

CENTERVILLE CITY CULINARY WATER IMPACT FEE FACILITIES PLAN (IFFP) AND IMPACT FEE ANALYSIS (IFA)




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IMPACT FEE CERTIFICATION

IFFP Certification

Lewis Young Robertson & Burningham, Inc. and Centerville City jointly certify that the Impact Fee Facilities Plan ("IFFP") prepared for culinary water services:

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; and
3. complies in each and every relevant respect with the Impact Fees Act.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
CENTERVILLE CITY

IFA Certification

Lewis Young Robertson & Burningham, Inc. certifies that the Impact Fee Analysis ("IFA") prepared for culinary water services:

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

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

1. All of the recommendations for implementation 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 are used in this document and expanded below:

ERC:	Equivalent Residential Connection
GPM:	Gallons per Minute
IFA:	Impact Fee Analysis
IFFP:	Impact Fee Facilities Plan
LOS:	Level of Service
LYRB:	Lewis Young Robertson and Burningham, Inc.

SECTION 1: EXECUTIVE SUMMARY

The purpose of the Culinary Water Impact Fee Facilities Plan ("IFFP"), with supporting Impact Fee Analysis ("IFA"), is to fulfill the requirements established in Utah Code Title 11 Chapter 36a, the "Impact Fees Act," and help Centerville City (the "City") plan necessary capital improvements for future growth. This document will address the future culinary water infrastructure needed to serve the City through the next six years, as well as the appropriate impact fees the City may charge to new growth to maintain the level of service ("LOS"). The Centerville City Culinary Water System Master Plan Update 2010, along with updated information from the City, provides much of the information utilized in the analysis for the purposes of calculating impact fees.

- **Impact Fee Service Area:** The service area for culinary water impact fees includes all areas within the City. This document identifies capital projects that will help to maintain the same level of service enjoyed by existing residents into the future.
- **Demand Analysis:** The demand units utilized in this analysis are based on typical usage patterns measured in gallons per minute (GPM) and equivalent residential connections (ERCs) generated from residential and commercial land-use types. As residential and commercial growth occurs within the City, additional ERCs will be generated. The culinary water capital improvements identified in this study are based on maintaining the current level of service.
- **Level of Service:** The existing and proposed level of service for the source component is approximately 0.50 GPM per ERC. The City has chosen to adopt a lower level of service than currently exists for the storage component. The proposed level of service is 540 gallons per ERC, or the state standard. The distribution level of service is based on hydraulic modeling shown in the Master Plan.
- **Excess Capacity:** The source component has no excess capacity at the existing LOS of 0.50 GPM per ERC and therefore a buy-in component for future growth will not be contemplated in this analysis. The buy-in cost to growth calculated for storage is approximately \$385,547. The buy-in cost to growth calculated for the distribution component is approximately \$890,507.
- **Capital Facilities Analysis:** Due to the lack of excess capacity for the source component, the City will be constructing the Chase Lane Well at a cost of approximately \$1,030,000. The Chase Lane Well will add 800 GPM, which will serve 1,593 ERCs at the 0.50 GPM LOS.
- **Outstanding Debt:** In 2012 the City issued \$4.2 million in bonds, a portion of which will be used for future improvements to the water system, including the Chase Lane Well source improvements. The total interest amount associated with the Series 2012 bonds is approximately \$979,088. Interest cost associated the bonded indebtedness is an eligible cost that can be paid with impact fees. The proportional interest cost assignable to new growth is \$239,877.
- **Funding of Future Facilities:** This analysis assumes future growth related facilities will be funded through a combination of utility revenues, previously issued debt proceeds, and impact fee revenues.

PROPOSED CULINARY WATER IMPACT FEE

The culinary water impact fees proposed in this analysis will be assessed within all areas of the City. The tables below illustrate the appropriate buy-in component related to storage and distribution and the fee associated with projects occurring within the next six years related to the source. The impact fee calculations also include debt related expenses. The proportionate share analysis determines the proportionate cost assignable to new development based on the amount of excess capacity that will serve future growth within the individual components and based on the proposed capital projects and the estimated ERCs served by the proposed projects.

TABLE 1.1: IMPACT FEE PER ERC

	TOTAL COST TO CITY	% TO GROWTH	COST TO GROWTH	ERCs SERVED	FEE PER ERC
Excess Capacity (Buy-In Component)					
Storage	\$2,965,747	13.0%	\$385,547	1,046	\$369
Distribution (Total Minus Dev Contributions)	\$7,546,670	11.8%	\$890,507	1,046	\$851
Cost to Future Growth					
Source	\$1,030,000	100.0%	\$1,030,000	1,593	\$646
Outstanding Debt (Interest)	\$979,088	24.5%	\$239,877	1,593	\$151
Other					
Professional Expense	\$10,040	100.0%	\$10,040	1,046	\$10
Total	\$12,531,545		\$2,555,971		\$2,027

COST TO NEW GROWTH CALCULATIONS:

Excess Capacity Storage: Estimated ERCs in the planning horizon are anticipated to be 1,046. Using a level of service of 540 gallons per ERC, approximately 564,840 gallons would be required in the planning horizon, or 13 percent of the current storage capacity of 4,330,000. This same 13 percent is applied to the total cost of existing storage improvements to calculate the cost of growth included in the impact fee.

Excess Capacity Distribution: The distribution system is anticipated to serve through buildout or approximately 8,883 ERCs. The ERCs anticipated in the planning horizon (1,046) make up 11.8 percent of the total buildout projection. This percentage is applied to the total cost of existing distribution improvements to calculate the cost of growth included in the impact fee.

Cost to Future Growth Source: 100 percent of the costs for source are considered growth related. However, the future source improvements are anticipated to serve more ERCs than projected within the planning horizon. Future source improvements will serve approximately 1,593 ERCs, thus the total cost to growth is spread over this amount.

Cost to Future Growth Debt: The future cost to growth for source improvements makes up 24.5 percent of the total par amount for the Series 2012 bonds. This same percentage is applied to the interest cost for the Series 2012 bonds and is included in the impact fee.

Other: 100% of the cost to update the IFFP and IFA in the planning horizon (through 2019) is attributed to growth.

TABLE 1.2: IMPACT FEE PER METER SIZE

METER SIZE (INCHES)	ERC MULTIPLIER	IMPACT FEE PER METER SIZE	EXISTING IMPACT FEE	% CHANGE
3/4	1.00	\$2,027	\$1,200	69%
1	2.50	\$5,068	\$3,000	69%
1 1/2	6.00	\$12,162	\$7,200	69%
2	10.00	\$20,270	\$12,000	69%
3	22.50	\$45,608	\$27,000	69%
4	62.50	\$126,688	\$75,000	69%

Source: ERC Multipliers provided by Centerville City

NON-STANDARD CULINARY WATER IMPACT FEES

The City reserves the right under the Impact Fees Act to assess an adjusted fee that more closely matches the true impact that the land use will have upon public facilities.¹ This adjustment could result in a lower impact fee if the City determines that a particular user may create a different impact than what is standard for its land use. To determine the impact fee for a non-standard use, the City should use the following formula:

FORMULA FOR NON-STANDARD WATER IMPACT FEES:

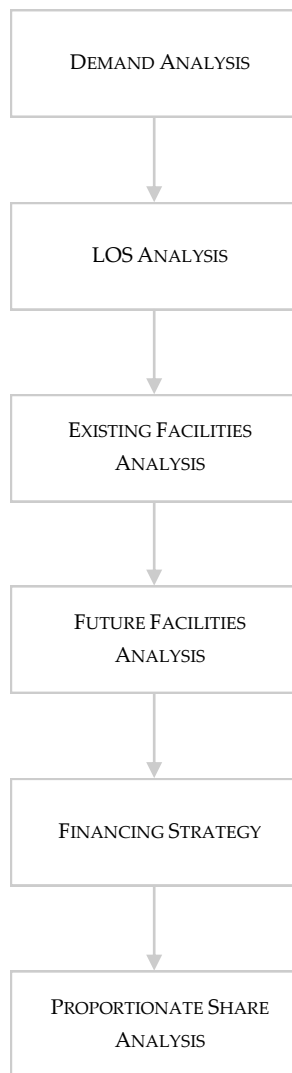
$$\text{Estimated Usage (GPM)} / 0.50 \text{ (GPM)} * \$2,027 = \text{Impact Fee}$$

¹ 11-36a-402(1)(c)

² 11-36a-302(2)

SECTION 2: GENERAL IMPACT FEE METHODOLOGY

FIGURE 2.1: IMPACT FEE
METHODOLOGY



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

DEMAND ANALYSIS

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

LEVEL OF SERVICE ANALYSIS

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

EXISTING FACILITY INVENTORY

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

- ▮ Original construction cost of each facility;
- ▮ Estimated date of completion of each future facility;
- ▮ Estimated useful life of each facility; and,

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

FUTURE CAPITAL FACILITIES ANALYSIS

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

FINANCING STRATEGY – CONSIDERATION OF ALL REVENUE SOURCES

This analysis must also include a consideration of all revenue sources, including impact fees, future debt costs, alternative funding sources and the dedication of system improvements, which may be used to finance system improvements.² 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.³

PROPORTIONATE SHARE ANALYSIS

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

² 11-36a-302(2)

³ 11-36a-302(3)

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.⁴ The impact fees identified in this document will be assessed to a single, city-wide service area. It is anticipated that the growth projected over the next six years and through build-out, will impact the City's existing services. Culinary water infrastructure will need to be expanded in order to maintain the existing level of service. Impact fees have become an ideal 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 isn't paying for existing system deficiencies.

TABLE 3.1: CITY-WIDE ERC GROWTH PROJECTIONS

YEAR	ERC EST.
2013	6,911
2014	7,075
2015	7,243
2016	7,416
2017	7,592
2018	7,772
2019	7,957
Growth from 2013-2019	1,046

Source: Centerville City Culinary Water System Master Plan Update, April 2010, pg. 14

DEMAND UNITS

As shown in Table 3.1, the growth in ERCs is expected to reach 7,957 units by 2019, based on a growth rate of approximately 2.38 percent. This represents an increase of 1,046 ERCs from 2013. The City anticipates 1,972 additional ERCs from 2013 to buildout.⁵

LEVEL OF SERVICE STANDARDS

Impact fees cannot be used to finance an increase in the level of service to current or future users of capital improvements. Therefore, it is important to identify the existing and proposed culinary water level of service to ensure that the new capacities of projects financed through impact fees do not exceed the established standard.

SOURCE

The existing and proposed LOS for the source component is approximately 0.50 GPM per ERC as shown in table 3.2. This is based on the total existing source production of 4,150 GPM, less 680 GPM for emergency back-up and outdoor irrigation. The net source supply (3,470 GPM) is then divided by the number of ERCs in 2013 to calculate the GPM per ERC.

TABLE 3.2: SOURCE LEVEL OF SERVICE (LOS)

ASSET NAME	LOCATION	GALLONS PER MINUTE (GPM)	GPM PER ERC
Rick's Creek	Main Street	900	0.13
Carrington	50 East 1420 North	850	0.12
City Hall	100 East 300 North	800	0.12
Church	200 South 200 East	900	0.13
Lyons	50 East Center Street	400	0.06
Weber Basin Source		300	0.04
Total Source Supply		4,150	0.60
Less Required Emergency Back-up & Outdoor Irrigation		(680)	
Total Source Supply (Less Required State Emergency Back-up & Outdoor Irrigation)		3,470	0.50

Source: Centerville City Culinary Water System Master Plan Update, April 2010, page 7, figure 2 for Wells and page 14 for Emergency Back-up and Outdoor Irrigation Requirements. Production based on 8 hours per day for 365 days

⁴ UC 11-36a-402(a)

⁵ Buildout ERCs were calculated based on existing land use data provided by the City.

STORAGE

The existing level of service for the storage component is approximately 627 gallons per ERC as shown in table 3.3. This is based on the total existing storage capacity of 5,500,000 gallons less 1,170,000 gallons for fire storage and emergency. The net storage (4,330,000 gallons) is then divided by the number of ERCs in 2013 to calculate the gallons per ERC. While the existing level of service for storage is approximately 627 gallons per ERC, the City may choose to adopt a lower proposed level of service for the calculation of the impact fees. The City has chosen to adopt the state required level of service for storage of 540 gallons per ERC.⁶

TABLE 3.3: STORAGE LEVEL OF SERVICE (LOS)

ASSET NAME	LOCATION	GALLON CAPACITY	GALLONS PER ERC
Island View	950 East 200 South	1,000,000	145
1st South	700 East 100 South	1,500,000	217
Parrish Lane	700 East	1,000,000	145
Green Steel	700 East 1100 North	500,000	72
Rolling Hills	400 East 1975 North	500,000	72
Ricks Creek	450 East 1500 North	1,000,000	145
Total Storage Capacity		5,500,000	796
Less Required Emergency & Fire Storage		(1,170,000)	
Total Storage Capacity (Less Required State Emergency & Fire Storage)		4,330,000	627
Adopted LOS			540

Source: Centerville City Culinary Water System Master Plan Update, April 2010, page 5, figure 1 for Reservoirs and page 16 for Emergency and Fire Storage.

DISTRIBUTION

The 2010 Centerville City Culinary Water System Master Plan does not outline any future growth related priority distribution improvements. As stated in the Master Plan, the System has been modeled using the EPANET computer program developed by the National Risk Management Research Laboratory. The model was calibrated at various locations with different flows and with average daily demand to verify static pressures. The calibration runs were done within 1 to 5 psi for dynamic results and the static calibration was done within 1 psi.⁷ Based on this analysis, the system has sufficient capacity to handle new development activity through 2019.

⁶ Centerville City Culinary Water System Master Plan, April 2010, page 16, table 4.

⁷ Centerville City Culinary Water System Master Plan, April 2010, page 10

SECTION 4: EXISTING FACILITIES INVENTORY

EXISTING SYSTEM VALUE

Based on information provided by the City, the existing system is valued as shown below. These values represent amounts that can be included in any excess capacity calculations and exclude other revenue sources such as grants, donations or developer contributions.

TABLE 4.1: EXISTING SYSTEM VALUE

PROJECT	TOTAL COST	CONTRIBUTIONS	CITY PAID
Source	\$2,074,697	\$50,543	\$2,024,154
Storage	\$2,965,747	-	\$2,965,747
Distribution	\$12,203,563	\$4,656,893	\$7,546,670

EXCESS CAPACITY

The intent of the equity buy-in component is to recover the costs of the unused capacity in existing infrastructure from new development. This section addresses any excess capacity within the culinary water system.

SOURCE

Based on the existing level of service of 0.50 GPM per ERC, there is no excess capacity within the existing system. Currently demand and capacity are equal at 3,470 GPM, serving approximately 6,911 ERCs. However, in order to maintain that same level of service of 0.50 GPM per ERC in the future, the City will need to expand the capacity of the source component. An additional 525 GPM of source capacity will need to be added to serve the 1,046 new ERCs projected through 2019.

TABLE 4.2: ILLUSTRATION OF EXCESS CAPACITY OF SOURCE COMPONENT

SOURCE	VOLUME (GPM)	ERCs SERVED
Existing Source Capacity	3,470	6,911
Current Source Demand (2013)	3,470	6,911
Excess Capacity	0	0
	ERCs in Planning Horizon	1,046
	Difference	(1,046)
New Source Needed (GPM) at 0.50 GPM/ERC		525

STORAGE

A comparison of existing storage capacity relative to the future storage requirements per ERC illustrates excess capacity within the system. The total capacity of the existing storage system is 4,330,000 Gallons. However, the City's current demand for storage is only 3,731,940 gallons, leaving an excess capacity of 598,060 gallons. ERCs are expected to grow by 1,046 through the six-year planning horizon (2013-2019) resulting in a need for an additional 564,840 gallons. This equates to 13 percent of the total capacity within the storage system, leaving approximately one percent or 33,220 gallons available for growth after 2019.

TABLE 4.3: ILLUSTRATION OF EXCESS CAPACITY AND NEW STORAGE REQUIREMENTS

TANK	GALLONS	ERCs SERVED	% OF TOTAL CAPACITY
Existing Storage Capacity	4,330,000	8,019	100.0%
Current Storage Demand (2013)	3,731,940	6,911	86.2%
Excess Capacity	598,060	1,108	13.8%
Future Demand (2013-2019)	564,840	1,046	13.0%
Difference	33,220	62	0.8%

Note: Based on a LOS of 540 gallons/ERC.

The total value of the existing storage facilities (based on the City's depreciation schedule) is \$2,965,747. The future demand over the six-year planning horizon will utilize 13 percent of the total capacity of the existing system. Thus, the total buy-in cost to growth for storage is \$385,547. Table 4.4 displays this buy-in calculation.

TABLE 4.4: DETERMINATION OF VALUE OF EXISTING STORAGE FACILITIES RELATED TO NEW GROWTH

COSTS TO CITY		
Total Value of Existing Facilities	\$2,965,747	Based on existing depreciation schedules less developer improvements and other contributions
Percent Excess Capacity Utilized for Demand 2013-2019	13.0%	See Table 4.3: New ERC Growth through 2019 (1,046) / Total Storage Capacity in ERCs (8,019)
Buy-in Cost to Growth	\$385,547	

DISTRIBUTION

Based on the analysis provided in the Master Plan, the system has sufficient capacity to handle new development activity through 2019. As a result, the impact fee analysis includes a buy-in component for existing distribution improvements. The buy-in is calculated by apportioning a percentage of the existing distribution costs to new development through buildout as shown in the table below.

TABLE 4.5: DETERMINATION OF VALUE OF EXISTING DISTRIBUTION FACILITIES RELATED TO NEW GROWTH

YEAR	
New ERC's from 2013-2019	1,046
Total ERC Capacity	8,883
Percent Buy-In to New Growth	11.8%
Existing Value of Distribution Improvements (less developer improvements and other contributions)	\$7,546,670
Value to New Growth (11.8%)	\$890,507

MANNER OF FINANCING EXISTING PUBLIC FACILITIES

The City has funded its existing capital infrastructure through a combination of different revenue sources, including general utility fund revenues, the issuance of debt, and grant monies. This analysis has removed all funding that has come from federal grants and donations from non-resident citizens to ensure that none of those infrastructure items are included in the level of service.

The City has one piece of outstanding debt related to the system's capacity: the 2012 Water Revenue and Refunding Bonds. This outstanding debt was issued for the purpose of improving the existing system, while at the same time increasing capacity within the system.

2012 WATER REVENUE AND REFUNDING BONDS

In 2012, the City issued \$4,210,000 in Water Revenue and Refunding Bonds. An estimated \$1,656,000 of the total bond amount was used to pay off the 2002A and 2003 bonds previously issued by the City. Of the remaining \$2.5 million of the 2012 bonds, \$1,030,000 will be used for growth related improvements. This equates to 24.5% of the total bond amount.

The principal and interest payments for the 2012 bonds are shown in the table below. The total interest cost for the 2012 bonds by year 2031 will be \$979,088. Since interest costs are an eligible cost that can be paid for with impact fees, the cost to new growth is \$239,877, or 24.5% of the total interest costs of the bonds.

TABLE 4.6: ILLUSTRATION OF OUTSTANDING DEBT & INTEREST COSTS

2012 WATER REVENUE & REFUNDING BONDS, SERIES 2012			
YEAR	PRINCIPAL	COUPON	INTEREST
2012	335,000.00	2.00%	59,100.10



2012 WATER REVENUE & REFUNDING BONDS, SERIES 2012			
YEAR	PRINCIPAL	COUPON	INTEREST
2013	355,000.00	2.00%	109,562.50
2014	365,000.00	2.00%	102,462.50
2015	405,000.00	4.00%	95,162.50
2016	425,000.00	2.50%	78,962.50
2017	185,000.00	2.25%	68,337.50
2018	265,000.00	2.50%	64,175.00
2019	285,000.00	2.50%	57,550.00
2020	305,000.00	2.50%	50,425.00
2021	100,000.00	2.50%	42,800.00
2022	100,000.00	2.50%	40,300.00
2023	105,000.00	3.00%	37,800.00
2024	110,000.00	3.00%	34,650.00
2025	110,000.00	3.00%	31,350.00
2026	115,000.00	3.00%	28,050.00
2027	120,000.00	3.00%	24,600.00
2028	120,000.00	4.00%	21,000.00
2029	130,000.00	4.00%	16,200.00
2030	135,000.00	4.00%	11,000.00
2031	140,000.00	4.00%	5,600.00
Totals:	\$4,210,000		\$979,087.60

SECTION 5: CAPITAL FACILITY ANALYSIS

The estimated costs attributed to new growth were analyzed based on existing development versus future development patterns, as well as through an analysis of flow data. From this analysis, a portion of future development costs were attributed to new growth and included in this impact fee analysis as shown in table 5.1. Capital projects related to curing existing deficiencies were not included in the calculation of the impact fees. The costs of projects related to curing existing deficiencies cannot be funded through impact fees.

Total future project costs equate to \$1,030,000, as shown in the table below. These projects meet the future source needs related to new growth and are all growth related improvements. The future projects will add 800 GPM in additional source capacity, which will serve 1,593 ERCs based on the LOS of 0.50 GPM/ERC. The planning horizon only anticipated 1,046 ERCs, thus the new source improvements will serve growth beyond the planning horizon of 2019.

TABLE 5.1: ILLUSTRATION OF CAPITAL IMPROVEMENTS

PROJECT	GPM	ERCs SERVED	NEW ERC'S (2013-2019)	% TO GROWTH	TOTAL COST	TOTAL COST TO CITY	COST TO GROWTH
Chase Lane Well							
Chase Lane Well Drill & Engineering	800	1,593	1,046	100%	\$425,000	\$425,000	
Chase Lane Well Pump House	800	1,593	1,046	100%	\$450,000	\$450,000	
Chase Lane Well Property	800	1,593	1,046	100%	\$70,000	\$70,000	
Transmission Line	800	1,593	1,046	100%	\$85,000	\$85,000	
Total Source:	800	1,593	1,046	100%	\$1,030,000	\$1,030,000	\$1,030,000

The City has determined the projects included in this Impact Fee Facilities Plan using capital project and engineering data, planning analysis and other information. The City has provided all future capital project data including project descriptions and estimated project costs. 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 require modifications.

SYSTEM VS. PROJECT IMPROVEMENTS

System improvements are defined as existing and future public facilities designed 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 (resulting from a development activity) and considered necessary for the use and convenience of the occupants or users of that development.⁹ To the extent possible, this analysis only includes the costs of system improvements related to new growth within the proportionate share analysis.

FUNDING OF FUTURE FACILITIES

The IFFP must also include a consideration of all revenue sources, including impact fees and the dedication of system improvements, which may be used to finance system improvements.¹⁰ 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.¹¹

⁸ UC 11-36a-102(20)

⁹ UC 11-36a102(13)

¹⁰ 11-36a-302(2)

¹¹ 11-36a-302(3)



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. However, impact fees cannot be used to fund non-qualified expenses (i.e. to cure existing deficiencies, to raise the level of service, to recoup more than the actual cost of system improvements, or to fund overhead). Other revenues such as utility rate revenues, property taxes, sales tax revenues, 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, debt service coverage, and capital project needs. Impact fee revenues are generally considered non-operating revenues and help offset future capital costs.

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 can be made from the general fund which would ultimately include some property tax revenues. Inter-fund loans would be repaid once sufficient impact fee revenues have been collected. The City does not currently assess interest on money borrowed from the general fund; however, the City may adopt a policy to do so.

GRANTS, DONATIONS AND DEVELOPER CONTRIBUTIONS

Grants, donations or developer contributions are not currently contemplated in this IFFP. However, the impact fees should be adjusted if grant monies are received. New development may be entitled to a reimbursement for any grants or donations received by the City for growth related projects, or for developer funded IFFP projects.

IMPACT FEE REVENUES

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

DEBT FINANCING

In the event the City has not amassed sufficient impact fees to pay for the construction of time sensitive or urgent capital projects needed to accommodate new growth, the City must look to revenue sources other than impact fees for funding. The Impact Fees Act allows for the costs related to the financing of future capital projects to be legally included in the impact fee. This allows the City to finance and quickly construct infrastructure for new development and reimburse itself later from impact fee revenues for the costs of principal and interest.

PROPOSED CREDITS OWED TO DEVELOPMENT

The Impact Fees Act requires a local political subdivision or private entity to ensure that the impact fee enactment allows a developer, including a school district or a charter school, to receive a credit against or proportionate reimbursement of an impact fee if the developer: (a) dedicates land for a system improvement; (b) builds and dedicates some or all of a system improvement; or (c) dedicates a public facility that the local political subdivision or private entity and the developer agree will reduce the need for a system improvement.¹²

The facilities must be considered system improvements or be dedicated to the public, and offset the need for an improvement identified in the IFFP.

¹² 11-36a-402

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, other revenues such as general fund revenues will be used to make up any annual deficits. Any borrowed funds are to be repaid in their entirety through impact fees.

NECESSITY OF IMPACT FEES

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

SECTION 6: CULINARY WATER IMPACT FEE CALCULATION

The calculation of impact fees relies upon the information contained in this analysis. Impact fees are calculated based on many variables centered on proportionality and level of service. The City currently provides culinary water to its residents and businesses. As a result of new growth, the culinary system is in need of expansion to perpetuate the level of service that the City has historically maintained. The Centerville City Culinary Water System Master Plan Update 2010 outlines the recommended capital projects that will maintain the established level of service.

PROPOSED CULINARY WATER IMPACT FEE

PLAN BASED (FEE BASED ON DEFINED CIP)

Impact fees can be calculated based on a defined set of costs specified for future development. The improvements are identified in a capital plan as growth related projects. The total project costs are divided by the total demand units the projects are designed to serve. Under this methodology, it is important to identify the existing level of service and determine any excess capacity in existing facilities that could serve new growth. Impact fees are then calculated based on many variables centered on proportionality share and level of service.

CULINARY WATER IMPACT FEE CALCULATION

The culinary water impact fees proposed in this analysis will be assessed within all areas of the City. The tables below illustrate the appropriate buy-in component, the fee associated with projects occurring in the next six years and the applicable costs related to the conveyance of new water sources. The impact fee calculations also include any debt related expense. The proportionate share analysis determines the proportionate cost assignable to new development based on the proposed capital projects and the estimated ERC demand served by the proposed projects, in this case, the ERCs over the next six years.

TABLE 6.1: CALCULATION OF PROPORTIONATE IMPACT FEE

	TOTAL COST TO CITY	% TO GROWTH	COST TO GROWTH	ERCs SERVED	FEE PER ERC
Excess Capacity (Buy-In Component)					
Storage	\$2,965,747	13.0%	\$385,547	1,046	\$369
Distribution (Total Minus Dev Contributions)	\$7,546,670	11.8%	\$890,507	1,046	\$851
Cost to Future Growth					
Source	\$1,030,000	100.0%	\$1,030,000	1,593	\$646
Outstanding Debt (Interest)	\$979,088	24.5%	\$239,877	1,593	\$151
Other					
Professional Expense	\$10,040	100.0%	\$10,040	1,046	\$10
Total	\$12,531,545		\$2,555,971		\$2,027

COST TO NEW GROWTH CALCULATIONS:

Excess Capacity Storage: Estimated ERCs in the planning horizon are anticipated to be 1,046. Using a level of service of 540 gallons per ERC, approximately 564,840 gallons would be required within the planning horizon. This makes approximately 13 percent of the current storage capacity of 4,330,000. This same 13 percent is applied to the total cost of existing storage improvements to calculate the cost of growth included in the impact fee.

Excess Capacity Distribution: The distribution system is anticipated to serve through buildout or approximately 8,883 ERCs. The ERCs anticipated in the planning horizon (1,046) make up 11.8 percent of the total buildout projection. This percentage is applied to the total cost of existing distribution improvements to calculate the cost of growth included in the impact fee.

Cost to Future Growth Source: 100 percent of the costs for source are considered growth related. However, the future source improvements are anticipated to serve more ERCs than projected within the planning horizon. Future source improvements will serve approximately 1,593 ERCs, thus the total cost to growth is spread over this amount.

Cost to Future Growth Debt: The future cost to growth for source improvements makes up 24.5 percent of the total par amount for the Series 2012 bonds. This same percentage is applied to the interest cost for the Series 2012 bonds and is included in the impact fee.

Other: 100% of the cost to update the IFFP and IFA in the planning horizon (through 2019) is attributed to growth.

A total of \$2.56 million is identified as the necessary buy-in and future capital cost to maintain the level of service for new development activity. The professional expense includes the current cost to update the IFFP and IFA. The costs to growth for the excess capacity, the professional expense, the costs for future projects and outstanding interest are apportioned based on the ERCs anticipated to be served by these facilities. The total fee per ERC is estimated at \$2,027. The impact fee per meter size is illustrated in the Table 6.2.

TABLE 6.2: IMPACT FEE PER METER SIZE

METER SIZE (INCHES)	ERC MULTIPLIER	IMPACT FEE PER METER SIZE	EXISTING IMPACT FEE	% CHANGE
3/4	1.00	\$2,027	\$1,200	69%
1	2.50	\$5,068	\$3,000	69%
1 1/2	6.00	\$12,162	\$7,200	69%
2	10.00	\$20,270	\$12,000	69%
3	22.50	\$45,608	\$27,000	69%
4	62.50	\$126,688	\$75,000	69%

Source: ERC Multipliers provided by Centerville City

NON-STANDARD CULINARY WATER IMPACT FEES

The City reserves the right under the Impact Fees Act¹³ to assess an adjusted fee that more closely matches the true impact that the land use will have upon the City's culinary water system. This adjustment 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. The impact fee for non-standard development would be determined based on the water utilization (in GPM) divided by the average gallons per minute per ERC (0.50), multiplied by the impact fee per ERC, as shown below.

FORMULA FOR NON-STANDARD WATER IMPACT FEES:

$$\text{Estimated Usage (GPM)} / 0.50 \text{ (GPM)} * \$2,027 = \text{Impact Fee}$$

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 in the next five to six years should be spent only on those projects outlined in the IFFP as growth related costs to maintain the LOS.

GROWTH-DRIVEN EXTRAORDINARY COSTS

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

SUMMARY OF TIME PRICE DIFFERENTIAL

The Impact Fees Act allows for the inclusion of a time price differential to ensure that the future value of costs incurred at a later date are accurately calculated to include the costs of construction inflation. While an inflation component may be included in the impact fee analysis to reflect the future cost of facilities, it is not considered in the cost estimates in this study. However, the City has included the interest cost associated with the 2012 Bond.

¹³ UC 11-36a-402(1)(c)