure needed.



CHAPTER 3: FINANCING ELEMENT

MANNER OF FINANCING

Cities may fund the capital infrastructure for public safety through a combination of different revenue sources. Impact fees cannot reimburse costs funded through federal grants and other funds that the City has received for capital improvements without an obligation to repay. The amounts included in this calculation are those that have been funded by the existing residents and businesses through fees and taxes.

Additionally, the Impact Fees Act requires the Proportionate Share Analysis to demonstrate that impact fees paid by new development are an equitable method for funding growth-related infrastructure. Existing users have funded and will continue to fund the share of costs proportionate to the number of existing calls relative to the buildout number of calls. In other words, existing users will always be responsible for their share of the system. The remaining portion of existing excess capacity costs and future facility costs will be fairly passed on to new growth.

TAX REVENUES

Tax revenues—property and sales—are the primary source of revenue for the City. The City has authority to collect a portion of the property and sales taxes within its boundaries. The revenues collected can cover the operational expenses, non-impact fee qualifying capital expenses and other general needs of the Highland City fire / EMS and police departments.

FEDERAL AND STATE GRANTS AND DONATIONS

Grants and donations are not currently contemplated in this analysis. If grants are available for constructing stations, they will be used. Grants or other funds that do not require repayment (not including developer exactions toward impact fee payment) must be considered in the analysis as an impact fee should not be collected for a project or expense otherwise covered through a grant or other revenue source without an appropriate credit.

IMPACT FEES

It is recommended that impact fees be used to fund growth-related capital projects as they help to maintain an adequate level of service and prevent existing users from subsidizing the capital needs for new growth. This Impact Fee Analysis calculates a fair and reasonable fee that new growth should pay to fund the portion of the existing and new facilities that will benefit new development.

Impact fees have become an ideal mechanism for funding growth-related infrastructure. Impact fees are charged to ensure new growth pays its proportionate share of the costs for the development of public infrastructure. Impact fee revenues can also be attributed to the future expansion of public infrastructure if the revenues are used to maintain an existing level of service. Increases to an existing level of service cannot be funded with impact fee revenues. Analysis is required to accurately assess the true impact of a particular user upon the City infrastructure and to prevent existing users from subsidizing new growth.

DEVELOPER DEDICATIONS AND EXACTIONS

Developer exactions are not the same as grants (which should be credited from the impact fee). Developer exactions may be considered in the inventory of current and future public safety infrastructure. If a developer constructs a fire station or dedicates land within the development, the value of the dedication is credited against that particular developer's impact fee liability.





HIGHLAND PUBLIC SAFETY IMPACT FEE FACILITIES PLAN

All fire and police stations are considered to be system improvements, not project improvements. Thus, an impact fee credit will be due to the developer and the dedication / exaction will be classified in the inventory as if it had been funded directly by the City through impact fees collected.

If the value of the dedication / exaction is less than the development's impact fee liability, the developer will owe the balance of the liability to the City. If the value of the improvements dedicated is worth more than the development's impact fee liability, the City must reimburse the difference to the developer from impact fee revenues collected from other developments.

PROPOSED CREDITS OWED TO DEVELOPMENT

The Impact Fees Act requires that credits be granted to development for future fees that will pay for growth-driven projects included in the Impact Fee Facilities Plan that would otherwise be paid for through user fees. Credits may also be granted to developers who have constructed and donated facilities to the City in-lieu of impact fees. This situation does not apply to developer exactions or improvements required to offset density or as a condition of development. Any project that a developer funds must be included in the Impact Fee Facilities Plan if a credit is to be issued.

If the situation arises that a developer chooses to construct facilities found in the Impact Fee Facilities Plan in-lieu of impact fees, appropriate arrangements must be made through negotiation between the developer and the City on a case by case basis.

SUMMARY OF TIME PRICE DIFFERENTIAL

The Impact Fees Act allows for the inclusion of a time price differential to ensure that the costs incurred at a later date are accurately calculated. This is not applicable in this analysis as the projects considered are already constructed.

EQUITY OF IMPACT FEES

Impact fees are intended to recover the costs of capital infrastructure that relate to future growth. This method results in an equitable fee as future users will not be expected to fund any portion of the projects that will benefit existing residents. This method also addresses current deficiencies by assuming that facilities are sized optimally to cover the City without deficiencies or excesses at buildout.

The impact fee calculations are structured for impact fees to fund 100% of the growth-related portion of 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. Other revenues will be used to make up any annual deficits. Any borrowed funds are to be repaid in their entirety through impact fees.



CHAPTER 4: LEVEL OF SERVICE ANALYSIS

LEVEL OF SERVICE DEFINITION

According to State statute, impact fees cannot be used to correct deficiencies in the system or increase the level of service (LOS) over what currently exists. One way to determine if the level of service has been exceeded is to measure the current square footage of public safety infrastructure per emergency call and compare it to what is planned for the future. This analysis has been completed and is contained in this chapter.

THE CHALLENGE WITH PLANNING PUBLIC SAFETY INFRASTRUCTURE

The challenge with public safety infrastructure is that it cannot be added piece by piece but must be added station by station. In other words, if call volume increases by five percent, the infrastructure cannot simply be increased by 5%. When new infrastructure is needed to serve a new area of the city—even if the overall call volume of that area is low—the City is justified in building infrastructure to serve areas of need. When that infrastructure is constructed the level of service must therefore be viewed not in terms of the call volume it currently serves, but the total call volume it was built to serve.

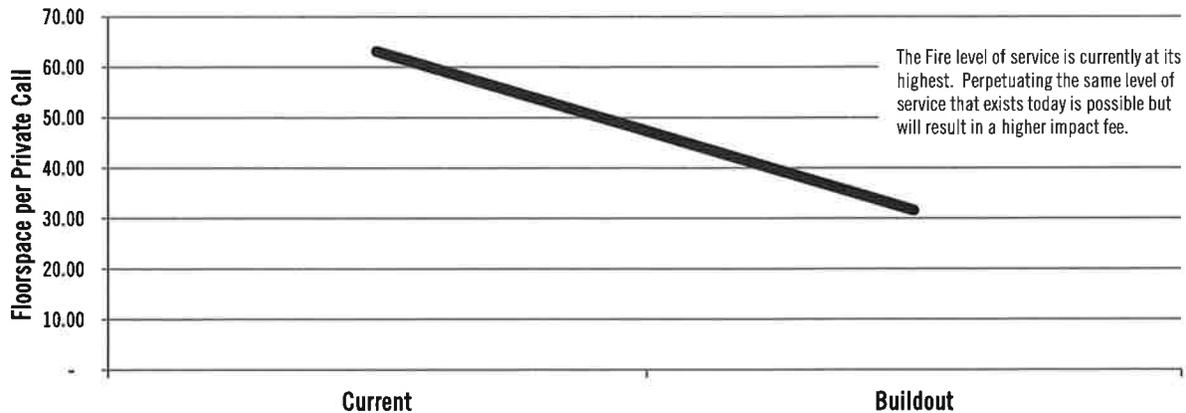
The City may decide to enhance the future planned level of service (beyond what is planned in this impact fee analysis) to better meet the guidelines from the NFPA and ISO. If the City exceeds the current level of service, then it will need to fund that enhancement with revenue sources other than impact fees.

The current and future LOS goal to be maintained by the fire / EMS and police departments is displayed in the following tables. The current and future floor space of the fire / EMS and police departments is based on the existing and future infrastructure described in an earlier chapter.

TABLE 3: CURRENT AND PROJECTED FACILITY FLOOR SPACE LEVEL OF SERVICE FOR FIRE / EMS

Time Frame	Floorspace	Calls*	SF per Call
Current	16,998	269	63.19
Buildout	16,998	538	31.62

Projected Floorspace per Private Fire Call

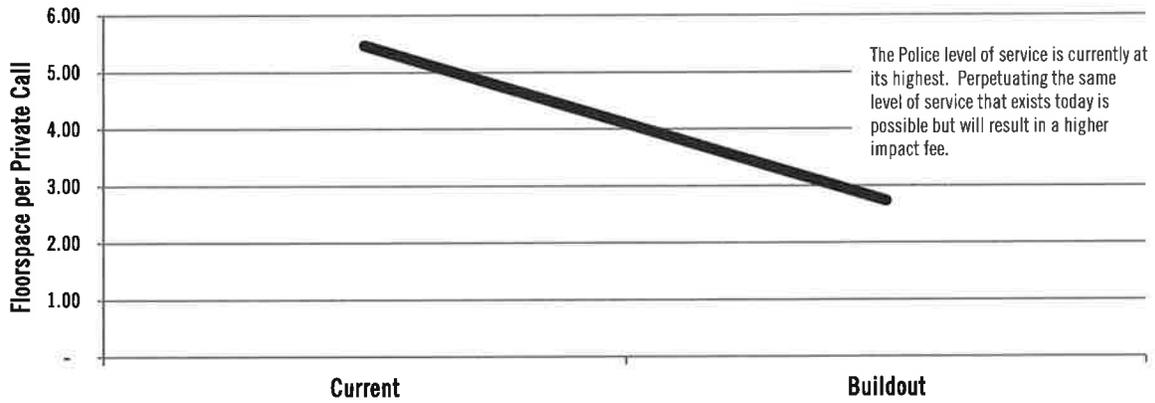


HIGHLAND PUBLIC SAFETY IMPACT FEE FACILITIES PLAN

TABLE 4: CURRENT AND PROJECTED FACILITY FLOOR SPACE LEVEL OF SERVICE FOR POLICE

Time Frame	Floorspace	Calls*	SF per Call
Current	13,710	2,505	5.47
Buildout	13,710	5,006	2.74

Projected Floorspace per Private Adjusted Police Call



IMPACT FEE FACILITIES PLAN CERTIFICATION

Zions has prepared this report in accordance with Utah Code Title 11 Chapter 36a (the "Impact Fees Act"), which prescribes the laws pertaining to Utah municipal capital facilities plans and impact fee analyses. The accuracy of this report relies upon the planning, engineering, and other source data which was provided by the City and their designees.

I certify that the attached impact fee facilities plan ("IFFP"):

1. includes only the cost 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.

Zions Public Finance, Inc. makes this certification with the following caveats:

1. All of the recommendations for implementations of the Impact Fee Facilities Plan made in the IFFP documents or in the impact fee analysis documents are followed in their entirety by Highland City staff and elected officials.
2. If all or a portion of the IFFP or impact fee analysis is modified or amended, this certification is no longer valid.
3. All information provided to Zions Bank Public Finance its contractors or suppliers is assumed to be correct, complete and accurate. This includes information provided by Highland City and outside sources. Copies of letters requesting data are included as appendices to the IFFP and the impact fee analysis.

Dated: April 9, 2015

ZIONS PUBLIC FINANCE, INC.





HIGHLAND PUBLIC SAFETY IMPACT FEE FACILITIES PLAN

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APPENDIX

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