

**MILLVILLE CITY
ORDINANCE 2022-3**

**AN ORDINANCE ADOPTING AN IMPACT FEE FACILITIES PLAN
(IFFP) AND IMPACT FEE ANALYSIS (IFA) FOR SEWER AND
ESTABLISHING CERTAIN POLICIES RELATED TO IMPACT FEES;
AND/OR OTHER RELATED MATTERS**

WHEREAS, Millville City (the “City”) is a Utah municipal corporation and political subdivision of the State of Utah, authorized and organized under the provision of Utah Law; and

WHEREAS, the City has legal authority, pursuant to Title 11, Chapter 36a Utah Code Annotated, as amended (“Impact Fees Act” or “Act”), to impose Impact Fees as a condition of development approval, which impact fees are used to defray capital infrastructure costs attributable to growth activity; and

WHEREAS, the City has historically assessed Impact Fees as a condition precedent to development approval in order to assign capital infrastructure costs to development in an equitable and proportionate manner; and

WHEREAS, the City properly noticed its intent to prepare a Sanitary Sewer Impact Fee Facilities Plan (“IFFP”) and an Impact Fee Analysis (“IFA”) for public facilities as defined in the Act; and

WHEREAS, with the assistance of consultants, the City has completed a Sanitary Sewer IFFP and IFA which meets the requirements of the Impact Fees Act and the City’s Ordinances; and

WHEREAS, the City and its consultants have reviewed and evaluated the land within the City’s municipal boundaries and have determined the Service Area for each of the services will include the entire area within the City in which sewer is required.

NOW, THEREFORE, the Millville City Council hereby adopts, passes and publishes the attached amendments to Chapter 3.28 – Municipal Impact Fees.

This ordinance shall become effective on November 9, 2022.

ADOPTED AND PASSED, by the MILLVILLE CITY COUNCIL this 11th day of August 2022.

MILLVILLE CITY

David Hair, Mayor

ATTEST:

Corey Twedt, City Recorder

COUNCILMEMBER	YES	NO	ABSENT	ABSTAIN
Michael Callahan				
Daniel Grange				
Clay G. Wilker				
Pamela June				
Ryan Zollinger				

POSTED: _____

MILLVILLE CITY CODE
TITLE 3 - REVENUE AND FINANCE
CHAPTER 3.28 - MUNICIPAL IMPACT FEES

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3.28.010: PURPOSE

This chapter revises and prescribes the city's impact fee policies and procedures and is promulgated pursuant to the requirements of the Utah Impact Fees Act ("the Act"). Further, this chapter:

- A. Revises currently assessed impact fees within the service area,
- B. Describes certain capital improvements to be funded by impact fees,
- C. Provides a schedule of impact fees for differing types of land use development, and
- D. Sets forth direction for challenging, modifying and appealing impact fees. (Ord. 2022-3, 2022: Ord. 2016-2, 2016)

3.28.020: EFFECT ON PREVIOUS ORDINANCES; REPEAL OF EXISTING IMPACT FEE ORDINANCES

The existing impact fee ordinances of Millville City, Utah, are superseded and amended to read as set forth in this chapter; provided, however, that this chapter shall be deemed a continuation of the previous ordinances, and not a new enactment, insofar as the substance of revisions of the previous ordinances are included, whether in the same or in different language; and this chapter shall be so interpreted upon all questions of construction. Currently existing impact fees ordinances are hereby repealed, subject to this section, and the fact that their repeal shall not be viewed as reenacting any prior fee ordinances or any other enactments by the city. (Ord. 2016-2, 2016)

3.28.030: DEFINITIONS

Words and phrases that are defined in the act shall have the same definition in this chapter. The following words and phrases shall have the following meanings:

BUILDING PERMIT FEE: The fees charged to enforce the uniform building codes adopted by the city and/or the state of Utah.

CAPITAL FACILITIES PLAN OR CAPITAL IMPROVEMENT PLAN: The plan or other reasonable plan for capital improvements, required and allowed by section 11-36a-301 of the act. In section 11-36a-301(3) there is an exception to the capital facilities plan for cities of five thousand (5,000) or less in population, based on the latest census. Millville City meets this exception, however, capital facilities plans and/or capital improvement plans have been prepared and can be found at the city office. Reference to the city's capital facilities plans and/or capital improvement plans shall also refer to any CFP and reasonable plan prepared and is still in full force and effect.

CITY: A local political subdivision of the state of Utah and is referred to herein as Millville City (the "city").

DEVELOPMENT ACTIVITY: Any construction or expansion of a building, structure or use, any change in use of a building or structure, or any change in the use of land that creates additional demand and need for public facilities. Development activity will include all development that will connect to the referenced systems.

DEVELOPMENT APPROVAL: Any written authorization from the city that authorizes the commencement of development activity.

IMPACT FEE: A payment of money imposed upon development activity as a condition of development approval. "Impact fee" includes development impact fees, but does not include a tax, special assessment, hookup fee, building permit fee, fee for project improvements, or other reasonable permit or application fees.

IMPACT FEE ANALYSIS OR IFA: The City's written analysis required by section 11-36a-303 of the Act.

PROJECT IMPROVEMENTS: Includes but is not limited to site improvements and facilities that are planned and designed to provide service for development resulting from a development activity and are necessary for the use and convenience of the occupants or users of development resulting from a development activity. "Project improvements" do not include "system improvements" as defined herein.

PROPORTIONATE SHARE (Of The Cost Of Public Facility Improvements): An amount that is roughly proportionate and reasonably related to the service demands and needs of development activity.

PUBLIC FACILITIES: System improvements of the city relating to the services for which impact fees will be assessed.

SERVICE AREA: Refers to a geographic area designated by the city based on sound planning or engineering principles in which a defined set of the city's public facilities provides service. The service area for purposes of this analysis is found in the written impact fee analysis.

SYSTEM IMPROVEMENTS: Refer both to existing public facilities designed to provide services to the service area within the city at large and to future public facilities identified in a reasonable plan for capital improvements adopted by the city that are intended to provide service to service areas within the city at large. "System improvements" do not include "project improvements" as defined herein. (Ord. 2022-3, 2022: 2016-2, 2016)

3.28.040: WRITTEN IMPACT FEE ANALYSIS

Each Impact Fee Analysis (IFA) contains an executive summary as well as two types of analysis referred to as the "Written Analysis" and the "Proportionate Share Analysis" described more fully as follows:

- A. Executive Summary: A summary of the findings of the ~~IFA~~ ~~written impact fee analysis that is designed to be understood by a layperson is included in the written impact fee analysis and demonstrates the need for impact fees to be~~ ~~assessed on Development Activity~~ ~~charged. The Executive Summary~~ ~~A copy of the executive summary is included in the written impact fee analysis, which is hereby approved and adopted, and has been available for public inspection at least ten (10) days prior to the adoption of this~~ ~~chapter~~ ~~an impact fee~~ and shall remain available for public inspection at the city office.
- B. Written Analysis: The ~~City~~ has ~~commissioned~~ ~~prepared~~ a written impact fee analysis for the impact fees that identifies the impact upon the public utilities and systems required by the development activity and demonstrates how those impacts on system improvements are reasonably related to the development activity, estimates the proportionate share of the costs of impacts on system improvements that are reasonably related to the development activity and identifies how the impact fees are calculated. A copy of the written impact fee analysis has been available for public inspection at least ten (10) days prior to the adoption of ~~this chapter~~ ~~an impact fee~~, and shall remain available for public inspection at the city office.
- C. Proportionate Share Analysis: The ~~City~~ ~~commissioned~~ ~~prepared~~ a proportionate share analysis which analyzes whether ~~or not the proportionate share of the costs of Public Facilities is reasonably related to the service demands and needs related to new Development Activity. The Proportionate Share Analysis identifies, as applicable: the proportionate share of the costs of future public facilities is reasonably related to new development activity. The proportionate share analysis identifies the costs of existing public facilities, the manner of financing existing public facilities, the relative extent to which new development will contribute to the cost of existing facilities and the extent to which new development is entitled to a credit for payment toward the costs of new facilities from general taxation or other means apart from user charges in other parts of the city.~~
1. The costs of each existing Public Facility that has excess capacity to serve the anticipated development resulting from new Development Activity;
 2. The cost of System Improvements for each Public Facility;
 3. The manner of financing for each Public Facility (such as user charges, special assessments, bonded indebtedness, general taxes or funded grants) other than impact fees;
 4. The relative extent to which Development Activity will contribute to financing the excess capacity of and System Improvements for each existing Public Facility by such means as user charges, special assessments or payment from the proceeds of general taxes;

5. The relative extent to which Development Activity will contribute to the cost of existing Public Facilities and System Improvements in the future;
6. The extent to which Development Activity is entitled to a credit against the Impact Fees because the Development Activity will dedicate System Improvements or Public Facilities that will offset the demand for System Improvements, inside or outside the proposed development;
7. Any extraordinary costs in servicing the newly developed properties; and
8. The time-price differential inherent in fair comparisons of amounts paid at different times.

A copy of the proportionate share analysis is included in the written impact fee analysis and has been available for public inspection at least ten (10) days prior to the adoption of the impact fees ~~this chapter~~, and shall remain available for public inspection at the city office. (Ord. 2022-3, 2022: 2016-2, 2016)

3.28.050: IMPACT FEE CALCULATIONS

- A. Impact Fees: The city council, by this chapter, approves and imposes impact fees in accordance with the written impact fee analysis. Unless otherwise provided by the city council, impact fees shall be due at the time of an application for a building permit, and paid to the city prior to the issuance of a building permit by city.
 1. Elements: In calculating the impact fee, the city has included the construction contract price, land acquisition costs, costs of improvements, material costs, fees for engineering services provided for and directly related to the construction of system improvements, and debt service charges if the city might use impact fees as revenue stream to pay principal and interest on bonds or other obligations to finance the cost of system improvements.
 2. Notice And Hearing: Before approving ~~impact fees this chapter~~, the city held a public hearings ~~on April 28, 2016~~, and made a copy of this chapter available to the public at least ten (10) days before the dates of the hearings, all in conformity with the requirements of Utah ~~State Code Annotated 10-9a-205~~. After the public hearing, the city council adopted this chapter and the supporting documents as presented herein.

3. Contents: This chapter adopting or modifying municipal impact fees contains such detail and elements as deemed appropriate by the city council, including a designation of the service area within which the impact fees are to be calculated and imposed ~~and the formula to be used by the City in calculating impact fees. The service area for this chapter includes the area shown in the written impact fee analysis. This chapter includes: a) a schedule of impact fees imposed for each type of system improvement or b) the formula used or to be used by the city in calculating the impact fees, or both. A copy of this requirement is included in the written impact fee analysis.~~
 4. Adjustments: The standard impact fee may be adjusted at the time the fee is charged in response to unusual circumstances or to fairly allocate costs associated with impacts created by a development activity or project. The standard impact fee may also be adjusted to ensure that impact fees are imposed fairly for affordable housing projects, in accordance with the local government's affordable housing policy, and other development activities with broad public purposes.
 5. Previously Incurred Costs: To the extent that the new growth and development will be served by previously constructed improvements, the city's impact fees may include public facility and bond costs previously incurred by the city. These projects are included in the calculation of the impact fees and are under construction or completed but have not been utilized to their capacity, as evidenced by outstanding debt obligations, engineering analysis, or otherwise.
- B. Developer Credits: A developer may be allowed a credit against impact fees for any dedication of land, or improvement to, or new construction of system improvements provided by the developer provided that: 1) it is identified in the city's capital facilities or other reasonable plan and 2) required by the city as a condition of approving the development activity. Otherwise, no credit may be allowed.
- C. Impact Fees Accounting: The city will establish separate interest bearing ledger accounts for each type of public facility for which an impact fee is collected and deposited into the appropriate ledger account. Interest earned on each fund or account shall be segregated to that account.
1. Reporting: At the end of each fiscal year, the city shall prepare a report on each fund or account generally showing the source and amount of all monies collected, earned and received by the fund or account and each expenditure from the fund or account.
 2. Impact Fee Expenditures: The city may expend impact fees covered by the impact fee policy only for system improvements that are: a) public facilities

identified in the city's capital facilities plan or other reasonable plan and b) of the specific public facility type for which the fee was collected.

3. Time Of Expenditure: Impact fees collected pursuant to the requirements of this impact fee policy are to be expended, dedicated or encumbered for a permissible use within six (6) years of the receipt of those funds by the city, unless otherwise directed by the city council. For purposes of this calculation, the first funds received shall be deemed to be the first funds expended.
 4. Extension Of Time: The city may hold previously dedicated or unencumbered fees for longer than six (6) years if it identifies in writing: a) an extraordinary and compelling reason why the fees should be held longer than six (6) years and b) an absolute date by which the fees will be expended.
- D. Refunds: The city shall refund any impact fees paid by a developer, plus interest actually earned when: 1) the developer does not proceed with the development activity and files a written request for a refund; 2) the fees have not been spent or encumbered **within the time of expenditure**; and 3) no impact has resulted. An impact that would preclude a developer from a refund from the city may include any impact reasonably identified by the city, including, but not limited to, the city having sized facilities and/or paid for, installed and/or caused the installation of facilities based, in whole or in part, upon the developer's planned development activity even though that capacity may, at some future time, be utilized by another development.
- E. Other Impact Fees: To the extent allowed by law, the city council may negotiate or otherwise impose impact fees and other fees different from those currently charged. Those charges may, at the discretion of the city council, include, but not be limited to, reductions or increases in impact fees, all or part of which may be reimbursed to the developer who installed improvements that service the land to be connected with the city's system.
- F. Additional Fees And Costs: The impact fees authorized hereby are separate from and in addition to user fees and other charges lawfully imposed by the city, such as engineering and inspection fees, and other fees and costs that may not be included as itemized component parts of the impact fee schedule. In charging any such fees as a condition of development approval, the city recognizes that the fees must be a reasonable charge for the service provided.
- G. Fees Effective At Time Of Payment: Unless the city is otherwise bound by a contractual requirement, the impact fees shall be determined from the fee schedule in effect at the time of payment in accordance with the provisions of subsection A of this section, and section 3.28.070 of this chapter.

- H. Imposition Of Additional Fee Or Refund After Development: Should any developer undertake development activities such that the ultimate density or other impact of the development activity is not revealed to the city, either through inadvertence, neglect, a change in plans, or any other cause whatsoever, and/or the impact fee is not initially charged against all units or the total density within the development, the city shall be entitled to charge an additional impact fee to the developer or other appropriate person covering the density for which an impact fee was not previously paid. (Ord. 2022-3, 2022: Ord. 2016-2, 2016)

3.28.060: CAPITAL FACILITIES PLANS; REASONABLE PLANS

- A. Capital Facilities Plans; Reasonable Plans: The city has prepared capital improvement plans or other reasonable plans for water (based on an existing master plan for water), transportation, and a master plan for parks. The plans have been prepared based on reasonable growth assumptions for the city, general demand characteristics of future users of each system, and engineering principles. Furthermore, the plans identify the impact on system improvements created by development activity and estimate the proportionate share of the costs of impacts on system improvements that are reasonably related to new development activity. (Ord. 2016-2, 2016)

3.28.070: IMPACT FEE SCHEDULES AND CALCULATIONS

- A. Maximum Supportable Impact Fees: The fee schedules included herein represent the maximum impact fees which the city may impose on development within the defined service area and are based upon general demand characteristics and potential demand that can be created by each class of user. The city reserves the right under the [Utah State Impact Fees Act¹](#) to assess an adjusted fee to respond to unusual circumstances to ensure that the fees are equitably assessed.

This adjustment may result in a higher fee if the city determines that a user would create a greater than normal impact on the system. The city may also decrease the fee if the developer provides documentation that the proposed impact will be less than what could be expected given the type of user².

1. Water Impact Fees:

TABLE 6.2
IMPACT FEE PER METER SIZE

Meter Size (Inches)	Nominal Multiplier ¹	Impact Fee Per Meter Size
1	1.00	\$ 3,050
1½	1.99	\$ 6,070
2	3.19	\$ 9,730
3	6.99	\$ 21,340
4	11.98	\$ 36,570
6	24.95	\$ 76,170

Note:

1. ERC multiplier based on updated AWWA M6 manual "Water Meters".

2. Transportation Impact Fees:

TABLE 6.4
TRANSPORTATION IMPACT FEE BY LAND USE TYPE

Land Use	ITE Codes	Per	Adjusted Trips	Impact Fee
Residential dwellings	210	Unit	4 .79	\$1,760
General commercial	822, 860, 862, 869, 875, 890, 942	KSF	7 .76	\$2,850
Manufacturing/warehousing	140, 150	KSF	1 .85	\$680

3. Parks And Recreation Impact Fees:

TABLE 6.6
PARK IMPACT FEE PER BY LAND USE TYPE

Impact Fee Per HH	Persons Per HH	Fee Per HH
Single-family (per unit)	3.39	\$5,330
Multi-family (per unit)	1.04	\$1,630

4. Sewer Impact Fees:

Sewer Impact Fee per ERU: \$8,760

~~Further calculation and presentation is included in the exhibit B: Millville City impact fee analysis on file in the city. (Ord. 2022-3, 2022: Ord. 2016-2, 2016)~~

3.28.080: FEE EXCEPTIONS AND ADJUSTMENTS

- A. Waiver For Public Purpose: The city council may, on a project by project basis, authorize exceptions or adjustments to the then impact fee structure for those projects the city council determines to be of such benefit to the community as a whole to justify the exception or adjustment. Such projects may include facilities being funded by tax supported agencies, affordable housing projects, or facilities of a temporary nature.
 - 1. Procedures: Applications for exceptions are to be filed with the city at the time the applicant first requests the extension of service to the applicant's development or property. (Ord. 2016-2, 2016)

3.28.090: APPEAL PROCEDURE

- A. Filing: Any person or entity that has paid an impact fee pursuant to this chapter may challenge the impact fee by filing:
 - 1. An appeal to the city pursuant to subsections B, C and D of this section;

2. A request for arbitration or other procedure, as provided in Utah Code Annotated section 11-36a-701 to 705, as amended; or
 3. An action in state district court as provided in Utah Code Annotated section 11-36a-703(2), as amended.
- B. Application: Any person or entity that has paid an impact fee pursuant to this chapter may challenge or appeal the impact fee by filing a written notice of appeal with the city council within thirty (30) days of the date that the fee was paid, or within such other time limit as set by Utah Code Annotated section 11-36a-702.
- C. Hearing: Upon receiving the written notice of appeal, the city council shall set a hearing date to consider the merits of the challenge or appeal. The person or entity challenging or appealing the fee may appear at the hearing and present any written or oral evidence deemed relevant to the challenge or appeal. Representatives of the city may also appear and present evidence to support the imposition of the fee.
- D. Decision: The hearing panel, which shall consist of the city council or such other body as the city shall designate, shall hold a hearing and make a decision within thirty (30) days after the date the challenge or appeal is filed. (Ord. 2016-2, 2016)

3.28.100: MISCELLANEOUS

- A. Severability: If any section, subsection, paragraph, clause or phrase of this chapter shall be declared invalid for any reason, such decision shall not affect the remaining portions of this chapter, which shall remain in full force and effect, and for this purpose, the provisions of this chapter are declared to be severable.
- B. Interpretation: This chapter has been divided into sections, subsections, paragraphs and clauses for convenience only and the interpretation of this chapter shall not be affected by such division or by any heading contained herein.
- C. Effective Date: Except as otherwise specifically provided herein, this chapter shall not repeal, modify or affect any other impact fee of the city in existence as of the effective date hereof. All impact fees established, including amendments and modifications to previously existing impact fees, after the effective date hereof shall comply with the requirements of this chapter. This code amendment shall take effect ninety (90) days after the day on which this chapter is approved. (Ord. 2016-2, 2016)

Footnotes

Footnote 1: UCA § 11-36a-402(1)(c,d).

Footnote 2: UCA § 11-36a-402.

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3.28.030: DEFINITIONS

Words and phrases that are defined in the act shall have the same definition in this chapter. The following words and phrases shall have the following meanings:

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DEVELOPMENT ACTIVITY: Any construction or expansion of a building, structure or use, any change in use of a building or structure, or any change in the use of land that creates additional demand and need for public facilities. Development activity will include all development that will connect to the referenced systems.

DEVELOPMENT APPROVAL: Any written authorization from the city that authorizes the commencement of development activity.

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IMPACT FEE ANALYSIS OR IFA: The City's written analysis required by section 11-36a-303 of the Act.

PROJECT IMPROVEMENTS: Includes but is not limited to site improvements and facilities that are planned and designed to provide service for development resulting from a development activity and are necessary for the use and convenience of the occupants or users of development resulting from a development activity. "Project improvements" do not include "system improvements" as defined herein.

PROPORTIONATE SHARE (Of The Cost Of Public Facility Improvements): An amount that is roughly proportionate and reasonably related to the service demands and needs of development activity.

PUBLIC FACILITIES: System improvements of the city relating to the services for which impact fees will be assessed.

SERVICE AREA: Refers to a geographic area designated by the city based on sound planning or engineering principles in which a defined set of the city's public facilities provides service. The service area for purposes of this analysis is found in the written impact fee analysis.

SYSTEM IMPROVEMENTS: Refer both to existing public facilities designed to provide services to the service area within the city at large and to future public facilities identified in a reasonable plan for capital improvements adopted by the city that are intended to provide service to service areas within the city at large. "System improvements" do not include "project improvements" as defined herein. (Ord. 2022-3, 2022: 2016-2, 2016)

3.28.040: WRITTEN IMPACT FEE ANALYSIS

Each Impact Fee Analysis (IFA) contains an executive summary as well as two types of analysis referred to as the "Written Analysis" and the "Proportionate Share Analysis" described more fully as follows:

- A. Executive Summary: A summary of the findings of the IFA designed to be understood by a layperson is included in the written impact fee analysis and demonstrates the need for impact fees to be assessed on Development Activity. The Executive Summary has been available for public inspection at least ten (10) days prior to the adoption of an impact fee and shall remain available for public inspection at the city office.
- B. Written Analysis: The City has commissioned a written impact fee analysis for the impact fees that identifies the impact upon the public utilities and systems required by the development activity and demonstrates how those impacts on system improvements are reasonably related to the development activity, estimates the proportionate share of the costs of impacts on system improvements that are reasonably related to the development activity and identifies how the impact fees are calculated. A copy of the written impact fee analysis has been available for public inspection at least ten (10) days prior to the adoption of an impact fee and shall remain available for public inspection at the city office.
- C. Proportionate Share Analysis: The City commissioned a proportionate share analysis which analyzes whether or not the proportionate share of the costs of Public Facilities is reasonably related to the service demands and needs related to new Development Activity. The Proportionate Share Analysis identifies, as applicable:
 - 1. The costs of each existing Public Facility that has excess capacity to serve the anticipated development resulting from new Development Activity;
 - 2. The cost of System Improvements for each Public Facility;
 - 3. The manner of financing for each Public Facility (such as user charges, special assessments, bonded indebtedness, general taxes or funded grants) other than impact fees;
 - 4. The relative extent to which Development Activity will contribute to financing the excess capacity of and System Improvements for each existing Public Facility by such means as user charges, special assessments or payment from the proceeds of general taxes;
 - 5. The relative extent to which Development Activity will contribute to the cost of existing Public Facilities and System Improvements in the future;
 - 6. The extent to which Development Activity is entitled to a credit against the Impact Fees because the Development Activity will dedicate System Improvements or Public Facilities that will offset the demand for System Improvements, inside or outside the proposed development;

7. Any extraordinary costs in servicing the newly developed properties; and
8. The time-price differential inherent in fair comparisons of amounts paid at different times.

A copy of the proportionate share analysis is included in the written impact fee analysis and has been available for public inspection at least ten (10) days prior to the adoption of the impact fee and shall remain available for public inspection at the city office. (Ord. 2022-3, 2022: 2016-2, 2016)

3.28.050: IMPACT FEE CALCULATIONS

- A. Impact Fees: The city council, by this chapter, approves and imposes impact fees in accordance with the written impact fee analysis. Unless otherwise provided by the city council, impact fees shall be due at the time of an application for a building permit, and paid to the city prior to the issuance of a building permit by city.
 1. Elements: In calculating the impact fee, the city has included the construction contract price, land acquisition costs, costs of improvements, material costs, fees for engineering services provided for and directly related to the construction of system improvements, and debt service charges if the city might use impact fees as revenue stream to pay principal and interest on bonds or other obligations to finance the cost of system improvements.
 2. Notice And Hearing: Before approving impact fees, the city held a public hearings and made a copy of this chapter available to the public at least ten (10) days before the dates of the hearings, all in conformity with the requirements of Utah State Code. After the public hearing, the city council adopted this chapter and the supporting documents as presented herein.
 3. Contents: This chapter adopting or modifying municipal impact fees contains such detail and elements as deemed appropriate by the city council, including a designation of the service area within which the impact fees are to be calculated and imposed and the formula to be used by the City in calculating impact fees.
 4. Adjustments: The standard impact fee may be adjusted at the time the fee is charged in response to unusual circumstances or to fairly allocate costs associated with impacts created by a development activity or project. The standard impact fee may also be adjusted to ensure that impact fees are imposed fairly for affordable housing projects, in accordance with the local

government's affordable housing policy, and other development activities with broad public purposes.

5. Previously Incurred Costs: To the extent that the new growth and development will be served by previously constructed improvements, the city's impact fees may include public facility and bond costs previously incurred by the city. These projects are included in the calculation of the impact fees and are under construction or completed but have not been utilized to their capacity, as evidenced by outstanding debt obligations, engineering analysis, or otherwise.
- B. Developer Credits: A developer may be allowed a credit against impact fees for any dedication of land, or improvement to, or new construction of system improvements provided by the developer provided that: 1) it is identified in the city's capital facilities or other reasonable plan and 2) required by the city as a condition of approving the development activity. Otherwise, no credit may be allowed.
- C. Impact Fees Accounting: The city will establish separate interest bearing ledger accounts for each type of public facility for which an impact fee is collected and deposited into the appropriate ledger account. Interest earned on each fund or account shall be segregated to that account.
1. Reporting: At the end of each fiscal year, the city shall prepare a report on each fund or account generally showing the source and amount of all monies collected, earned and received by the fund or account and each expenditure from the fund or account.
 2. Impact Fee Expenditures: The city may expend impact fees covered by the impact fee policy only for system improvements that are: a) public facilities identified in the city's capital facilities plan or other reasonable plan and b) of the specific public facility type for which the fee was collected.
 3. Time Of Expenditure: Impact fees collected pursuant to the requirements of this impact fee policy are to be expended, dedicated or encumbered for a permissible use within six (6) years of the receipt of those funds by the city, unless otherwise directed by the city council. For purposes of this calculation, the first funds received shall be deemed to be the first funds expended.
 4. Extension Of Time: The city may hold previously dedicated or unencumbered fees for longer than six (6) years if it identifies in writing: a) an extraordinary and compelling reason why the fees should be held longer than six (6) years and b) an absolute date by which the fees will be expended.

- D. Refunds: The city shall refund any impact fees paid by a developer, plus interest actually earned when: 1) the developer does not proceed with the development activity and files a written request for a refund; 2) the fees have not been spent or encumbered within the time of expenditure; and 3) no impact has resulted. An impact that would preclude a developer from a refund from the city may include any impact reasonably identified by the city, including, but not limited to, the city having sized facilities and/or paid for, installed and/or caused the installation of facilities based, in whole or in part, upon the developer's planned development activity even though that capacity may, at some future time, be utilized by another development.
- E. Other Impact Fees: To the extent allowed by law, the city council may negotiate or otherwise impose impact fees and other fees different from those currently charged. Those charges may, at the discretion of the city council, include, but not be limited to, reductions or increases in impact fees, all or part of which may be reimbursed to the developer who installed improvements that service the land to be connected with the city's system.
- F. Additional Fees And Costs: The impact fees authorized hereby are separate from and in addition to user fees and other charges lawfully imposed by the city, such as engineering and inspection fees, and other fees and costs that may not be included as itemized component parts of the impact fee schedule. In charging any such fees as a condition of development approval, the city recognizes that the fees must be a reasonable charge for the service provided.
- G. Fees Effective At Time Of Payment: Unless the city is otherwise bound by a contractual requirement, the impact fees shall be determined from the fee schedule in effect at the time of payment in accordance with the provisions of subsection A of this section, and section 3.28.070 of this chapter.
- H. Imposition Of Additional Fee Or Refund After Development: Should any developer undertake development activities such that the ultimate density or other impact of the development activity is not revealed to the city, either through inadvertence, neglect, a change in plans, or any other cause whatsoever, and/or the impact fee is not initially charged against all units or the total density within the development, the city shall be entitled to charge an additional impact fee to the developer or other appropriate person covering the density for which an impact fee was not previously paid. (Ord. 2022-3, 2022: Ord. 2016-2, 2016)

3.28.060: CAPITAL FACILITIES PLANS; REASONABLE PLANS

- A. Capital Facilities Plans; Reasonable Plans: The city has prepared capital improvement plans or other reasonable plans for water (based on an existing master plan for water), transportation, and a master plan for parks. The plans have been prepared based on reasonable growth assumptions for the city, general demand characteristics of future users of each system, and engineering principles. Furthermore, the plans identify the impact on system improvements created by development activity and estimate the proportionate share of the costs of impacts on system improvements that are reasonably related to new development activity. (Ord. 2016-2, 2016)

3.28.070: IMPACT FEE SCHEDULES AND CALCULATIONS

- A. Maximum Supportable Impact Fees: The fee schedules included herein represent the maximum impact fees which the city may impose on development within the defined service area and are based upon general demand characteristics and potential demand that can be created by each class of user. The city reserves the right under the Utah State Impact Fees Act to assess an adjusted fee to respond to unusual circumstances to ensure that the fees are equitably assessed.

This adjustment may result in a higher fee if the city determines that a user would create a greater than normal impact on the system. The city may also decrease the fee if the developer provides documentation that the proposed impact will be less than what could be expected given the type of user.

1. Water Impact Fees:

TABLE 6.2
IMPACT FEE PER METER SIZE

Meter Size (Inches)	Nominal Multiplier ¹	Impact Fee Per Meter Size
1	1.00	\$ 3,050
1½	1.99	\$ 6,070
2	3.19	\$ 9,730
3	6.99	\$ 21,340
4	11.98	\$ 36,570

6	24.95	\$ 76,170
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Note:

1. ERC multiplier based on updated AWWA M6 manual "Water Meters".

2. Transportation Impact Fees:

TABLE 6.4
TRANSPORTATION IMPACT FEE BY LAND USE TYPE

Land Use	ITE Codes	Per	Adjusted Trips	Impact Fee
Residential dwellings	210	Unit	4 .79	\$1,760
General commercial	822, 860, 862, 869, 875, 890, 942	KSF	7 .76	\$2,850
Manufacturing/warehousing	140, 150	KSF	1 .85	\$680

3. Parks And Recreation Impact Fees:

TABLE 6.6
PARK IMPACT FEE PER BY LAND USE TYPE

Impact Fee Per HH	Persons Per HH	Fee Per HH
Single-family (per unit)	3.39	\$5,330
Multi-family (per unit)	1.04	\$1,630

4. Sewer Impact Fees:

Sewer Impact Fee per ERU: \$8,760 (Ord. 2022-3, 2022: Ord. 2016-2, 2016)

3.28.080: FEE EXCEPTIONS AND ADJUSTMENTS

- A. Waiver For Public Purpose: The city council may, on a project by project basis, authorize exceptions or adjustments to the then impact fee structure for those projects the city council determines to be of such benefit to the community as a whole to justify the exception or adjustment. Such projects may include facilities being funded by tax supported agencies, affordable housing projects, or facilities of a temporary nature.
 - 1. Procedures: Applications for exceptions are to be filed with the city at the time the applicant first requests the extension of service to the applicant's development or property. (Ord. 2016-2, 2016)

3.28.090: APPEAL PROCEDURE

- A. Filing: Any person or entity that has paid an impact fee pursuant to this chapter may challenge the impact fee by filing:
 - 1. An appeal to the city pursuant to subsections B, C and D of this section;
 - 2. A request for arbitration or other procedure, as provided in Utah Code Annotated section 11-36a-701 to 705, as amended; or
 - 3. An action in state district court as provided in Utah Code Annotated section 11-36a-703(2), as amended.
- B. Application: Any person or entity that has paid an impact fee pursuant to this chapter may challenge or appeal the impact fee by filing a written notice of appeal with the city council within thirty (30) days of the date that the fee was paid, or within such other time limit as set by Utah Code Annotated section 11-36a-702.
- C. Hearing: Upon receiving the written notice of appeal, the city council shall set a hearing date to consider the merits of the challenge or appeal. The person or entity challenging or appealing the fee may appear at the hearing and present any written or oral evidence deemed relevant to the challenge or appeal. Representatives of the city may also appear and present evidence to support the imposition of the fee.

- D. Decision: The hearing panel, which shall consist of the city council or such other body as the city shall designate, shall hold a hearing and make a decision within thirty (30) days after the date the challenge or appeal is filed. (Ord. 2016-2, 2016)

3.28.100: MISCELLANEOUS

- A. Severability: If any section, subsection, paragraph, clause or phrase of this chapter shall be declared invalid for any reason, such decision shall not affect the remaining portions of this chapter, which shall remain in full force and effect, and for this purpose, the provisions of this chapter are declared to be severable.
- B. Interpretation: This chapter has been divided into sections, subsections, paragraphs and clauses for convenience only and the interpretation of this chapter shall not be affected by such division or by any heading contained herein.
- C. Effective Date: Except as otherwise specifically provided herein, this chapter shall not repeal, modify or affect any other impact fee of the city in existence as of the effective date hereof. All impact fees established, including amendments and modifications to previously existing impact fees, after the effective date hereof shall comply with the requirements of this chapter. This code amendment shall take effect ninety (90) days after the day on which this chapter is approved. (Ord. 2016-2, 2016)

IMPACT FEE ANALYSIS (IFA)

PURSUANT TO 11-36A, UTAH CODE



SANITARY SEWER SERVICES

AUGUST 2022





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IMPACT FEE FACILITIES PLAN & ANALYSIS CERTIFICATION

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;
3. offsets costs with grants or other alternate sources of payment; and,
4. complies in each and every relevant respect with the Impact Fees Act.

LYRB 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 portion of the IFFP or IFA are modified or amended, 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.

DEFINITIONS

The following acronyms or abbreviations are used in this document:

AAGR:	Average Annual Growth Rate
DWQ:	Department of Water Quality
ERU:	Equivalent Residential Unit
GAL:	Gallons
GPD:	Gallons per Day
GPDC:	Gallons per Day per Capita
GPM:	Gallons per Minute
HH:	Household
IFA:	Impact Fee Analysis
IFFP:	Impact Fee Facilities Plan
LOS:	Level of Service
LYRB:	Lewis Young Robertson and Burningham, Inc.
MG:	Million Gallons

SECTION 1: EXECUTIVE SUMMARY

The purpose of the Sanitary Sewer Impact Fee Analysis (“IFA”) is to fulfill the requirements established in Utah Code Title 11 Chapter 36a, the “Impact Fees Act”, and assist Millville City (the “City”) in financing and constructing necessary capital improvements for future growth. This document will address the future sewer infrastructure needed to serve the service area through the next ten years, as well as the appropriate impact fees the City may charge to new growth to maintain the existing level of service (“LOS”). The 2021 Millville Sewer System Engineering Report (“2021 Eng. Report”) prepared Franson Civil Engineers, the 2022 Gradient Repayment Plan (“2022 Plan”), as well as input from the City, provide much of the information utilized in this analysis.

- ☞ **Impact Fee Service Area:** The service area for sewer impact fees includes all areas within the City.
- ☞ **Demand Analysis:** The demand units utilized in this analysis are equivalent residential units (“ERUs”) calculated based on the different land-use types within the City. As residential and commercial growth occurs within the City, additional ERUs will be generated. The sewer capital improvements identified in this study are based on maintaining the existing LOS.
- ☞ **Level of Service:** The proposed LOS is based on current water system records, meter data, and population information. The LOS per ERU is estimated at 330 gallons per day (“GPD”) or 0.23 gallons per minute (“GPM”). **SECTION 3** of this report further explains the LOS.
- ☞ **Excess Capacity:** The current sewer system consists of primarily of individual septic systems. Thus, no buy-in is included in this analysis.
- ☞ **Capital Facilities Analysis:** A total of \$17.95 million of future capital costs and associated interest is considered in this analysis, of which \$1.3 is considered impact fee eligible. Costs are considered system improvements necessary to serve new development based on the proposed LOS.
- ☞ **Funding of Future Facilities:** This analysis assumes future growth-related facilities will be funded utilizing multiple tools including Department of Water Quality (“DWQ”) loans and principal forgiveness, grants, and RDA loans. These loans will be repaid using utilizing impact fees and utility fee revenues.

PROPOSED SEWER IMPACT FEE

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 LOS. The table below illustrates the appropriate fee associated with projects occurring in the next ten years and other costs related to the sewer impact fee. The proportionate share analysis determines the proportionate cost assignable to new development based on the proposed capital projects and the estimated ERU demand served by the proposed projects.

TABLE 1.1: IMPACT FEE PER ERU

	TOTAL COST	% TO IFFP GROWTH	COST TO GROWTH	DEMAND SERVED	COST PER ERU	% OF TOTAL
Local Pressure Main	\$2,030,803	12.73%	\$258,466	147	\$1,758	20.07%
Local Collection System	\$15,919,267	6.54%	\$1,041,447	147	\$7,085	80.87%
Impact Fee Interest Credit	(\$18,500)	100.00%	(\$18,500)	147	(\$126)	-1.44%
Professional Expense	\$6,425	100.00%	\$6,425	147	\$44	0.50%
Total	\$17,937,995		\$1,287,838		\$8,761	100.00%

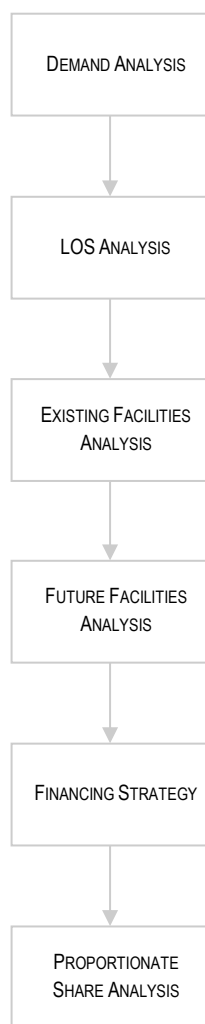
NON-STANDARD SEWER IMPACT FEES

The City reserves the right under the Impact Fees Act¹ to assess an adjusted fee that more closely matches the true impact that the land use will have upon the City’s sewer system. The adjustment for Non-Standard Sewer Impact Fees could result in a different impact fee if evidence suggests a particular user will create a different impact than what is standard for its category. A developer may submit studies and data for a particular development and request an adjustment. The impact fee for non-standard development would be determined based on the sewer demand per unit calculated on a case-by-case basis.

¹ UC 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 IFA². The sections of this report identify the demands placed upon the City's existing facilities by future development and evaluate how these demands will be met by the City, as well as the future improvements required to maintain the existing LOS. The purpose is to proportionately allocate the cost of the new facilities and any excess capacity to new development, while ensuring that all methods of financing are considered. The following elements are important considerations when completing an IFA.

DEMAND ANALYSIS

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

LEVEL OF SERVICE ANALYSIS

The demand placed upon existing public facilities by existing development is known as the existing LOS. Through the inventory of existing facilities, combined with population growth assumptions, this analysis identifies the LOS which is provided to a community's existing residents and ensures that future facilities maintain these standards.

EXISTING FACILITY INVENTORY

In order to quantify the demands placed upon existing public facilities by new development activity, the IFFP provides an inventory of the City's existing system improvements. The inventory does not include project improvements. 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. Any excess capacity identified within existing facilities can be apportioned to future 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 LOS. Any demand generated from new development that overburdens the existing system beyond the existing capacity justifies the construction of new facilities.

FINANCING STRATEGY

This analysis must also include a consideration of all revenue sources, including impact fees, debt issuance, alternative funding sources, and the dedication (aka donations) of system improvements, which may be used to finance system improvements.³ 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.⁴

PROPORTIONATE SHARE ANALYSIS

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

² UC 11-36a-301,302,303,304

³ UC 11-36a-302(2)

⁴ UC 11-36a-302(3)



SYSTEM VS. PROJECT IMPROVEMENTS

System improvements are defined as existing and future public facilities designed and intended to provide services to service areas within the community at large.⁵ 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.⁶ References to facilities, amenities, projects, etc. within this analysis are referring to System Improvements unless otherwise stated.

⁵ UC 11-36a-102(20)

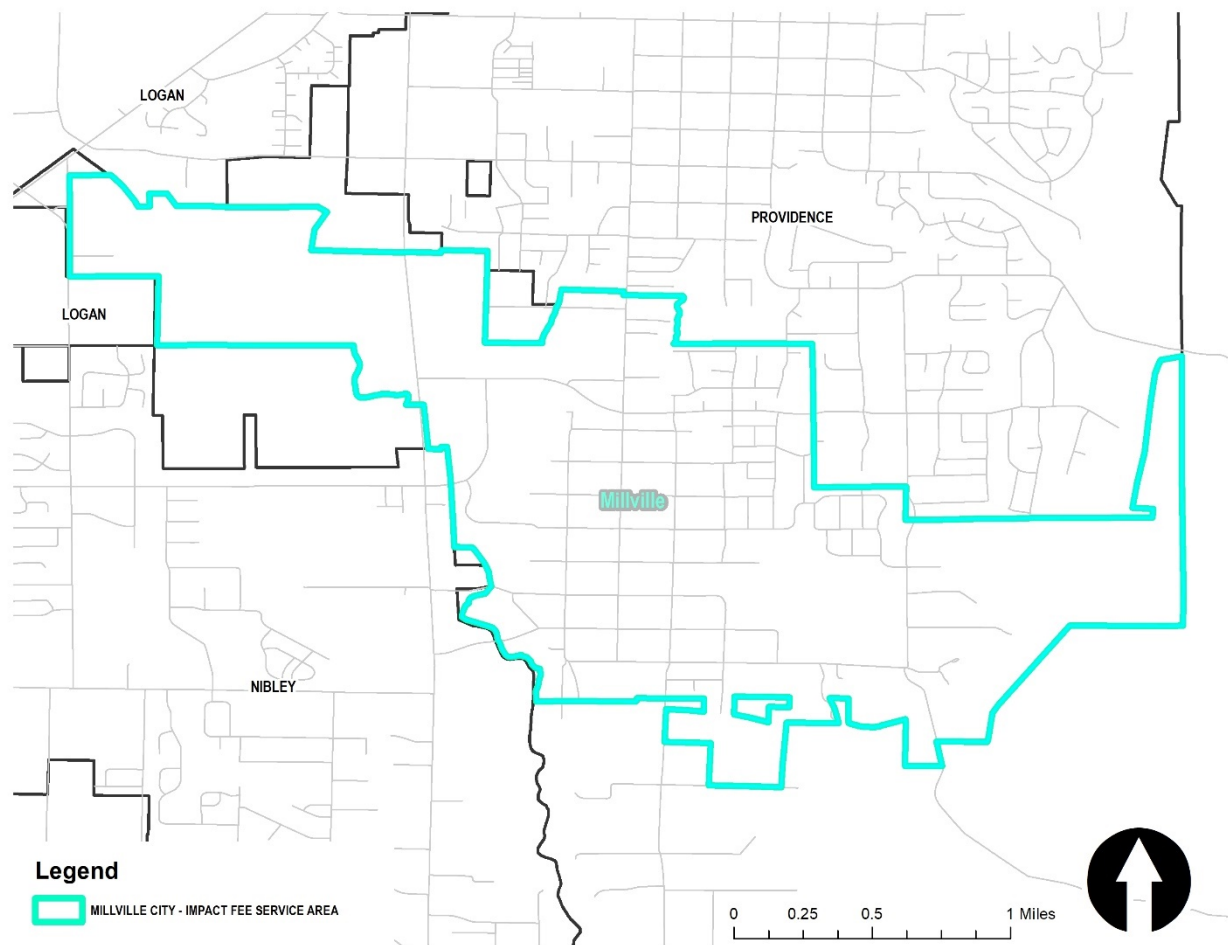
⁶ UC 11-36a102(13)

SECTION 3: OVERVIEW OF SERVICE AREA, DEMAND, AND LOS

SERVICE AREAS

Utah Code requires the impact fee enactment to establish one or more service areas within which impact fees will be imposed.⁷ The impact fees identified in this document will be assessed to a single, city-wide service area.

FIGURE 3.1: SEWER SERVICE AREA



It is anticipated that the growth projected over the next ten years, and through buildout, will impact the City's existing services. The City has plans to construct sewer infrastructure to serve existing and new development based on the current level of service ("LOS") as it relates to sewer demand. Impact fees are a logical and sound mechanism for funding growth-related infrastructure. This analysis 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. This analysis also ensures that new growth is not paying 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.

⁷ UC 11-36a-402(a)



DEMAND UNITS

As shown in **TABLE 3.1**, the growth in ERUs is expected to reach 905 units by 2032. This represents an increase of 147 ERUs.

TABLE 3.1: CITY-WIDE ERU PROJECTIONS

YEAR	PROJECTED ERUS
2022	758
2032	905
2050	1,350
IFFP Increase	147

Source: 2021 Eng. Report, p. 3-13

LEVEL OF SERVICE STANDARDS

Impact fees cannot be used to finance an increase in the LOS to current or future users of system improvements. Therefore, it is important to identify the sewer LOS currently provided within the City to ensure that the new capacities of projects financed through impact fees do not exceed the established standard.

Appendix G of the 2021 Eng. Report defines the LOS as follows:

The new system will be designed to pass an annual average daily rate of flow of 100 gallons per capita per day, which includes an allowance for infiltration based on R317-3-2.1 until such time as the city has enough flow data to re-evaluate this assumption. One ERU is equal to the average flow from one average household. With data lacking for actual sewer flows, the number of ERUs is assumed to be equal to the number of equivalent residential connections (ERCs) from the culinary water system. An ERC is defined as one residential water connection. One ERU and one ERC is assumed to equal 3.3 persons based on current water system records, meter data, R-317.2.3, R309-550, and population data from the City. Based on the ERU and equivalent residential population, the flows are then equal to 330 gpd per ERU or 0.23 gpm per ERU. For undeveloped areas, it is assumed that one acre equals two ERUs based on current zoning. These assumptions will need to be updated if zoning is changed. For all non-residential users, the number of ERUs is assumed equal to the number of ERCs and are determined based on winter water usage compared to average winter residential water usage. These are documented in the engineering report completed by Franson Civil (November 2019). For businesses or facilities not yet constructed, estimates of flow are based on Division of Drinking Waters rule R309-510. These flows are then divided by the winter ERC flows to estimate the ERUs.

TABLE 3.2: 2021 ENG. REPORT LOS VARIABLES

Gallons per Day per Capita	100
Millville Avg. HH	3.3
LOS per ERU (GPD)	330
GPM per ERU	0.23



SECTION 4: EXISTING FACILITIES & EXCESS CAPACITY

EXISTING FACILITIES

The City's existing system consist primarily of private septic systems. As such, the City is constructing a sewer system to collect sewer effluent from both existing and future development, with treatment provided by Hyrum. As such, this analysis considers the cost of the new infrastructure in calculating the proposed impact fee. In accordance with the Impact Fee Act, this analysis considers only the cost to new development when determining the impact fee, while allocating the necessary cost to existing demand to construct the new system.

EXCESS CAPACITY

There is no excess capacity in the current system.

SECTION 5: CAPITAL FACILITY ANALYSIS

TABLE 5.1 illustrates the estimated costs attributed to new growth, as defined in the 2021 Engineering Report. For the purposes of the 2022 Plan, the cost is estimated at a total \$34,780,000. These costs were analyzed based on existing development versus future development patterns to identify the portion of future infrastructure costs can be attributed to new growth and included in this impact fee analysis. The costs of capital projects related to curing existing deficiencies cannot be funded through impact fees and were not included in the calculation of the impact fees.

TABLE 5.1: ILLUSTRATION OF CULINARY SEWER CAPITAL IMPROVEMENTS

IMPROVEMENT	ESTIMATED COST
Gravity Construction Costs	\$15,722,370
Pressure Sewer Main and Lift Station Construction Costs	\$6,463,182
On Property Laterals and Septic Abandonment	\$3,746,225
Construction Subtotal	\$25,931,777
Construction Contingencies (15% (RDA))	\$3,890,000
Engineering Design and Construction Management (7.80%) (DWQ/RDA)	\$2,326,100
Environmental Permitting and Assessments	\$0
Contingencies, Engineering, and Environmental Subtotal	\$6,216,100
Total Cost (DWQ/RDA)	\$32,147,877
Revised Total Based on 2022 Plan	\$34,780,000

2021 Eng. Report Table 1.2, p.1-4

TABLE 5.2: ILLUSTRATION OF FUNDING SOURCES

	PRINCIPAL	% INCLUDED IN ANALYSIS	TOTAL INCLUDED IN ANALYSIS
DWQ Principal Forgiveness 1	\$4,500,000	0%	\$0
DWQ Principal Forgiveness 2	\$3,750,000	0%	\$0
DWQ Loan 1	\$500,000	100%	\$500,000
DWQ Loan 2	\$1,261,000	100%	\$1,261,000
DWQ Loan 3	\$4,700,000	100%	\$4,700,000
Hardship Grant 1 Laterals	\$1,000,000	0%	\$0
RDA Grant 1	\$2,949,000	0%	\$0
RDA Grant 2	\$6,400,000	0%	\$0
RDA Loan	\$9,720,000	100%	\$9,720,000
Subtotal	\$34,780,000		\$16,181,000
RDA Loan Interest	\$3,802,500	47%	\$1,769,070
Total Funding Distribution	\$38,582,500		\$17,950,070

Grants and principal forgiveness are excluded from the IFA. The interest related to the RDA loan is allocated across the full \$34.780M funding. The total impact fee eligible principal funding is 47 percent of the total funding.

Of the total cost, the impact fee eligible total is \$17,950,070, including interest and after grants and forgiveness amounts are removed. This analysis has determined the projects included in this analysis using capital project and engineering data, planning analysis and other information. The accuracy and correctness of this plan is contingent upon the accuracy of the data and assumptions. Any deviations or changes in the assumptions due to changes in the economy or other relevant information used by the City for this study may cause this plan to be inaccurate and may require modifications.

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.⁸ Project improvements are improvements and facilities that are planned and designed to provide service for a specific development and considered necessary for the use and convenience of the occupants or users of that specific

⁸ UC 11-36a-102(20)

development.⁹ This analysis only includes the costs of system improvements related to new growth within the proportionate share analysis.

FUNDING OF FUTURE FACILITIES

In considering the funding of future facilities, the City has determined the portion of future projects that will be funded by impact fees as growth-related, system improvements. Impact fees are an appropriate funding and repayment mechanism of the growth-related improvements. Where applicable, impact fees will offset the cost of future facilities or debt service payments. However, impact fees cannot be used to fund non-qualified expenses (i.e., the costs to cure existing deficiencies, to raise the LOS, to recoup more than the actual cost of system improvements, or the cost to fund overhead). Other revenues such as utility rate revenue, property taxes, grants, or loans can be used to fund these types of expenditures, as described below.

UTILITY RATE REVENUES

Utility rate revenues serve as the primary funding mechanism within enterprise funds. Rates are established to ensure appropriate coverage of all operations and maintenance expenses, as well as all non-growth related debt service and capital project needs.

PROPERTY TAX REVENUES

Property tax revenues are not specifically identified in this analysis as a funding source for growth-related capital projects, but inter-fund loans may be made from the general fund which will ultimately include some property tax revenues. Interfund loans will be repaid once sufficient impact fee revenues have been collected. The City follows Utah Code 10-6-132 which requires interest to be accrued on interfund loans. Property tax revenue are generally not used to support enterprise funds.

GRANTS AND DONATIONS

Grants and donations are contemplated in this analysis. The cost allocated to the proportionate share analysis is reduced by the grant monies received.

IMPACT FEE REVENUES

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 LOS. Increases to an existing LOS cannot be funded with impact fee revenues. Impact fee revenues are generally considered non-operating revenues and help offset future capital costs.

DEBT FINANCING

This analysis assumes future growth-related facilities will be funded in part utilizing debt. The interest associated with future debt is included in this analysis. The RDA loan assumes an interest rate of 1.75 percent, amortized over 40 years.

EQUITY OF IMPACT FEES

Impact fees are intended to recover the costs of capital infrastructure that relate to future growth. The impact fee calculations are structured for impact fees to fund 100 percent of the growth-related facilities identified in the proportionate share analysis as presented in the impact fee analysis. Even so, there may be years that impact fee revenues cannot cover the annual growth-related expenses. In those years, growth-related projects may be delayed, or other revenues such as general fund revenues or other fund's revenues and/or fund balance reserves may be used to make up any annual deficits. Any borrowed funds are to be repaid in their entirety through subsequent 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 capital improvements related to new growth. In addition, alternative funding mechanisms are identified to help offset the cost of future capital improvements.

⁹ UC 11-36a102(13)

SECTION 6: SEWER IMPACT FEE CALCULATION

This document has addressed the future sewer infrastructure needed to serve the new development through the next ten years, as well as the appropriate impact fees the City may charge to new growth to maintain the existing LOS. The 2021 Eng. Report prepared Franson Civil Engineers, the 2022 Plan, as well as input from the City, provide much of the information utilized in for the proportionate share analysis.

PROPOSED SEWER IMPACT FEE

The sewer impact fees proposed in this analysis will be assessed within all areas of the City. **TABLE 6.1** below illustrates the appropriate buy-in component, the fee associated with projects occurring in the next ten years and the applicable planning and interest costs. The proportionate share analysis determines the proportionate cost assignable to new development based on the proposed capital projects and the estimated ERU demand served by the proposed projects, in this case, the ERUs over the next ten years, which are illustrated in **TABLE 3.1**.

TABLE 6.1: CALCULATION OF PROPORTIONATE IMPACT FEE

	TOTAL COST	% TO IFFP GROWTH	COST TO GROWTH	DEMAND SERVED	COST PER ERU	% OF TOTAL
Local Pressure Main	\$2,030,803	12.73%	\$258,466	147	\$1,758	20.07%
Local Collection System	\$15,919,267	6.54%	\$1,041,447	147	\$7,085	80.87%
Impact Fee Interest Credit	(\$18,500)	100.00%	(\$18,500)	147	(\$126)	-1.44%
Professional Expense	\$6,425	100.00%	\$6,425	147	\$44	0.50%
Total	\$17,937,995		\$1,287,838		\$8,761	100.00%

NON-STANDARD SEWER IMPACT FEES

The City reserves the right under the Impact Fees Act¹⁰ to assess an adjusted fee that more closely matches the true impact that the land use will have upon the City's sewer system. The adjustment for Non-Standard Sewer Impact Fees could result in a different impact fee if evidence suggests a particular user will create a different impact than what is standard for its category. A developer may submit studies and data for a particular development and request an adjustment. The impact fee for non-standard development would be determined based on the sewer demand per unit calculated on a case-by-case basis.

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 with six years after each impact fee is paid. Impact fees collected should be spent only on those projects outlined in the IFFP as growth related costs to maintain the LOS.

PROPOSED CREDITS OWED TO DEVELOPMENT

Credits may be applied to developers who have constructed and donated system facilities to the City that are included in the IFFP in-lieu of impact fees. Credits for system improvements may be available to developers up to, but not exceeding, the amount commensurate with the LOS identified within this IFA. Credits will not be given for the amount by which system improvements exceed the LOS identified within this IFA. 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 system 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

¹⁰ UC 11-36a-402(1)(c)



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. A two percent annual construction inflation adjustment is applied to projects completed after 2020 (the base year cost estimate).