

# POLICE IMPACT FEE FACILITIES PLAN (IFFP) & IMPACT FEE ANALYSIS (IFA)

## LINDON CITY, UTAH



APRIL 2016

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## IMPACT FEE CERTIFICATION

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### IMPACT FEE FACILITIES PLAN (IFFP) CERTIFICATION

LYRB certifies that the attached impact fee facilities plan:

includes only the costs of public facilities that are:

- a. allowed under the Impact Fees Act; and
  - b. actually incurred; or
  - c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid;
2. does not include:
- a. costs of operation and maintenance of public facilities;
  - b. costs for qualifying public facilities that will raise the level of service for the facilities, through impact fees, above the level of service that is supported by existing residents;
  - c. an expense for overhead, unless the expense is calculated pursuant to a methodology that is consistent with generally accepted cost accounting practices and the methodological standards set forth by the federal Office of Management and Budget for federal grant reimbursement; and,
3. complies in each and every relevant respect with the Impact Fees Act.

### IMPACT FEE ANALYSIS (IFA) CERTIFICATION

LYRB certifies that the attached impact fee analysis:

1. includes only the costs of public facilities that are:
  - a. allowed under the Impact Fees Act; and
  - b. actually incurred; or
  - c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid;
2. does not include:
  - a. costs of operation and maintenance of public facilities;
  - b. costs for qualifying public facilities that will raise the level of service for the facilities, through impact fees, above the level of service that is supported by existing residents;
  - c. an expense for overhead, unless the expense is calculated pursuant to a methodology that is consistent with generally accepted cost accounting practices and the methodological standards set forth by the federal Office of Management and Budget for federal grant reimbursement;
  - d. offsets costs with grants or other alternate sources of payment; and,
3. complies in each and every relevant respect with the Impact Fees Act.

### Lewis Young Robertson & Burningham, Inc. makes this certification with the following caveats:

1. All of the recommendations for implementations of the IFFP made in the IFFP documents or in the IFA documents are followed by City staff and elected officials.
2. If all or a substantial portion of the IFFP or IFA are modified or amended by the City, this certification is no longer valid.
3. All information provided to LYRB is assumed to be correct, complete, and accurate. This includes information provided by the City as well as outside sources.

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



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## SECTION I: EXECUTIVE SUMMARY - POLICE IMPACT FEES

The purpose of the Police Impact Fee Facilities Plan (“IFFP”), with supporting Impact Fee Analysis (“IFA”), is to fulfill the requirements established in Utah Code Title 11 Chapter 36a, the “Impact Fees Act”, and help Lindon City (the “City”) plan necessary capital improvements for future growth. This document will address the future police infrastructure needed to serve the City through the next five to ten years, as well as address the appropriate impact fees the City may charge to new growth to maintain the existing level of service (“LOS”).

- ☞ **Service Area:** The service area for police impact fees includes all areas within the City.
- ☞ **Demand Analysis:** The demand unit used for this analysis is calls for police service. It is anticipated that the growth projected over the next ten year planning horizon, and through buildout, will impact the City’s existing services through the increase in calls for service. Section 3 of this report outlines the growth in calls for service.
- ☞ **Level of Service:** The level of service for purposes of this analysis is 1.39 officers per 1,000 residents. Another way to measure level of service is the square feet of floor space per officer. Currently the police department has approximately 489 square feet per call. While the current level of service is 489 square feet per call, the City does not anticipate a need to construct additional police facilities in the future as the existing police facilities will likely serve all demand through buildout. Additional detail regarding level of service is found in Section 4.
- ☞ **Excess Capacity:** Excess capacity currently exists in the Public Safety Building that is currently under construction as well as an additional storage facility used by police. The City anticipates that these buildings will serve all future calls through buildout.
- ☞ **Future Capital Facilities:** The City does not plan on constructing any new police facilities in the future. Thus, the impact fee calculation is solely based on the buy-in component of the existing police facilities.

### PROPOSED POLICE IMPACT FEE

The IFFP must properly complete the legislative requirements found in the Impact Fee Act if it is to serve as a working document in the calculation of appropriate impact fees. The calculation of impact fees relies upon the information contained in this analysis. Impact fees are then calculated based on many variables centered on proportionality share and level of service. The following paragraph describes the methodology used for calculating impact fees in this analysis.

#### GROWTH-DRIVEN (PERPETUATION OF EXISTING LEVEL OF SERVICE)

The methodology utilized in this analysis is based on the increase, or **growth**, in demand. The growth driven method utilizes the existing level of service and perpetuates that level of service into the future. Impact fees are then calculated to provide sufficient funds for the entity to expand or provide additional facilities, as growth occurs within the community. Under this methodology, impact fees are calculated to ensure new development provides sufficient investment to maintain the current level of service (LOS) standards in the community.

#### PLAN BASED/BUY-IN METHODOLOGY (FEE BASED ON DEFINED CIP AND EXCESS CAPACITY)

Impact fees can be calculated based on a defined set of costs specified for future development. The improvements are identified in a capital plan as growth related projects. The total project costs are divided by the total demand units the projects are designed to serve. In the event that the City does not plan to construct additional facilities in the future to serve new growth, a buy-in component can be considered. Under this methodology, it is important to identify the existing level of service and determine the excess capacity in existing facilities that could serve new growth. Impact fees are then calculated based on many variables centered on proportionality share and level of service.



### POLICE IMPACT FEE CALCULATION

Police impact fees were calculated assuming that all future growth will buy-in to the existing Public Safety Building and police storage facility. The cost per call was determined by taking the total cost of the existing police facilities and dividing it over the total estimated number of calls through buildout, as shown in Table I.1. A cost for professional services is then applied, which is the actual cost to update the IFFP and IFA. The City can use this portion of the impact fee to reimburse itself for the expense of updating the IFFP and IFA. The professional services cost is divided over the additional calls generated in the next six years. Section 5 further details the calculation of this impact fee. The total cost per call is the basis for the maximum impact fees per land use category shown in Table I.2.

TABLE I.1: ESTIMATE OF IMPACT FEE COST PER CALL

	ESTIMATED COST	% CITY FUNDED	% IMPACT FEE ELIGIBLE	COST TO IMPACT FEES	CALLS SERVED	COST PER CALL
<b>Existing Facilities</b>						
Public Safety Building	\$1,261,624	100%	100%	\$1,261,624	5,992	\$211
Bonding Related to Public Safety Building				\$136,921	5,992	\$23
Storage Facility	\$149,444	100%	100%	\$149,444	5,992	\$25
<b>Total Facilities</b>				<b>\$1,547,989</b>		<b>\$258</b>
<b>Other Expenses</b>						
Professional Expense				\$5,400	3,994	\$1
<b>Total Other Expenses</b>						<b>\$1</b>
<b>Total Cost per Call</b>						<b>\$260</b>

The cost per call is then multiplied by the actual demand unit of measurement, or calls per unit for each development type as shown in table I.2. The total cost per call includes the cost per call for facilities and professional expense. The police impact fees proposed in this analysis will be assessed within all areas of the City.

TABLE I.2: PROPOSED POLICE IMPACT FEE SCHEDULES

	COST PER CALL	CALLS PER UNIT/1,000 SQ. FT.	TOTAL IMPACT FEE PER UNIT/1,000 SQ. FT.
<b>Residential (per unit)</b>			
Residential	\$260	0.625	\$162
<b>Non-Residential (per 1,000 Sq. Ft.)</b>			
Commercial	\$260	0.325	\$84
Industrial	\$260	0.157	\$41

### NON-STANDARD IMPACT FEES

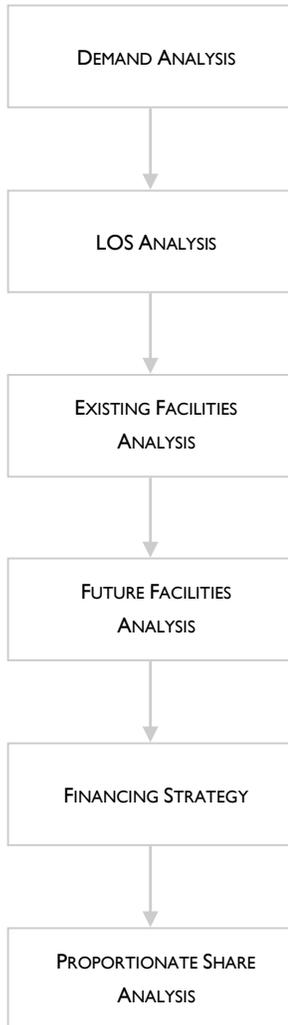
The City reserves the right under the Impact Fees Act to assess an adjusted fee that more closely matches the true impact that the land use will have upon public facilities.<sup>1</sup> This adjustment should be based on the total cost per call and may produce a fee that differs from the schedule above based on the actual demand of the proposed development. To determine the impact fee for a non-standard use, the City should use the following formula:

$$\text{Total Calls (per Specified Land Use) * Cost per Call}$$

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

## SECTION 2: GENERAL IMPACT FEE METHODOLOGY

FIGURE 2.1: IMPACT FEE METHODOLOGY



The purpose of this study is to fulfill the requirements of the Impact Fees Act regarding the establishment of an IFFP and IFA. The IFFP is designed to identify the demands placed upon the City’s existing facilities by future development and evaluate how these demands will be met by the City. The IFFP is also intended to outline the improvements which are intended to be funded by impact fees. The IFA is designed to proportionately allocate the cost of the new facilities and any excess capacity to new development, while ensuring that all methods of financing are considered. Each component must consider the historic level of service provided to existing development and ensure that impact fees are not used to raise that level of service. The following elements are important considerations when completing an IFFP and IFA.

### DEMAND ANALYSIS

The demand analysis serves as the foundation for the IFFP. This element focuses on a specific demand unit related to each public service – the existing demand on public facilities and the future demand as a result of new development that will impact public facilities.

### LEVEL OF SERVICE ANALYSIS

The demand placed upon existing public facilities by existing development is known as the existing “Level of Service” (“LOS”). Through the inventory of existing facilities, combined with the growth assumptions, this analysis identifies the level of service which is provided to a community’s existing residents and ensures that future facilities maintain these standards. Any excess capacity identified within existing facilities can be apportioned to new development. Any demand generated from new development that overburdens the existing system beyond the existing capacity justifies the construction of new facilities.

### EXISTING FACILITY INVENTORY

In order to quantify the demands placed upon existing public facilities by new development activity, the Impact Fee Facilities Plan provides an inventory of the City’s existing system improvements. To the extent possible, the inventory valuation should consist of the following information:

- ☐ Original construction cost of each facility;
- ☐ Estimated date of completion of each future facility;
- ☐ Estimated useful life of each facility; and,
- ☐ Remaining useful life of each existing facility.

The inventory of existing facilities is important to properly determine the excess capacity of existing facilities and the utilization of excess capacity by new development.

### FUTURE CAPITAL FACILITIES ANALYSIS

The demand analysis, existing facility inventory and LOS analysis allow for the development of a list of capital projects necessary to serve new growth and to maintain the existing system. This list includes any excess capacity of existing facilities as well as future system improvements necessary to maintain the level of service. Any demand generated from new development that overburdens the existing system beyond the existing capacity justifies the construction of new facilities.



### **FINANCING STRATEGY – CONSIDERATION OF ALL REVENUE SOURCES**

This analysis must also include a consideration of all revenue sources, including impact fees, future debt costs, alternative funding sources and the dedication of system improvements, which may be used to finance system improvements.<sup>2</sup> In conjunction with this revenue analysis, there must be a determination that impact fees are necessary to achieve an equitable allocation of the costs of the new facilities between the new and existing users.<sup>3</sup>

### **PROPORTIONATE SHARE ANALYSIS**

The written impact fee analysis is required under the Impact Fees Act and must identify the impacts placed on the facilities by development activity and how these impacts are reasonably related to the new development. The written impact fee analysis must include a proportionate share analysis, clearly detailing each cost component and the methodology used to calculate each impact fee. A local political subdivision or private entity may only impose impact fees on development activities when its plan for financing system improvements establishes that impact fees are necessary to achieve an equitable allocation to the costs borne in the past and to be borne in the future (UCA 11-36a-302).

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

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



## SECTION 3: SERVICE AREA AND DEMAND ANALYSIS

### SERVICE AREA

Utah Code requires the impact fee enactment to establish one or more service areas within which impact fees will be imposed.<sup>4</sup> The impact fee identified in this document will be assessed to a single city-wide service area.

### DEVELOPMENT BY ZONING CLASS

Table 3.1 summarizes the City's existing and future residential dwelling units, and the developed and undeveloped non-residential land-uses.

TABLE 3.1: DEVELOPMENT BY ZONING CLASS

	MEASUREMENT	DEVELOPED	UNDEVELOPED	TOTAL
<b>Residential</b>				
Residential	per Unit	2,637	1,049	3,686
<b>Subtotal Residential:</b>		<b>2,637</b>	<b>1,049</b>	<b>3,686</b>
<b>Non-Residential</b>				
Commercial	per 1,000 sf	4,365	4,367	8,722
Industrial	per 1,000 sf	3,381	2,051	5,432
<b>Subtotal Non-Residential:</b>		<b>7,746</b>	<b>6,408</b>	<b>14,154</b>
<b>Total</b>		<b>10,383</b>	<b>7,457</b>	<b>17,840</b>

The IFFP, in conjunction with the IFA, is designed to accurately assess the true impact of a particular user upon the City's infrastructure and prevent existing users from subsidizing new growth or for new growth to pay for existing system deficiencies. Impact fees should be used to fund the costs of growth-related capital infrastructure based upon the historic funding of the existing infrastructure and the intent of the City to equitably allocate the costs of growth-related infrastructure in accordance with the true impact that a user will place on the system.

### DEMAND UNITS

This element focuses on the specific demand unit related to police services, which will be calls for service. The demand analysis identifies the existing demand on public facilities and the future demand as a result of new development that will impact public facilities. The demand analysis also provides projected annual growth in demand units over the planning horizon of the IFFP. Existing call data was analyzed in relation to the current land-use within the City to determine the current level of service by land-use type. Call data was collected from 2012 through 2014 to determine the average calls for residential and non-residential development.

TABLE 3.2: HISTORIC POLICE CALL DATA BY LAND USE CATEGORY

LAND USE	PRIVATE POLICE CALLS FY 2012-2014	3 YEAR AVERAGE # OF CALLS
Residential	4,946	1,649
Commercial	4,261	1,420
Industrial	1,588	529
<b>Total Calls</b>	<b>10,795</b>	<b>3,598</b>

TABLE 3.3: RATIO OF CALLS PER DEVELOPED UNIT

	DEVELOPED UNITS OR 1,000 SF	HISTORIC AVG. ANNUAL CALLS	CALLS PER UNIT
<b>Residential (per dwelling unit)</b>			
Residential	2,637	1,649	0.625
<b>Subtotal Residential:</b>		<b>1,649</b>	<b>0.625</b>
<b>Non-Residential (per 1,000 Sq. Ft.)</b>			
Commercial	4,365	1,420	0.325
Industrial	3,381	529	0.157

<sup>4</sup> UC 11-36a-402(a)



	DEVELOPED UNITS OR 1,000 SF	HISTORIC AVG. ANNUAL CALLS	CALLS PER UNIT
<b>Subtotal Non-Residential:</b>	<b>7,746</b>	<b>1,950</b>	<b>0.482</b>
<b>Total</b>	<b>10,383</b>	<b>3,598</b>	<b>1.107</b>

In all, an annual average of 3,598 calls for service in Lindon were attributed to residential and non-residential development (not including calls placed from public land-uses – i.e. government buildings, parks, etc. – and calls that cannot be traced to identifiable land-uses).

The call ratio analysis establishes the existing level of service for residential and non-residential land-uses. A review of existing business in the City shows a mix of business types. This suggests the call data is based on a variety of business that reflects a cross-section of the types of business that will likely continue to develop in the City.

In order to determine the demand placed upon existing public facilities by new development, this analysis projects the additional call volume that undeveloped land-uses will generate. An in-depth analysis has been prepared to determine the number of developed units or acres of land in each zoning category, and the number of calls per unit or acre of land has been assigned to each land-use category. As shown in Table 3.4, the future police calls are projected based upon the number of historic calls within each land-use category.

The police call projections include police calls to private land-uses within the City only. Therefore, calls placed from public land-uses, including government buildings, parks, etc., calls that cannot be traced to identifiable land-uses, and calls outside of the City have not been included in the police call projections shown in Table 3.4.

TABLE 3.4: POLICE CALL PROJECTIONS

	CALLS PER UNIT	UNDEVELOPED UNITS	ADDITIONAL CALLS TO BUILDOUT
<b>Residential</b>			
Residential	0.625	1,049	656
<b>Subtotal Residential:</b>	<b>0.625</b>	<b>1,049</b>	<b>656</b>
<b>Non-Residential</b>			
Commercial	0.325	4,357	1,416
Industrial	0.157	2,051	322
<b>Subtotal Non-Residential:</b>	<b>0.482</b>	<b>6,408</b>	<b>1,738</b>
<b>Total</b>	<b>1.107</b>	<b>7,457</b>	<b>2,394</b>

As shown in Table 3.4, the City anticipates an additional annual 2,394 calls through buildout.<sup>5</sup> Thus, the total annual calls at buildout are expected to be approximately 5,992.<sup>6</sup> Table 3.5 shows a forecast of calls from 2015 through 2025, which is the planning horizon. Approximately 586 calls will occur within the planning horizon (2015-2025).

TABLE 3.5: FORECASTED CALLS

YEAR	CALLS	ANNUAL % CHANGE
2014	3,598	1.50%
2015	3,652	1.50%
2016	3,707	1.50%
2017	3,763	1.50%
2018	3,819	1.50%
2019	3,876	1.50%
2020	3,935	1.50%
2021	3,994	1.50%

<sup>5</sup> The City estimates the average annual population growth to be 1.5 percent based on data from Census 2010 and the Governor’s Office of Management and Budget (GOMB). At a growth rate of 1.5 percent annually, the City will likely reach buildout in 2048, thus the 2,394 additional annual calls until buildout have been spread evenly from 2015 until 2048.

<sup>6</sup> This is calculated by taking the historic average annual call total (3,598) shown in Table 3.3 and adding the additional annual calls to buildout (2,394) shown in Table 3.4.



YEAR	CALLS	ANNUAL % CHANGE
2022	4,053	1.50%
2023	4,114	1.50%
2024	4,176	1.50%
2025	4,239	1.50%
Calls added 2015 - 2025 (IFPP Horizon)	586	
Calls added 2015 – 2021 (6 Year Professional Expense Horizon)	341	
Calls added 2015 to Buildout	2,394	

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## SECTION 4: EXISTING FACILITIES INVENTORY & LEVEL OF SERVICE

### EXISTING FACILITIES INVENTORY

The Lindon Police Department is currently in the process of constructing a new public safety building. This facility will house both the fire and police departments. The police portion will include offices, evidence rooms, and a sally port. The fire portion will include public and shared spaces, living quarters and bays. Some space will be shared between both police and fire such as a lobby, public hallways, training rooms, elevator, public restroom, stairwells, mechanical, janitorial closets, etc. The total square footage of the building will be 17,538.

In the past, the police department worked out of the basement of the City Center. The fire department used an old house as a living quarters and a separate facility to store equipment and vehicles. This new facility will replace all of the existing facilities previously used by the fire and police departments, with the exception that the police will continue to use a separate facility for storage space.

### VALUE OF EXISTING POLICE INFRASTRUCTURE

In order to quantify the demands placed upon existing public facilities by new development activity, the Impact Fee Facilities Plan provides an inventory of the City's existing facilities. The inventory of existing facilities is important to properly determine the excess capacity of existing facilities and the utilization of excess capacity by new development. Once the new Public Safety Building is completed, this along with the storage facility will be the only facilities used by the police department. The table below shows the percentage of the Public Safety Building that will be used by the police department.

TABLE 4.1: ORIGINAL COST OF EXISTING FACILITIES

FACILITIES	YEAR	TOTAL Sq. Ft.	% TO POLICE (IF ELIGIBLE) <sup>7</sup>	Sq. Ft. TO POLICE (IF ELIGIBLE)	CONSTRUCTION COST TOTAL	COST TO LINDON POLICE	% CITY FUNDED AND IMPACT FEE ELIGIBLE	TOTAL IMPACT FEE ELIGIBLE COST	LINDON DEMAND SERVED
Public Safety Building	2016	17,538	38%	6,673	\$3,333,036	\$1,261,624	100%	\$1,261,624	5,992
Storage Facility	2001	1,750	40%	700	\$373,610	\$149,444	100%	\$149,444	5,992
<b>Total</b>		<b>19,288</b>			<b>\$3,706,647</b>	<b>\$1,411,068</b>		<b>\$1,411,068</b>	

Approximately 38 percent of the Public Safety Building will be used by the police department. Thus, while the actual construction cost of the building is \$3,333,036, only \$1,261,624 will be included in the calculation of the impact fee. The City does not anticipate constructing any additional police facilities in the future, thus this Public Safety Building and storage facility will serve the City's demand through buildout, or a total of 5,992 calls for service.

### MANNER OF FINANCING EXISTING PUBLIC FACILITIES

The Public Safety Building has been funded by existing development through City and RDA funds. In addition, a Sales Tax Revenue Bond was issued in 2016 to fund a portion of the facility. Table 4.2 describes the principal and interest associated with the bond as well as the amount of interest that can be included in the calculation of the police impact fee.

TABLE 4.2: FUNDING

	PRINCIPAL	INTEREST	% TO POLICE (IF ELIGIBLE)	TOTAL POLICE IMPACT FEE ELIGIBLE
2016 Sales Tax Revenue Bond	\$2,600,000	\$361,726	38%	\$136,921

Since the City does not anticipate a need to construct additional police facilities in the future, a portion of the cost associated with the existing police facilities will be calculated as a buy-in and will be applied to future residents by way of an impact fee. New growth will be expected to pay its fair share of the costs incurred to serve new growth.

<sup>7</sup> Involuntary incarceration space of 171 square feet has been removed from the impact fee eligible square footage associated with police for the Public Safety Building.



## LEVEL OF SERVICE STANDARDS

The current level of service is approximately 1.39 officers per 1,000 residents. Another way to measure level of service is the square feet of floor space per officer. Currently the police department has approximately 489 square feet of floor space per officer.

### POLICE FACILITY NEEDS ASSESSMENT

To determine the impacts new development will place on the existing system this analysis also considers the current building square feet per call. Impact fees cannot be used to finance an increase in the level of service to current or future users of the infrastructure. Based on the historic call data shown above there is approximately 3,598 calls annually. This equates to 2.04 square feet of existing facilities per call.

TABLE 4.3: POLICE FACILITIES NEEDS ASSESSMENT

	POLICE FACILITIES
Total Current Sq. Ft.	7,339
Average Annual Calls	3,598
Sq. Ft./Call	2.04
Future Calls to Buildout	2,394
Additional Square Feet Needed	4,883

Based on the historic level of service, a total of 4,883 new square feet would be necessary to serve new development and maintain the same proportionality of square footage at buildout. However, the City believes the existing police facilities to be sufficient to serve all police calls through buildout and does not plan to maintain this current level of service in the future. Thus, an impact fee will be charged to build-in to the existing police facilities.

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## SECTION 5: CAPITAL FACILITY ANALYSIS

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The demand analysis anticipates an additional 586 calls within the next ten years with an additional 2,394 calls through buildout. The City anticipates that all of these calls can be served by the existing police facilities and thus does not plan on building additional police facilities in the future.

### SYSTEM VS. PROJECT IMPROVEMENTS

System improvements are defined as existing and future public facilities that are intended to provide services to service areas within the community at large.<sup>8</sup> Project improvements are improvements and facilities that are planned and designed to provide service for a specific development (resulting from a development activity) and considered necessary for the use and convenience of the occupants or users of that development.<sup>9</sup> The Impact Fee Analysis may only include the costs of impacts on system improvements related to new growth within the proportionate share analysis. Since police services serve the entire community, the construction of police buildings are considered system improvements. However, no additional police buildings are planned for the near future.

### FUNDING OF FUTURE FACILITIES

The IFFP must also include a consideration of all revenue sources, including impact fees and the dedication (developer donated) of system improvements, which may be used to finance system improvements.<sup>10</sup> In conjunction with this revenue analysis, there must be a determination that impact fees are necessary to achieve an equitable allocation of the costs of the new facilities between the new and existing users.<sup>11</sup>

#### PROPERTY TAX REVENUES

Property tax revenues are not specifically identified in this analysis as a funding source for capital projects, but inter-fund loans can be made from the general fund which will ultimately include some property tax revenues. Inter-fund loans may be repaid once sufficient impact fee revenues have been collected. The City does not currently assess interest on money borrowed from the general fund; however, the City may adopt a policy to do so.

#### GRANTS AND DONATIONS

Should the City receive grant money to fund police facilities, the impact fees will need to be adjusted accordingly to reflect the grant monies received. A donor will be entitled to a reimbursement for the value of the improvements funded through impact fees if donations are made by new development. Section 6 further addresses developer donations.

#### IMPACT FEE REVENUES

Impact fees are a valid mechanism for funding growth-related infrastructure. Impact fees are charged to ensure that 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.

#### DEBT FINANCING

The Impact Fees Act allows for the costs related to the financing of future capital projects to be legally included in the impact fee. This allows the City to finance and quickly construct infrastructure for new development and reimburse itself later from impact fee revenues for the costs of issuing debt.

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<sup>8</sup> UC 11-36a-102(20)

<sup>9</sup> UC 11-36a-102(13)

<sup>10</sup> UC 11-36a-302(2)

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



## **EQUITY OF IMPACT FEES**

Impact fees are intended to recover the costs of capital infrastructure that relate to future growth. The impact fee calculations are structured for impact fees to fund 100% of the growth-related facilities identified in the proportionate share analysis as presented in the impact fee analysis. Even so, there may be years that impact fee revenues cannot cover the annual growth-related expenses. In those years, other revenues such as general fund revenues will be used to make up any annual deficits. Any borrowed funds are to be repaid in their entirety through impact fees.

## **NECESSITY OF IMPACT FEES**

An entity may only impose impact fees on development activity if the entity's plan for financing system improvements establishes that impact fees are necessary to achieve parity between existing and new development. This analysis has identified the improvements to public facilities and the funding mechanisms to complete the suggested improvements. Impact fees are identified as a necessary funding mechanism to help offset the costs of new capital improvements related to new growth. In addition, alternative funding mechanisms are identified to help offset the cost of future capital improvements.

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## SECTION 6: POLICE IMPACT FEE CALCULATION

The written impact fee analysis relies upon the information contained in this document. The following briefly discusses the methodology for calculating police impact fees.

### PROPOSED POLICE IMPACT FEES

The police impact fees proposed in this analysis will be assessed within all areas of the City. The cost per call for the existing facilities is the basis for the maximum impact fees per land use category shown in Table 5.2.

TABLE 5.1: ESTIMATE OF IMPACT FEE COST PER CALL

	ESTIMATED COST	% CITY FUNDED	% IMPACT FEE ELIGIBLE	COST TO IMPACT FEES	CALLS SERVED	COST PER CALL
<b>Existing Facilities</b>						
Public Safety Building	\$1,261,624	100%	100%	\$1,261,624	5,992	\$211
Bonding Related to Public Safety Building				\$136,921	5,992	\$23
Storage Facility	\$149,444	100%	100%	\$149,444	5,992	\$25
<b>Total Facilities</b>				<b>\$1,547,989</b>		<b>\$258</b>
<b>Other Expenses</b>						
Professional Expense				\$5,400	3,994	\$1
<b>Total Other Expenses</b>						<b>\$1</b>
<b>Total Cost per Call</b>						<b>\$260</b>

The cost per call is then multiplied by the actual demand unit of measurement, or calls per unit for each development type as shown in table 5.2. The total cost per call includes the cost per call for facilities and professional expense. The police impact fees proposed in this analysis will be assessed within all areas of the City.

TABLE 5.2: PROPOSED POLICE IMPACT FEE SCHEDULES

	COST PER CALL	CALLS PER UNIT/1,000 SQ. FT.	TOTAL IMPACT FEE PER UNIT/1,000 SQ. FT.
<b>Residential (per unit)</b>			
Residential	\$260	0.625	\$162
<b>Non-Residential (per 1,000 Sq. Ft.)</b>			
Commercial	\$260	0.325	\$84
Industrial	\$260	0.157	\$41

### NON-STANDARD POLICE IMPACT FEES

The City reserves the right under the Impact Fees Act to assess an adjusted fee that more closely matches the true impact that the land use will have upon police facilities.<sup>12</sup> This adjustment could result in a higher impact fee if the City determines that a particular user may create a greater impact than what is standard for its land use. The City may also decrease the impact fee if the developer can provide documentation evidence, or alternative-credible analysis that the proposed impact will be lower than normal. The formula for determining a non-standard impact fee, assuming the fair share approach, is found below.

FORMULA FOR NON-STANDARD POLICE IMPACT FEES:

<p><b>Residential Police Impact Fee</b> Calls per Residence x \$260 = Recommended Impact Fee</p>
<p><b>Non-Residential Police Impact Fee</b> Calls per Unit / (Bldg. Sq. Ft./1,000) x \$260 = Recommended Impact Fee</p>

<sup>12</sup> UC 11-36a-402(1)(c)



## **CONSIDERATION OF ALL REVENUE SOURCES**

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

## **EXPENDITURE OF IMPACT FEES**

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

## **PROPOSED CREDITS OWED TO DEVELOPMENT**

The Impact Fees Act requires that credits be paid back 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 paid to developers who have constructed and donated facilities to that City that are included in the IFFP 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 IFFP if a credit is to be issued.

In the situation that a developer chooses to construct facilities found in the IFFP in lieu of impact fees, the decision must be made through negotiation with the developer and the City on a case-by-case basis.

## **GROWTH-DRIVEN EXTRAORDINARY COSTS**

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

## **SUMMARY OF TIME PRICE DIFFERENTIAL**

The Impact Fees Act allows for the inclusion of a time price differential to ensure that the future value of costs incurred at a later date are accurately calculated to include the costs of construction inflation. Construction inflation has not been included since no additional capital facilities are planned for the future.

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