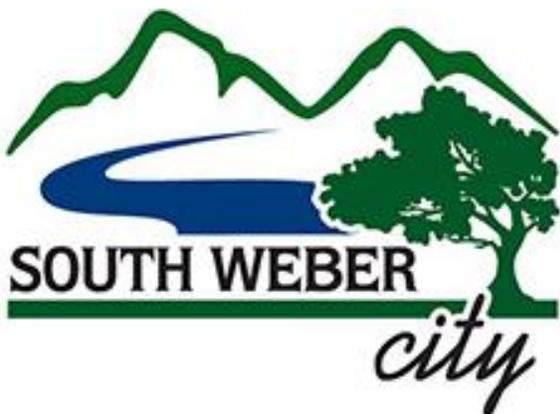


South Weber City



Storm Drain Impact Fee Analysis



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EXECUTIVE SUMMARY

Background Information

South Weber (“City”) retained Jones & Associates to prepare an Impact Fee Facilities Plan (IFFP) for storm water, and retained Zions Public Finance, Inc. (ZPFI) to prepare this Impact Fee Analysis (IFA) for the calculation of appropriate storm water impact fees. This IFA relies on the information provided in the IFFP regarding current system capacity and future storm water capital facility needs, cost and timing.

Service Area. There is one service area in the City for the purpose of calculating storm water impact fees.

Level of Service. According to the IFFP, “South Weber City’s storm water policy was that the runoff from a 10-year storm should be contained in the piping system and local detention ponds. The runoff from a 100-year storm should be contained in regional detention ponds and should be effectively conveyed to the ponds through the piping system.”¹

Growth Projections. Between 2020 and 2030, South Weber is expected to grow by 944 storm water equivalent residential units (ERUs).

TABLE 1: STORM WATER ERU GROWTH PROJECTIONS

Year	ERUs
2020	2,829
2021	3,110
2022	3,345
2023	3,395
2024	3,446
2025	3,498
2026	3,551
2027	3,605
2028	3,660
2029	3,716
2030	3,773
Growth in ERUs 2020-2030	944

Source: Jones & Associates, Storm Drain Capital Facilities Plan and Impact Fee Facilities Plan, August 2021

¹ Jones & Associates Consulting Engineers, Storm Drain Capital Facilities Plan and Impact Fee Facilities Plan System Impact Fee Facilities Plan, Section 6.2 Level of Service, pg. 22

Impact on Consumption of Existing Capacity

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

The IFFP identifies that there is currently no excess capacity in the storm water system.

Impact on System Improvements by Anticipated New Development

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

The City has determined to maintain its current level of storm water service which is that additional storm water improvements will be required in order to maintain the established storm water level of service as new development occurs. The new system improvements needed to serve the needs of new development over the next 10 years have been identified by Jones & Associates at a total cost of \$1,203,220.

TABLE 2: NEW SYSTEM IMPROVEMENTS

Project	Description	Current Deficiency	Maintenance	Developer Participation	Impact Fee Improvements	Total
26	Public Works Site and Facility (Storm Drain Portion)	\$0	\$987,910	\$0	\$508,920	\$1,496,830
2	Heather Cove Pond Upsizing & Piping	\$0	\$51,570	\$329,470	\$30,910	\$411,950
8	I-84 Detention Pond Upsizing & Piping	\$220,040	\$0	\$390,870	\$10,500	\$621,410
7	South Weber Drive Oufall Line	\$0	\$0	\$0	\$839,700	\$839,700
4	Regional Pond #3 & Piping	\$0	\$0	\$266,370	\$195,630	\$462,000
5	Regional Pond #4 & Piping	\$0	\$0	\$372,870	\$20,630	\$393,500
1	Regional Pond #1 & Piping	\$0	\$0	\$711,930	\$233,070	\$945,000
3	Regional Pond #2 & Piping	\$0	\$0	\$468,070	\$5,000	\$473,070
6	Regional Pond #3 & Piping	\$0	\$0	\$349,200	\$6,750	\$355,950
Total		\$220,040	\$1,039,480	\$2,888,780	\$1,851,110	\$5,999,410
% System Improvements Constructed in next 10 years				65%	\$1,203,220	

Source: Jones & Associates, Storm Drain Capital Facilities Plan and Impact Fee Facilities Plan, August 2021

Proportionate Share Analysis and Impact Fee Calculation

Utah Code 11-36a-304(1)(d) and (e) and (2)(a) and (b)

New development will be required to pay for its fair share of the construction of new system improvements necessitated by new development, as well as consultant costs.

TABLE 3: SUMMARY OF IMPACT FEE COSTS

Summary of Impact Fees	
Buy-In Excess Capacity	\$0.00
New Construction	\$1,274.60
Consultant Costs	\$28.60
Deficiency Credit	(\$51.30)
Total Maximum Impact Fee per ERU for 2021	\$1,251.90
Residential – Single Family, Duplexes, Townhomes, Condos = 1.0 ERU per lot/unit	\$1,251.90
Residential – Apartments = 0.75 ERUs per unit	\$938.92
Non-Residential – Commercial, Industrial, Institutional, etc. = 1.0 ERU per 3,365 sf of hard surface	Varies

Manner of Financing for Public Facilities

There is no outstanding debt on the City's storm drain system and the City does not anticipate issuing debt in the near term to finance new facilities. Therefore, no credits need to be made for existing or future financing.

CHAPTER 1: OVERVIEW OF THE STORM WATER IMPACT FEES

Summary

An impact fee is intended to recover the City's costs of building storm water system capacity to serve new residential and non-residential development rather than passing all of 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 storm water system;
- New capital infrastructure for storm water systems 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 Level of Service (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
- Costs of reconstruction of facilities that do not have capacity to serve new growth.

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 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 Analysis (Utah Code 11-36a-503(1)). 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 . . . intending to impose an impact fee shall prepare a written analysis of each impact fee" (Utah Code 11-36a-303).

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

- (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.

Calculating Impact Fees

Utah Code states that for purposes of calculating an impact fee, a local political subdivision or private entity may include:

- (a) the construction contract price;
- (b) the cost of acquiring land, improvements, materials, and fixtures;

- (c) the cost for planning, surveying, and engineering fees for services provided for and directly related to the construction of the system improvements; and
- (d) for political subdivision, debt service charges, if the political subdivision might use impact fees as a revenue stream to pay the principal and interest on bonds, notes or other obligations issued to finance the costs of the system improvements.

Additionally, the Code states that each political subdivision or private entity shall base impact fee amounts on realistic estimates and the assumptions underlying those estimates shall be disclosed in the impact fee analysis.

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 as part of this Impact Fees Analysis.

Impact Fee Enactment

Utah Code states that a local political subdivision or private entity wishing to impose impact fees shall pass an impact fee enactment in accordance with Section 11-36a-402. Additionally, an impact fee imposed by an impact fee enactment may not exceed the highest fee justified by the impact fee analysts. An impact fee enactment may not take effect until 90 days after the day on which the impact fee enactment is approved.

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

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

Storm Drain Service Area

South Weber City has one service area for the purpose of calculating storm drain impact fees.

Growth in Demand

The City has been experiencing steady growth. The IFFP identifies that a constant growth rate is used to project the total future ERUs contributing to the storm drain system. Therefore, projected growth has been forecasted using the growth rate as identified in the IFFP.

The table below shows storm drain growth projections. The City's storm drain system is projected to grow from 2,829 ERUs in 2020 to an estimated 3,773 ERU's in 2030. The growth between 2020 and 2030, as used in the IFFP, is expected to be 944 ERUs.

TABLE 4: PROJECTED ERU GROWTH THROUGH 2030

Year	ERUs
2020	2,829
2021	3,110
2022	3,345
2023	3,395
2024	3,446
2025	3,498
2026	3,551
2027	3,605
2028	3,660
2029	3,716
2030	3,773
Growth in ERUs 2020-2030	944

Source: Jones & Associates, Storm Drain Capital Facilities Plan and Impact Fee Facilities Plan, August 2021

Existing and Proposed LOS Analysis

According to the IFFP, "South Weber City's storm water policy was that that the runoff from a 10-year storm should be contained in the piping system and local detention ponds. The runoff from a 100-year storm should be contained in regional detention ponds and should be effectively conveyed to the ponds through the piping system."²

The City's proposed level of service during the IFFP period is to equal the existing level of service.

² Jones & Associates Consulting Engineers, Storm Drain Capital Facilities Plan and Impact Fee Facilities Plan System Impact Fee Facilities Plan, Section 6.2 Level of Service, pg. 22

CHAPTER 3: IMPACT ON CAPACITY FROM DEVELOPMENT ACTIVITY

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

Existing Capacity and Deficiency

According to Jones & Associates, the existing storm water system currently has no excess capacity. Therefore, new development cannot be charged a buy-in fee, as part of the overall impact fee, for the capacity it consumes.

CHAPTER 4: SYSTEM IMPROVEMENTS REQUIRED FROM DEVELOPMENT ACTIVITY

Utah Code 11-36a-304(1)(b)(c), (2)(b)

Impact on System Improvements by Anticipated New Development

The City has determined to maintain its current level of storm water service. Therefore, additional storm water improvements will be required in order to maintain the established storm drain level of service. 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 new construction projects.

New construction projects necessitated by new development over the next 10 years will reach \$1,203,220 based on calculations shown in the following table. Per conversations with Jones & Associates, maintenance costs are purely operational and will not be included as an impact fee eligible cost.

TABLE 5: NEW SYSTEM IMPROVEMENTS NECESSITATED BY NEW DEVELOPMENT

Project	Description	Current Deficiency	Maintenance	Developer Participation	Impact Fee Improvements	Total
26	Public Works Site and Facility (Storm Drain Portion)	\$0	\$987,910	\$0	\$508,920	\$1,496,830
2	Heather Cove Pond Upsizing & Piping	\$0	\$51,570	\$329,470	\$30,910	\$411,950
8	I-84 Detention Pond Upsizing & Piping	\$220,040	\$0	\$390,870	\$10,500	\$621,410
7	South Weber Drive Oufall Line	\$0	\$0	\$0	\$839,700	\$839,700
4	Regional Pond #3 & Piping	\$0	\$0	\$266,370	\$195,630	\$462,000
5	Regional Pond #4 & Piping	\$0	\$0	\$372,870	\$20,630	\$393,500
1	Regional Pond #1 & Piping	\$0	\$0	\$711,930	\$233,070	\$945,000
3	Regional Pond #2 & Piping	\$0	\$0	\$468,070	\$5,000	\$473,070
6	Regional Pond #3 & Piping	\$0	\$0	\$349,200	\$6,750	\$355,950
Total		\$220,040	\$1,039,480	\$2,888,780	\$1,851,110	\$5,999,410
% System Improvements Constructed in next 10 years				65%	\$1,203,220	

Source: Jones & Associates, Storm Drain Capital Facilities Plan and Impact Fee Facilities Plan, August 2021

CHAPTER 5: PROPORTIONATE SHARE ANALYSIS

Utah Code 11-36a-304(1)(d)(e)

Maximum Legal Storm Water Impact Fee per ERU

The Impact Fees Act requires the Impact Fee Analysis to estimate the proportionate share of the future costs for system improvements and historic 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 historic costs while the fees for construction of new facilities must be based on reasonable future costs of the system.

The maximum impact fee permitted by law for the storm water system includes buy-in costs for existing, excess capacity as well as the cost of construction of new facilities. Whereas the City currently has no existing excess capacity, only cost of construction of new facilities will be considered for facility costs.

Buy-in to Existing, Excess Capacity

According to the IFFP, the existing storm water system has no excess capacity.

New Construction

The City intends to maintain its existing level of service for storm water services through constructing new system improvements described in the IFFP and previously in this IFA. Total impact-fee eligible costs for new construction are \$1,851,110 through buildout. The amount attributable to new development over the next 10 years has been identified in the IFFP as 65%, meaning the cost to new growth by 2030 will be \$1,203,220. Based on the 944 ERUs served over the next 10 years, the total cost per ERU is calculated at \$1,274.60.

TABLE 6: PROPORTIONATE SHARE ANALYSIS, NEW CONSTRUCTION NECESSITATED BY NEW DEVELOPMENT

	Amount
Cost of New Construction	\$1,851,110
Capacity of New Construction - ERUs	1,446
Growth in ERUs, 2020-2030	944
% to New Growth by 2030	65%
Cost to New Growth by 2030	\$1,203,220
Cost per ERU	\$1,274.60

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.

Consultant costs are estimated at \$27,000 in order to prepare the IFFP and IFA that were necessary in order to calculate defensible impact fees. The engineering and consultant studies are considered to serve development over the next 10 years. Based on the 944 ERUs served over the next 10 years, the total cost per ERU is \$28.60.

TABLE 7: PROPORTIONATE SHARE ANALYSIS, CONSULTANT COST

	Amount
Jones & Associates Consulting Engineers	\$22,000
ZPFI	\$5,000
Growth in ERUs, 2020-2030	944
Cost per ERU	\$28.60

Impact Fee Fund Balance

The City currently has no balance in its storm water impact fee fund. Therefore, there is no credit that must be made against the impact fee fund balance.

Calculation of Credits

The City does not have any outstanding storm drain bonds for which credits need to be made against the impact fees.

A credit must be made, however, for the portion of new construction projects that will benefit existing development. The IFFP provides the following estimate of the portion of new construction projects anticipated to benefit existing development.

TABLE 8: NEW CONSTRUCTION CREDIT AMOUNT

Project	Description	Current Deficiency
8	I-84 Detention Pond Upsizing & Piping	\$220,040

Therefore, a credit must be made for the \$220,040 that will benefit existing development. This credit has been calculated by dividing the cost of \$220,040 over 10 years, for a cost of \$22,004 per year. The cost attributed to each year is then divided by the estimated number of ERUs each year to arrive at a payment per ERU. This represents the average amount that will be needed, per ERU, through a source such as storm drain utility rates. Therefore, if new development pays the entire impact fee, plus contributes through property taxes, utility rates, etc., it will pay for more than its fair share of storm drain capital costs. The last step in calculating the credit is to calculate the net present value (NPV) of the annual payments and to subtract this amount from the gross impact fee.

TABLE 9: PROPORTIONATE SHARE CALCULATION – CREDITS

Year	Payment per Year	ERUs	Payment per ERU	NPV*
1	\$22,004	3,110	\$7.08	\$51.30
2	\$22,004	3,345	\$6.58	\$46.28
3	\$22,004	3,395	\$6.48	\$41.55
4	\$22,004	3,446	\$6.39	\$36.73
5	\$22,004	3,498	\$6.29	\$31.82
6	\$22,004	3,551	\$6.20	\$26.80
7	\$22,004	3,605	\$6.10	\$21.68
8	\$22,004	3,660	\$6.01	\$16.44
9	\$22,004	3,716	\$5.92	\$11.09
10	\$22,004	3,773	\$5.83	\$5.61

*NPV = net present value discounted at 4.0 percent

Summary of Maximum Impact Fee Calculation

The maximum impact fee allowed by law includes new system improvement costs of \$1,274.60 per ERU, plus consultant costs of \$28.60 per ERU. The maximum impact fee also includes a credit for existing deficiencies in the amount of \$51.30 per ERU. This results in total maximum impact fees of \$1,251.90 per ERU. New development will pay the fee based on the development type as outlined in the table below.

TABLE 10: PROPORTIONATE SHARE IMPACT FEE CALCULATION

Summary of Impact Fees	
Buy-In Excess Capacity	\$0.00
New Construction	\$1,274.60
Consultant Costs	\$28.60
Deficiency Credit	(\$51.30)
Total Maximum Impact Fee per ERU for 2021	\$1,251.90
Residential – Single Family, Duplexes, Townhomes, Condos = 1.0 ERU per lot/unit	\$1,251.90
Residential – Apartments = 0.75 ERUs per unit	\$938.92
Non-Residential – Commercial, Industrial, Institutional, etc. = 1.0 ERU per 3,365 sf of hard surface	Varies

Due to the deficiency credits outlined previously, the maximum impact fee per ERC will increase each year as the NPV of the bond credits lower each year. The table below shows how this will affect the maximum impact fee that can be charged.

TABLE 11: MAXIMUM IMPACT FEE PER ERU BY YEAR

	2021	2022	2023	2024	2025
Maximum Impact Fee per ERU	\$1,251.90	\$1,256.92	\$1,261.65	\$1,266.46	\$1,271.38

CHAPTER 6: MANNER OF FINANCING, CREDITS, ETC

Utah Code 11-36a-304(2)(c)(d)(e)(f)(g) and (h)

An impact fee is a one-time fee that is implemented by a local government on new development to fund and pay for the proportionate costs of public facilities (system improvements) that are needed to serve new development. As a matter of policy and legislative discretion, a City may choose to have new development pay the full cost of its proportionate share of new public facilities and existing facilities that have excess capacity to service new development through impact fees. Alternatively, local governments may elect to subsidize new development by using other sources of revenue (user charges, special assessments, bonds, taxes, grants) to pay for the new facilities required to service new development and use impact fees to recover the cost difference between the total cost of the new facilities and the other sources of revenue.

At the current time, no other sources of funding other than impact fees have been identified, but to the extent that any are identified and received in the future, then impact fees will be reduced accordingly. The City has found that it is necessary to charge an impact fee to maintain the existing level of service into the future.

Additional system improvements beyond those funded through impact fees that are desired to raise the level of service will be paid for by the community through other revenue sources such as user charges, special assessments, General Obligation bonds, general taxes, etc.

Impact Fee Credits

The Impact Fees Act requires that the IFA consider the relative extent to which new development activity will contribute to financing the excess capacity of and system improvements for new and public facilities, by such means as user charges, special assessments, or payment from the proceeds of general taxes so that new development is not charged twice. There is no excess capacity in the existing system and therefore no credits apply from buy-in to existing, excess capacity.

In terms of new facilities, all impact fee amounts collected must be spent for the specific project improvements listed in the IFFP and incorporated into this IFA. No user fees, special assessments, etc., are contemplated to offset any of the costs associated with the new transportation facilities.

Credits may also be paid back to developers who have constructed or directly funded system improvements that are included in the IFFP or donated to the City in lieu of impact fees, including the dedication of land for system improvements. This situation does not apply to developer exactions for project improvements. Any item for which a developer receives credit should be included in the IFFP and must be agreed upon with the City before construction begins.

The standard impact fee can also be decreased to respond to unusual circumstances in specific cases in order to ensure that impact fees are imposed fairly. In certain cases, a developer may submit studies and data that clearly show a need for adjustment.

Extraordinary Costs and Time Price Differential

It is not anticipated that there will be any extraordinary costs in servicing newly-developed properties. To account for the time-price differential inherent in fair comparisons of amounts paid at different times,

current costs have been used to compute impacts on system improvements required by anticipated development activity to maintain the established level of service for each public facility.

CERTIFICATION

Zions Bank Public Finance 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;

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.