



# Clearfield City

DRAFT Water Impact Fee Analysis  
June 2023



ZIONS PUBLIC FINANCE, INC.

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## EXECUTIVE SUMMARY

An impact fee is a one-time fee imposed on new development activity to mitigate the impact of new development on capital facilities. In conjunction with this Impact Fee Analysis, J-U-B Engineers prepared the *Clearfield City Culinary Water Impact Fee Facilities Plan* (IFFP) dated May 2023. The IFFP forms the basis for this Impact Fee Analysis (IFA).

The recommended impact fee structure presented in this analysis has been prepared to satisfy the Impact Fees Act, Utah Code Ann. § 11-36a-101 et. seq., and represents the maximum impact fees Clearfield City ("City") may assess. The City will be required to use revenue sources other than impact fees to fund any projects that constitute repair and replacement, cure any existing deficiencies, or increase the level of service for existing users.

### Water Service Levels

Level of service (LOS) defines the water capital facility demands that a typical Equivalent Residential Connection (ERC), will require and should pay for with impact fees. The IFFP defines service levels as follows:

TABLE 1: WATER SERVICE LEVELS (LOS)

| Category                                         | Existing Level of Service (LOS)   | Proposed Level of Service (LOS)   |
|--------------------------------------------------|-----------------------------------|-----------------------------------|
| Water Rights                                     | 0.64 ac-ft per ERC                | 0.64 ac-ft per ERC                |
| Available Peak Demand Flow (Indoor)              | 800 gpd per ERC                   | 800 gpd per ERC                   |
| Available Peak Demand Flow (Outdoor)             | 571 gpd per ERC                   | 571 gpd per ERC                   |
| Transmission Lines – Peak Day Flowrate           | 0.95 gpm                          | 0.95 gpm                          |
| Transmission Lines – Instantaneous Peak Flowrate | 1.43 gpm per ERC                  | 1.43 gpm per ERC                  |
| 2,000 gpm Fire Flow Residual Pressure            | 20 psi                            | 20 psi                            |
| Minimum Peak Day Demand Pressure                 | 40 psi                            | 40 psi                            |
| Storage                                          | 1,028 gallons per ERC + Fire Flow | 1,028 gallons per ERC + Fire Flow |
| Water Department Building Area                   | 0.55 sf per ERC                   | 0.55 sf per ERC                   |

Source: Clearfield City Culinary Water Impact Fee Facilities Plan, p.8

### Water Service Area

There is one service area for culinary water that encompasses the boundaries of Clearfield City.

### Excess Capacity

There is existing excess capacity in the following components of the City's water system and excess capacity will remain in 2030. In addition, the distribution system will consume 13.1 percent of existing capacity between 2020 and 2030.

TABLE 2: EXCESS CAPACITY

| Excess Capacity Table    | 2020      | 2030      |
|--------------------------|-----------|-----------|
| Water Rights - acre feet | 12,240    | 10,268    |
| Water Source – gpd       | 8,882,025 | 4,657,974 |
| Water Storage – gallons  | 3,616,014 | 444,992   |

| Excess Capacity Table                                                       | 2020 | 2030 |
|-----------------------------------------------------------------------------|------|------|
| Source: Clearfield City Culinary Water Impact Fee Facilities Plan, pp. 9-10 |      |      |

The City has limited information on the cost of existing water rights. According to the City's Asset List (aka Depreciation Schedule), the actual cost of water rights, on record, is \$9,162. Based on the same sources, the actual cost of the City's water sources is \$127,492 and the actual cost of the water storage is \$321,017. The transmission system was acquired at a cost of \$15,211,680. The IFFP estimates that 13.1 percent of the total capacity of the existing transmission system will be consumed by new growth between 2020 and 2030.

### New Construction

The 27 new construction projects shown in the IFFP total \$16,221,488. When adjusted for costs in the year of construction, total costs reach \$17,435,861. New development in the next 10 years is responsible for \$6,180,385 of the costs while existing development will benefit from \$10,278,263 of the new construction projects.

### Water System Impact Fee Calculation

The gross impact fee, before credits, is \$2,582.26 per ERC.

TABLE 3: GROSS IMPACT FEE PER ERC BEFORE CREDITS

| Description                           | Amount            |
|---------------------------------------|-------------------|
| Existing - Water Rights               | \$0.32            |
| Existing - Water Source               | \$8.13            |
| Existing - Water Storage              | \$24.81           |
| Existing - Transmission               | \$646.78          |
| New Construction                      | \$2,005.97        |
| Consultant Costs                      | \$5.74            |
| Credit - Fund Balance                 | (\$109.49)        |
| <b>Subtotal before Yearly Credits</b> | <b>\$2,582.26</b> |

However, the IFFP identifies that a portion of the new construction projects are needed to cure existing deficiencies in the culinary water system. Therefore, new development cannot be expected to pay the entire impact fee and then also contribute over time, through increased water rates, to curing existing deficiencies in the culinary water system. The IFFP allocates \$10,278,263 of new construction costs as benefits to existing development. Therefore, credits against the gross impact fee have been made as follows for a 10-year period.

TABLE 4: CREDIT CALCULATIONS FOR NEW CONSTRUCTION PROJECTS THAT BENEFIT EXISTING DEVELOPMENT

| Year | Payment        | ERCs   | Payment per ERC | NPV*     |
|------|----------------|--------|-----------------|----------|
| 2023 | \$1,027,826.30 | 10,038 | \$102.39        | \$704.79 |
| 2024 | \$1,027,826.30 | 10,332 | \$99.48         | \$637.64 |
| 2025 | \$1,027,826.30 | 10,635 | \$96.65         | \$570.04 |
| 2026 | \$1,027,826.30 | 10,946 | \$93.90         | \$501.89 |
| 2027 | \$1,027,826.30 | 11,267 | \$91.22         | \$433.09 |

| Year | Payment        | ERCs   | Payment per ERC | NPV*     |
|------|----------------|--------|-----------------|----------|
| 2028 | \$1,027,826.30 | 11,597 | \$88.63         | \$363.52 |
| 2029 | \$1,027,826.30 | 11,936 | \$86.11         | \$293.07 |
| 2030 | \$1,027,826.30 | 12,286 | \$83.66         | \$221.61 |
| 2031 | \$1,027,826.30 | 12,646 | \$81.28         | \$149.03 |
| 2032 | \$1,027,826.30 | 13,016 | \$78.96         | \$78.96  |

\*NPV = net present value discounted at 5 percent

Additional credits need to be made for the City's outstanding water revenue bond that expires in 2029.

TABLE 5: CREDIT CALCULATIONS FOR OUTSTANDING BOND

| Outstanding Bonds | Debt Service | ERCs   | Payment per Year | NPV*    |
|-------------------|--------------|--------|------------------|---------|
| 2023              | \$83,158     | 10,038 | \$8.28           | \$44.28 |
| 2024              | \$83,158     | 10,332 | \$8.05           | \$38.21 |
| 2025              | \$83,158     | 10,635 | \$7.82           | \$32.07 |
| 2026              | \$83,158     | 10,946 | \$7.60           | \$25.86 |
| 2027              | \$83,158     | 11,267 | \$7.38           | \$19.55 |
| 2028              | \$83,158     | 11,597 | \$7.17           | \$13.15 |
| 2029              | \$83,158     | 11,936 | \$6.97           | \$6.97  |

\*NPV = net present value discounted at 5 percent

The credits for the projects benefitting existing development, as well as the credits for the outstanding bond, must be subtracted from the maximum gross fee of \$2,582.26 to calculate the maximum impact fee per year per ERC and per drainage fixture unit (DFU). Based on Addendum-1 Clearfield City – Culinary Water IFFP Drainage Fixture Unit Calculations from J-U-B Engineers dated April 24, 2023, there are, on average, 21 DFUs per ERC.

TABLE 6: MAXIMUM FEES PER ERC AND DFU

|     | 2023       | 2024       | 2025       | 2026       | 2027       | 2028       | 2029       | 2030       |
|-----|------------|------------|------------|------------|------------|------------|------------|------------|
| ERC | \$1,833.19 | \$1,906.41 | \$1,980.15 | \$2,054.51 | \$2,129.62 | \$2,205.59 | \$2,276.04 | \$2,360.65 |
| DFU | \$87.29    | \$90.78    | \$94.29    | \$97.83    | \$101.41   | \$105.03   | \$108.38   | \$112.41   |

Residential fees will be charged on a per door basis, with single-family homes charged the equivalent of a 3/4" meter size and multi-family units charged 82 percent of a single-family ERC based on reduced number of fixture units generally found in multi-family units as compared to single-family residential. All other nonresidential development will be charged based on the number of DFUs.

## CHAPTER 1: OVERVIEW OF THE WATER IMPACT FEES

### Summary

An impact fee is intended to recover the City's costs of building water system capacity to serve new residential and non-residential development rather than passing these growth-related costs on to existing users through rates. The Utah Impact Fees Act allows only certain costs to be included in an impact fee so that only the fair cost of expansionary projects or existing unused capacity paid for by the City is assessed through an impact fee.

### Costs to be Included in the Impact Fee

The impact fees proposed in this analysis are calculated based upon:

- Excess capacity in the City's water system;
- New capital infrastructure that will serve new development; and
- Professional and planning expenses related to the construction of system improvements that will serve new development.

The costs that cannot be included in the impact fee are as follows:

- Costs for projects that cure system deficiencies;
- Costs for projects that increase the LOS above that which is currently provided;
- Operations and maintenance costs;
- Costs of facilities funded by grants or other funds that the City does not have to repay; and

### Utah Code Legal Requirements

Utah law requires that communities and special districts prepare an Impact Fee Analysis (IFA) before enacting an impact fee. Utah law also requires that communities/districts give notice of their intent to prepare and adopt an IFA. This IFA follows all legal requirements as outlined below. The City has retained Zions Public Finance, Inc. (ZPFI) to prepare this Impact Fee Analysis in accordance with legal requirements.

#### Notice of Intent to Prepare Impact Fee Analysis

A local political subdivision must provide written notice of its intent to prepare an IFA before preparing the Plan (Utah Code §11-36a-503). This notice must be posted on the Utah Public Notice website. The City has complied with this noticing requirement for the IFA by posting notice.

#### Preparation of Impact Fee Analysis

Utah Code requires that each local political subdivision, before imposing an impact fee, prepare an impact fee analysis. (Utah Code 11-36a-304).

Section 11-36a-304 of the Utah Code outlines the requirements of an impact fee analysis which is required to:

- (1) An impact fee analysis shall:
  - (a) identify the anticipated impact on or consumption of any existing capacity of a public facility by the anticipated development activity;

- (b) identify the anticipated impact on system improvements required by the anticipated development activity to maintain the established level of service for each public facility;
  - (c) demonstrate how the anticipated impacts described in Subsections (1)(a) and (b) are reasonably related to the anticipated development activity;
  - (d) estimate the proportionate share of:
    - (i) the costs for existing capacity that will be recouped; and
    - (ii) the costs of impacts on system improvements that are reasonably related to the new development activity; and
  - (e) identify how the impact fee was calculated.
- (2) In analyzing whether or not the proportionate share of the costs of public facilities are reasonably related to the new development activity, the local political subdivision or private entity, as the case may be, shall identify, if applicable:
- (a) the cost of each existing public facility that has excess capacity to serve the anticipated development resulting from the new development activity;
  - (b) the cost of system improvements for each public facility;
  - (c) other than impact fees, the manner of financing for each public facility, such as user charges, special assessments, bonded indebtedness, general taxes, or federal grants;
  - (d) 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;
  - (e) the relative extent to which development activity will contribute to the cost of existing public facilities and system improvements in the future;
  - (f) the extent to which the development activity is entitled to a credit against 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;
  - (g) extraordinary costs, if any, in servicing the newly-developed properties; and
  - (h) the time-price differential inherent in fair comparisons of amounts paid at different times.

#### Certification of Impact Fee Analysis

Utah Code states that an Impact Fee Analysis shall include a written certification from the person or entity that prepares the Impact Fee Analysis. This certification is included at the conclusion of this analysis.

## CHAPTER 2: IMPACT FROM GROWTH UPON THE CITY'S FACILITIES AND LEVEL OF SERVICE

*Utah Code 11-36a-304(1)(a)*

### Projected Water Demands

The table below shows ERC growth projections which will place additional demand on the City's water system.

### Water Service Area

ERCs within Clearfield City are projected to grow as follows:

TABLE 7: GROWTH IN DEMAND

| Year                      | ERCs   |
|---------------------------|--------|
| 2020                      | 9,205  |
| 2021                      | 9,475  |
| 2022                      | 9,752  |
| 2023                      | 10,038 |
| 2024                      | 10,332 |
| 2025                      | 10,635 |
| 2026                      | 10,946 |
| 2027                      | 11,267 |
| 2028                      | 11,597 |
| 2029                      | 11,936 |
| 2030                      | 12,286 |
| Growth in ERCs, 2020-2030 | 3,081  |

Source: Clearfield City Culinary Water Impact Fee Facilities Plan; J-U-B Engineers, INC.

### Existing and Proposed LOS Analysis

Level of service (LOS) defines the water capital facility demands that a typical Equivalent Residential Connection (ERC) will require and should pay for with impact fees. The IFFP defines existing and proposed service levels as follows per ERC:

TABLE 8: EXISTING AND PROPOSED SERVICE LEVELS

| Category                                         | Existing Level of Service (LOS)   | Proposed Level of Service (LOS)   |
|--------------------------------------------------|-----------------------------------|-----------------------------------|
| Water Rights                                     | 0.64 ac-ft per ERC                | 0.64 ac-ft per ERC                |
| Available Peak Demand Flow (Indoor)              | 800 gpd per ERC                   | 800 gpd per ERC                   |
| Available Peak Demand Flow (Outdoor)             | 571 gpd per ERC                   | 571 gpd per ERC                   |
| Transmission Lines – Peak Day Flowrate           | 0.95 gpm                          | 0.95 gpm                          |
| Transmission Lines – Instantaneous Peak Flowrate | 1.43 gpm per ERC                  | 1.43 gpm per ERC                  |
| 2,000 gpm Fire Flow Residual Pressure            | 20 psi                            | 20 psi                            |
| Minimum Peak Day Demand Pressure                 | 40 psi                            | 40 psi                            |
| Storage                                          | 1,028 gallons per ERC + Fire Flow | 1,028 gallons per ERC + Fire Flow |

| Category                                                               | Existing Level of Service (LOS) | Proposed Level of Service (LOS) |
|------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Water Department Building Area                                         | 0.55 sf per ERC                 | 0.55 sf per ERC                 |
| Source: Clearfield City Culinary Water Impact Fee Facilities Plan, p.8 |                                 |                                 |

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## CHAPTER 3: IMPACT ON CAPACITY FROM DEVELOPMENT ACTIVITY

*Utah Code 11-36a-304(1)(b)(c)*

### Excess Capacity and Deficiency

There is existing excess capacity in the following components of the City's water system and excess capacity will remain in 2030.

TABLE 9: EXCESS CAPACITY

| Description              | 2020      | 2030      | Capacity Consumed,<br>2020-2030 |
|--------------------------|-----------|-----------|---------------------------------|
| Water Rights - acre feet | 12,240    | 10,268    | 1,972                           |
| Water Source – gpd       | 8,882,025 | 4,657,974 | 4,224,051                       |
| Water Storage – gallons  | 3,612,260 | 444,992   | 3,167,268                       |

The City has limited information on the cost of existing water rights. According to the City's Asset List (aka Depreciation Schedule), the actual cost of water rights, on record, is \$9,162. Based on the same sources, the actual cost of the City's water sources is \$127,492 and the actual cost of the water storage is \$321,017. The transmission system was acquired at a cost of \$15,211,680. The IFFP estimates that 13.1 percent of the total capacity of the existing system will be consumed between 2020 and 2030.

## CHAPTER 4: SYSTEM IMPROVEMENTS REQUIRED FROM DEVELOPMENT ACTIVITY

*Utah Code 11-36a-304(1)(b)(c)*

The means by which the City will meet growth demands include constructing the following projects as set forth in the Impact Fee Facilities Plan. This will occur through requiring new development to pay for its fair share of existing excess capacity consumed as well as paying for its fair share of new construction projects. New construction projects listed in the IFFP have been adjusted to estimated construction year costs based on a construction cost inflator of 3 percent per year.

TABLE 10: NEW CONSTRUCTION IMPROVEMENTS

| Project Number | Estimated Construction Year | Estimated Project Cost | Cost to Existing   | Cost to 10-Year Growth | Cost to Existing – Inflation Adjusted | Cost to 10-Year Growth – Inflation Adjusted |
|----------------|-----------------------------|------------------------|--------------------|------------------------|---------------------------------------|---------------------------------------------|
| CW-210         | 2023                        | \$417,785              | \$128,549          | \$289,235              | \$128,549                             | \$289,235                                   |
| CW-238         | 2023                        | \$575,539              | \$239,166          | \$336,373              | \$239,166                             | \$336,373                                   |
| CW-259         | 2023                        | \$594,324              | \$250,940          | \$343,384              | \$250,940                             | \$343,384                                   |
| CW-261         | 2023                        | \$676,607              | \$302,240          | \$374,367              | \$302,240                             | \$374,367                                   |
| CW-226         | 2024                        | \$998,487              | \$550,567          | \$447,920              | \$567,084                             | \$461,358                                   |
| CW-213         | 2024                        | \$533,034              | \$451,718          | \$81,316               | \$465,269                             | \$83,756                                    |
| CW-243         | 2024                        | \$648,027              | \$562,616          | \$85,411               | \$579,494                             | \$87,973                                    |
| CW-229.24      | 2024                        | \$165,929              | \$131,706          | \$34,223               | \$135,657                             | \$35,250                                    |
| CW-256         | 2024                        | \$415,058              | \$300,546          | \$114,512              | \$309,562                             | \$117,947                                   |
| CW-282         | 2024                        | \$80,000               | \$63,500           | \$16,500               | \$65,405                              | \$16,995                                    |
| CW-229.25      | 2025                        | \$165,929              | \$131,706          | \$34,223               | \$139,726                             | \$36,307                                    |
| CW-266         | 2025                        | \$1,033,640            | \$686,310          | \$347,330              | \$728,106                             | \$368,482                                   |
| CW-244         | 2025                        | \$1,134,944            | \$954,219          | \$180,725              | \$1,012,331                           | \$191,731                                   |
| CW-264         | 2025                        | \$219,482              | \$187,362          | \$32,119               | \$198,773                             | \$34,075                                    |
| CW-229.26      | 2026                        | \$165,929              | \$131,706          | \$34,223               | \$143,918                             | \$37,396                                    |
| CW-268         | 2026                        | \$249,089              | \$197,714          | \$51,375               | \$216,047                             | \$56,139                                    |
| CW-269         | 2026                        | \$841,091              | \$636,616          | \$204,474              | \$695,648                             | \$223,435                                   |
| CW-239         | 2026                        | \$793,226              | \$684,221          | \$109,005              | \$747,667                             | \$119,113                                   |
| CW-245         | 2027                        | \$47,507               | \$36,761           | \$10,746               | \$41,374                              | \$12,094                                    |
| CW-246         | 2027                        | \$474,633              | \$354,761          | \$119,872              | \$399,286                             | \$134,917                                   |
| CW-278         | 2027                        | \$880,821              | \$729,336          | \$151,485              | \$820,874                             | \$170,497                                   |
| CW-277         | 2027                        | \$371,372              | \$65,769           | \$305,603              | \$74,023                              | \$343,958                                   |
| CW-288         | 2028                        | \$491,738              | \$204,416          | \$287,322              | \$236,974                             | \$333,084                                   |
| CW-289         | 2028                        | \$1,091,988            | \$882,003          | \$209,985              | \$1,022,484                           | \$243,430                                   |
| CW-274         | 2028                        | \$920,592              | \$70,383           | \$850,209              | \$81,593                              | \$985,626                                   |
| CW-293         | 2028                        | \$734,724              | \$583,186          | \$151,538              | \$676,073                             | \$175,674                                   |
| CW-222         | 2028                        | \$1,500,000            | \$0                | \$551,250              | \$0                                   | \$567,788                                   |
| <b>TOTALS</b>  |                             | <b>\$16,221,488</b>    | <b>\$9,518,013</b> | <b>\$5,754,725</b>     | <b>\$10,278,263</b>                   | <b>\$6,180,385</b>                          |

Source: Clearfield City Culinary Water Impact Fee Facilities Plan; ZPFI

## CHAPTER 5: PROPORTIONATE SHARE ANALYSIS

### Maximum Legal Water Impact Fee per ERC

The Impact Fees Act requires the Impact Fee Analysis to estimate the proportionate share of the future and actual cost of existing system improvements that benefit new growth that can be recouped through impact fees. The impact fee for existing assets must be based on the actual costs while the fees for construction of new facilities must be based on reasonable future costs of the system.

The maximum impact fee is based on the combination of costs for water rights, source, storage and distribution and includes buy-in costs for existing, excess capacity as well as the cost of construction of new facilities.

### Buy-In to Existing, Excess Capacity

There is existing, excess capacity in the City's existing water rights, source, storage and transmission (distribution) systems. New development should be required to pay a buy-in fee for its fair share of the excess capacity consumed over the next 10 years. Actual costs have been used in this analysis.

**Water Rights.** Based on the ERCs served over the next 10 years, the buy-in cost for water rights is calculated at \$0.32 per ERC.

TABLE 11: PROPORTIONATE SHARE ANALYSIS, EXISTING EXCESS CAPACITY WATER RIGHTS

| Description                                   | Amount        |
|-----------------------------------------------|---------------|
| Actual cost of water rights                   | \$9,162       |
| Percent of total capacity consumed, 2020-2030 | 10.9%         |
| Cost consumed 2020-2030                       | \$996         |
| Growth in ERCs, 2020-2030                     | 996           |
| <b>Cost per ERC</b>                           | <b>\$0.32</b> |

**Water Source.** Based on the ERCs served over the next 10 years, the buy-in cost for water source is calculated at \$8.13 per ERC.

TABLE 12: PROPORTIONATE SHARE ANALYSIS, EXISTING EXCESS CAPACITY WATER SOURCE

| Description                                   | Amount        |
|-----------------------------------------------|---------------|
| Actual cost of water source                   | \$127,492     |
| Percent of total capacity consumed, 2020-2030 | 19.6%         |
| Cost consumed 2020-2030                       | \$25,046      |
| Growth in ERCs, 2020-2030                     | 3,081         |
| <b>Cost per ERC</b>                           | <b>\$8.13</b> |

**Water Storage.** Based on the ERCs served over the next 10 years, the buy-in cost for water storage is calculated at \$24.81 per ERC.

TABLE 13: PROPORTIONATE SHARE ANALYSIS, EXISTING EXCESS CAPACITY WATER STORAGE

| Description                                   | Amount         |
|-----------------------------------------------|----------------|
| Actual cost of water storage                  | \$321,017      |
| Percent of total capacity consumed, 2020-2030 | 23.8%          |
| Cost consumed 2020-2030                       | \$76,452       |
| Growth in ERCs, 2020-2030                     | 996            |
| <b>Cost per ERC</b>                           | <b>\$24.81</b> |

**Water Distribution/Transmission.** Based on the ERCs served over the next 10 years, the buy-in cost for water distribution/transmission is calculated at \$646.78 per ERC.

TABLE 14: PROPORTIONATE SHARE ANALYSIS, EXISTING EXCESS CAPACITY WATER DISTRIBUTION/TRANSMISSION

| Description                         | Amount          |
|-------------------------------------|-----------------|
| Total transmission cost             | \$15,211,680    |
| % of capacity consumed 2020-2030    | 13.1%           |
| Cost of capacity consumed 2020-2030 | \$1,992,730     |
| <b>Cost per ERC</b>                 | <b>\$646.78</b> |

### New Construction

Total new improvement costs attributable to new development over the next 10 years (with inflationary costs added) will reach \$6,180,385. The proportionate share per ERC is \$2,005.97.

TABLE 15: PROPORTIONATE SHARE ANALYSIS, NEW IMPROVEMENTS

| Description                         | Amount            |
|-------------------------------------|-------------------|
| Cost of new improvements, 2020-2030 | \$6,180,385       |
| Growth in ERCs, 2020-2030           | 3,081             |
| <b>Cost per ERC</b>                 | <b>\$2,005.97</b> |

### Consultant Costs

The Impact Fees Act allows for fees charged to include the reimbursement of consultant costs incurred in the preparation of the IFFP and IFA.

TABLE 16: PROPORTIONATE SHARE ANALYSIS—CONSULTANT COSTS

| Description               | Amount        |
|---------------------------|---------------|
| Consultant costs          | \$17,675.50   |
| Growth in ERCs, 2020-2030 | 3,081         |
| <b>Cost per ERC</b>       | <b>\$5.74</b> |

### Impact Fee Fund Balance

Based on information provided by the City, there was an unspent fund balance of \$417,729 as of May 2023. These funds can be used to offset the costs described in this report and a credit must therefore be made.

TABLE 17: PROPORTIONATE SHARE ANALYSIS – FUND BALANCE

| Description               | Amount          |
|---------------------------|-----------------|
| Impact fee fund balance   | \$337,344       |
| Growth in ERCs, 2020-2030 | 3,081           |
| <b>Credit per ERC</b>     | <b>\$109.49</b> |

The gross impact fee, before credits, is \$2,582.26 per ERC.

TABLE 18: GROSS IMPACT FEE PER ERC

| Description                                   | Amount            |
|-----------------------------------------------|-------------------|
| Existing - Water Rights                       | \$0.32            |
| Existing - Water Source                       | \$8.13            |
| Existing - Water Storage                      | \$24.81           |
| Existing - Transmission                       | \$646.78          |
| New Construction                              | \$2,005.97        |
| Consultant Costs                              | \$5.74            |
| Credit - Fund Balance                         | (\$109.49)        |
| <b>Subtotal per ERC before Yearly Credits</b> | <b>\$2,582.26</b> |

### Credits Against Impact Fees

Credits must also be calculated for the portion of future improvements that will benefit existing development. This is necessary so that new development does not pay twice – once through an impact fee and again through increased rates to pay for existing deficiencies in the water system.

Based on the IFFP, \$10,278,263 of the total new construction costs will benefit existing development. While impact fees should pay for new development's share of the new projects, rates will need to be raised to cover the costs associated with the projects that benefit existing development. Credits must be made so that new development does not pay twice.

The following credits are based on the assumption of increased rates over a 10-year period to pay for the portion of new construction projects that benefit existing development. Impact fees should be sufficient to cover the costs attributable to new development.

TABLE 19: CREDITS ON NEW CONSTRUCTION THAT BENEFITS EXISTING DEVELOPMENT

| Year | Payment        | ERCs   | Payment per ERC | NPV*     |
|------|----------------|--------|-----------------|----------|
| 2023 | \$1,027,826.30 | 10,038 | \$102.39        | \$704.79 |
| 2024 | \$1,027,826.30 | 10,332 | \$99.48         | \$637.64 |
| 2025 | \$1,027,826.30 | 10,635 | \$96.65         | \$570.04 |
| 2026 | \$1,027,826.30 | 10,946 | \$93.90         | \$501.89 |
| 2027 | \$1,027,826.30 | 11,267 | \$91.22         | \$433.09 |
| 2028 | \$1,027,826.30 | 11,597 | \$88.63         | \$363.52 |
| 2029 | \$1,027,826.30 | 11,936 | \$86.11         | \$293.07 |

| Year | Payment        | ERCs   | Payment per ERC | NPV*     |
|------|----------------|--------|-----------------|----------|
| 2030 | \$1,027,826.30 | 12,286 | \$83.66         | \$221.61 |
| 2031 | \$1,027,826.30 | 12,646 | \$81.28         | \$149.03 |
| 2032 | \$1,027,826.30 | 13,016 | \$78.96         | \$78.96  |

\*NPV = net present value discounted at 5 percent

Credits must also be made for the outstanding water bond so that new development does not pay twice.

TABLE 20: CREDITS ON OUTSTANDING WATER BOND

| Year | Debt Service | ERCs   | Payment per Year | NPV*    |
|------|--------------|--------|------------------|---------|
| 2023 | \$83,158     | 10,038 | \$8.28           | \$44.28 |
| 2024 | \$83,158     | 10,332 | \$8.05           | \$38.21 |
| 2025 | \$83,158     | 10,635 | \$7.82           | \$32.07 |
| 2026 | \$83,158     | 10,946 | \$7.60           | \$25.86 |
| 2027 | \$83,158     | 11,267 | \$7.38           | \$19.55 |
| 2028 | \$83,158     | 11,597 | \$7.17           | \$13.15 |
| 2029 | \$83,158     | 11,936 | \$6.97           | \$6.97  |

\*NPV = net present value discounted at 5 percent

### Summary of Maximum Impact Fees

The credits for the projects benefitting existing development, as well as the credits for the outstanding bond, must be subtracted from the maximum gross fee of \$2,582.26 to calculate the maximum impact fee per year per ERC and per drainage fixture unit (DFU). Based on Addendum-1 Clearfield City – Culinary Water IFFP Drainage Fixture Unit Calculations from J-U-B Engineers dated April 24, 2023, there are, on average, 21 DFUs per ERC.

TABLE 21: MAXIMUM FEES PER ERC AND DFU

|     | 2023       | 2024       | 2025       | 2026       | 2027       | 2028       | 2029       | 2030       |
|-----|------------|------------|------------|------------|------------|------------|------------|------------|
| ERC | \$1,833.19 | \$1,906.41 | \$1,980.15 | \$2,054.51 | \$2,129.62 | \$2,205.59 | \$2,276.04 | \$2,360.65 |
| DFU | \$87.29    | \$90.78    | \$94.29    | \$97.83    | \$101.41   | \$105.03   | \$108.38   | \$112.41   |

Residential fees will be charged on a per door basis, with single-family homes charged the equivalent of a 3/4" meter size and multi-family units charged 82 percent of a single-family ERC based on reduced number of fixture units generally found in multi-family units as compared to single-family residential. All other nonresidential development will be charged based on the number of DFUs.

## CERTIFICATION

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Zions Public Finance, Inc. certifies that the attached impact fee analysis:

1. includes only the cost of public facilities that are:
  - a. allowed under the Impact Fees Act; and
  - b. actually incurred; or
  - c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid;
2. does not include:
  - a. costs of operation and maintenance of public facilities; or
  - b. cost 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;
3. offset costs with grants or other alternate sources of payment; and
4. complies in each and every relevant respect with the Impact Fees Act.