SPRINGVILLE CITY

STORM DRAIN IMPACT FEE ANALYSIS (IFA)

MAY 2014

Adopted May 20, 2014

LEWIS YOUNG
ROBERTSON & BURNINGHAM, INC.

GATEWAY PLAZA BUILDING - 41 N. RIO GRANDE, STE 101 - SALT LAKE CITY, UT 84101
(P) 801-596-0700 - (TF) 800-581-1100 - (F) 801-596-2800 - WWW.LEWISYOUNG.COM

TABLE OF CONTENTS

IMPACT FEE CERTIFICATION

IFA Certification

Lewis Young Robertson & Burningham, Inc. certifies that the Impact Fee Analysis ("IFA") prepared for storm drain facilities:

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 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 If all or a portion of the IFFP or IFA are modified or amended, this certification is no longer valid.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.

SECTION 1: EXECUTIVE SUMMARY

The purpose of the Storm Drain Impact Fee Analysis ("IFA") is to fulfill the requirements established in Utah Code Title 11 Chapter 36a, the "Impact Fees Act," and help Springville City (the "City") plan necessary capital improvements for future growth. This document will address the future storm drain infrastructure needed to serve the City through the next six to ten years, as well as calculate the appropriate impact fees the City may charge to new growth to maintain the level of service ("LOS"). The Springville City Storm Drain Master Plan and Capital Improvements Plan Update (including the Impact Fee Facilities Plan (IFFP) in Chapter 6), along with updated information from the City, provides the information utilized in the analysis for the purposes of calculating impact fees.

- Service Area: The service area for storm drain facilities includes all of Springville City.
- Demand Analysis: The demand unit utilized in this analysis is impervious square feet. There are currently 10.4 million square feet of impervious area within the service area, with 31.1 million additional square feet of impervious area anticipated within the next ten years.
- Level of Service: Level of Service standards are defined in Chapter 4 of the City's Storm Drain Master Plan & Capital Improvements Plan Update.
- Excess Capacity: The IFFP calculates excess capacity to be 69% of the existing storm drain system, or $1,048,886. There is currently no outstanding debt related to the storm drain system.
- Capital Facilities Analysis: The impact fee analysis considers a total of $5,577,300 in capital cost related to the service area. A total of $4,521,738 is considered growth related infrastructure necessary within the IFFP planning horizon.
- Funding of Future Facilities: This analysis assumes future growth related facilities will be funded through a combination of utility revenues and impact fee revenues. Future debt to fund facilities is not included in this analysis.
- Impact Fee Fund Balance: As of the close of FY2013, the impact fee fund balance was $552,579.

PROPOSED STORM DRAIN IMPACT FEE

The storm drain impact fees proposed in this analysis will be assessed within the storm drain service area. The table below illustrates the maximum allowable impact fee for storm drain improvements.

TABLE 1.1: IMPACT FEE PER IMPERVIOUS SURFACE (SQUARE FEET)

	GROWTH RELATED COSTS	FUTURE IMP. SURFACE	COST PER SF
Buy-In Component	$1,048,886	31,162,824	$0.034
Future Storm Drain Projects	$4,521,738	31,162,824	$0.145
Professional Expenses	$6,722	31,162,824	$0.001
(Less Impact Fee Fund Balance)	($552,579)	31,162,824	($0.018)
Total	$5,024,767		$0.162

New development will be assessed a fee based on total impervious area multiplied by the impact fee per square foot.

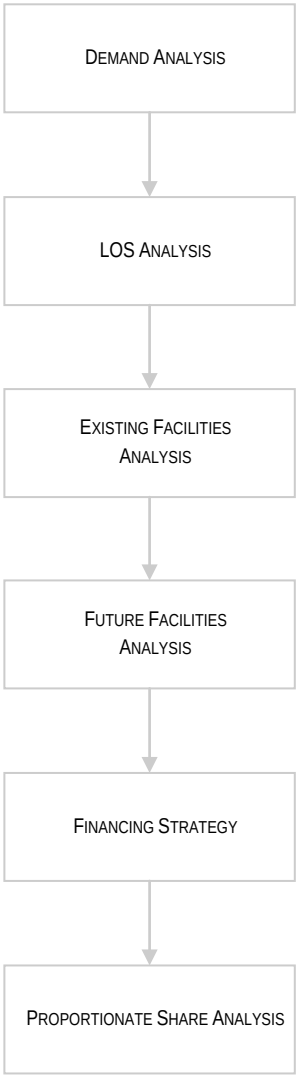
NON-STANDARD IMPACT FEES

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

[1] 11-36a-402(1)(c)

SECTION 2: GENERAL IMPACT FEE METHODOLOGY

FIGURE 2.1: IMPACT FEE METHODOLOGY



The purpose of this study is to fulfill the requirements of the Impact Fees Act regarding the establishment of an IFA. Bowen Collins & Associates completed the City's Impact Fee Facilities Plan (IFFP) which 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; and,
- Estimated useful life of each facility.

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

FUTURE CAPITAL FACILITIES ANALYSIS

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

FINANCING STRATEGY – CONSIDERATION OF ALL REVENUE SOURCES

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

[2] 11-36a-302(2)
[3] 11-36a-302(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).

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 to ten years, and through build-out, will impact the City's existing services. System infrastructure will need to be expanded in order to provide the appropriate 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.

DEMAND UNITS

The demand unit utilized in this analysis is impervious square feet. There are currently 10.4 million square feet of impervious area within the service area, with 31.1 million additional square feet of impervious area anticipated within the next ten years.

TABLE 3.1: GROWTH IN DEMAND UNITS

YEAR	IMPERVIOUS ACREAGE	IMPERVIOUS SURFACE	NEW IMP. SURF.	CUMULATIVE NEW GROWTH
2013	239	10,423,908		
2014	275	11,970,795	1,546,887	
2015	316	13,747,237	1,776,442	3,323,329
2016	362	15,787,299	2,040,062	5,363,391
2017	416	18,130,102	2,342,803	7,706,194
2018	478	20,820,573	2,690,471	10,396,665
2019	549	23,910,304	3,089,731	13,486,396
2020	630	27,458,545	3,548,241	17,034,637
2021	724	31,533,338	4,074,793	21,109,430
2022	831	36,212,822	4,679,484	25,788,914
2023	955	41,586,732	5,373,910	31,162,824

Source: Bowen Collins & Associates, LYRB

LEVEL OF SERVICE STANDARDS

In general, the Master Plan defines the LOS as follows:

- Streets – Storm drain pipelines are not allowed to pressurize during the 10-percent annual chance (10- year) design storm event. Storm drain pipelines are also not to be smaller than 15 inches in diameter. It is important to note that roadways become the major storm water conveyance facility during storms that are larger than the 10-year design event.
- Open Channels- Open channels should be designed to safely convey the design storm event.
- Detention Basins -Detention facilities need to have capacity for the 10-year storm, with at least one foot of freeboard, and have an emergency overflow that directs water away from private property.

[4] UC 11-36a-402(a)

SECTION 4: EXISTING CAPACITY ANALYSIS

IMPACT ON OR CONSUMPTION OF EXCESS CAPACITY

The current storm drain system consists of the assets shown in Table 4.1, some of which have been funded through developer contributions. All developer contributions have been removed in the calculation of excess capacity. Excess capacity is only calculated on approximately $1,520,124 of value.

TABLE 4.1: STORM DRAIN DEPRECIATION SCHEDULE

DATE ACQUIRED	DESCRIPTION	COST	IMPACT FEE ELIGIBLE
6/30/2007	Devon Glen - Replace Undersize	$72,610	$0
6/30/2007	400 N 800 E Project	$131,755	$131,755
6/30/2007	Overland Subdivision Oversize	$100,006	$0
7/1/2007	Plat A Drainage Plan	$23,529	$23,529
7/1/2007	Developer Contribution	$22,180	$0
7/1/2008	Brookside Storm Drain Replace	$31,337	$0
7/1/2008	Drainage Pipelines Oversizing	$82,203	$0
7/1/2009	Developer Contribution	$190,828	$190,828
7/1/2009	Developer Contributions	$123,869	$0
7/1/2009	400 S Phase II (400-800E)	$4,541	$0
7/1/2009	400 S (UDOT Project) Storm Drain	$82,000	$0
7/1/2009	15" Storm Water Pipe at WWTP	$643,000	$643,000
7/1/2009	Storm Water Streets C Roads	$80,000	$0
6/30/2010	Condie Upsizing Project	$73,000	$73,000
6/30/2010	Developer Contribution	$19,076	$19,076
7/1/2011	Drainable Pipelines Oversizing	$223,753	$0
7/1/2011	Developer Contribution	$77,264	$77,264
7/1/2011	Drainage Pipelines Oversizing	$410,773	$0
7/1/2012	Developer Contributions	$67,080	$67,080
7/1/2012	Detention Basin Project	$24,965	$0
7/1/2012	Henson Subdivision Storm Drain	$85,215	$85,215
7/1/2012	Drainage Pipelines Oversizing	$245,466	$0
Total		$3,023,828	$1,520,124

Source: Springville City Depreciation Schedule

The Storm Drain Master Plan and Capital Improvements Plan Update, completed by Bowen Collins & Associates, includes a chapter for the Impact Fee Facilities Plan (Chapter 6). Within this chapter, the percentage of the monetary value of the excess capacity of the existing storm drain system is calculated to be 69 percent.[5] Table 4.2 calculates the actual value related to excess capacity by multiplying the 69 percent to the total value of impact fee eligible existing infrastructure. The total excess capacity value is estimated to be $1,048,866.

TABLE 4.2: EXCESS CAPACITY CALCULATION

Total Value of Existing Infrastructure	$1,520,124
% Excess Capacity	69%
Value Excess Capacity	$1,048,886

[5] Page 6-4 of the Storm Drain Master Plan and Capital Improvements Plan Update

SECTION 5: CAPITAL FACILITY ANALYSIS

The IFFP illustrates the necessary storm drain improvements required within the next ten years. From this analysis, a portion of future development costs were attributed to new growth and included in this impact fee analysis. 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. The impact fee analysis considers a total of $5,577,300 in system improvements related to the service area. A total of $4,521,738 is considered growth related infrastructure necessary within the IFFP planning horizon. A summary of the system improvements included in this analysis is shown below.

TABLE 5.1: SUMMARY OF CAPITAL IMPROVEMENTS

PROJECT ID	PROJECT NAME	TOTAL ESTIMATED COST	% ATTRIBUTABLE TO EXISTING DEVELOPMENT	% ATTRIBUTABLE TO FUTURE DEVELOPMENT	COST TO EXISTING DEVELOPMENT	COST TO FUTURE DEVELOPMENT (IMPACT FEE ELIGIBLE)
CW3	400 S 2550 W	$72,000	34.2%	65.8%	$24,631	$47,369
CW5	400 N 1650 W	$72,000	0.0%	100.0%	$0	$72,000
CW6	CENTER ST 2550 W	$72,000	0.0%	100.0%	$0	$72,000
CW7	150 N 2550 W	$72,000	0.0%	100.0%	$0	$72,000
CW8	300 N 2550 W	$72,000	0.0%	100.0%	$0	$72,000
CW9	400 N 2550 W	$72,000	0.0%	100.0%	$0	$72,000
CW10	750 N 2250 W	$72,000	0.0%	100.0%	$0	$72,000
CW11	750 N 2250 W	$72,000	0.0%	100.0%	$0	$72,000
DBW14	700 S 950 W	$192,900	26.5%	73.5%	$51,121	$141,779
DBW15	400 S 1400 W	$143,000	0.0%	100.0%	$0	$143,000
DBW16	700 S 2600 W	$174,000	36.9%	63.1%	$64,122	$109,878
DBW17	400 S 2600 W	$182,500	36.9%	63.1%	$67,255	$115,245
DBW18	100 N 900 W	$6,000	0.0%	100.0%	$0	$6,000
DBW19	400 N 1600 W	$196,600	0.0%	100.0%	$0	$196,600
DBW5	1200 S 2000 W	$334,800	0.0%	100.0%	$0	$334,800
OCW2	400 N	$2,280	41.9%	58.1%	$956	$1,324
OCW5	700 N	$22,940	0.0%	100.0%	$0	$22,940
OCW6	2550 W #1	$21,240	0.0%	100.0%	$0	$21,240
OCW7	2550 W #2	$7,390	0.0%	100.0%	$0	$7,390
OCW8	2550 W #3	$6,820	0.0%	100.0%	$0	$6,820
OCW9	2550 W #4	$6,620	0.0%	100.0%	$0	$6,620
OCW10	2550 W #5	$8,710	0.0%	100.0%	$0	$8,710
PW20	1000 West	$246,800	0.0%	100.0%	$0	$246,800
PW24	1100 West 600 South	$445,400	26.5%	73.5%	$118,037	$327,363
PW25	1500 West	$847,800	0.0%	100.0%	$0	$847,800
PW30	400 South #3	$41,100	41.9%	58.1%	$17,229	$23,871
PW31	400 South #4	$617,700	0.0%	100.0%	$0	$617,700
PW32	400 South #5	$132,800	36.9%	63.1%	$48,939	$83,861
PW33	100 South	$119,900	85.5%	14.5%	$102,500	$17,400
PW34	100 North	$98,400	90.7%	9.3%	$89,249	$9,151
PW35	250 North	$63,000	81.8%	18.2%	$51,545	$11,455
PW36	400 North	$419,700	0.0%	100.0%	$0	$419,700
PW37	750 East #1	$376,200	72.4%	27.6%	$272,442	$103,758
PW38	750 East #2	$223,600	66.0%	34.0%	$147,536	$76,064
PW39	750 East #3	$15,100	0.0%	100.0%	$0	$15,100
PW43	400 N 1500 W	$48,000	0.0%	100.0%	$0	$48,000
Total		$5,577,300			$1,055,562	$4,521,738

Source: Storm Drain Master Plan & Capital Improvement Plan Update, 2013, Table 6-1

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.[6] 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.[7] 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

According to the Impact Fees Act[8], the City has determined the portion of future projects that will be funded by impact fees as growth-related, system improvements.

GRANTS, DONATIONS AND DEVELOPER CONTRIBUTIONS

Currently the City does not anticipate receiving any grants, donations, or developer contributions to fund any of the infrastructures shown in Table 5.1.

UTILITY AND IMPACT FEE REVENUES

The system improvements will be funded by utility rate revenues and impact fee revenues. Utility 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.

At the close of FY2013, the City had an impact fee fund balance of $552,579. This amount, plus future impact fees as calculated herein will be used to offset the cost of future system improvements. Impact fees are an appropriate funding and repayment mechanism of the growth-related improvements. The impact fees are not 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).

DEBT FINANCING

Debt financing is not considered in this analysis.

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.[9]

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

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.

[6] UC 11-36a-102(20)
[7] UC 11-36a102(13)
[8] 11-36a-302
[9] 11-36a-402

SECTION 6: STORM DRAIN 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 storm drain services to its residents and businesses. As a result of new growth, the storm drain system is in need of expansion to perpetuate the level of service that the City has historically maintained. The Springville City Storm Drain Master Plan and Capital Improvements Plan Update (including the Impact Fee Facilities Plan in Chapter 6), along with updated information from the City, provides the information utilized in the analysis for the purposes of calculating impact fees.

PROPOSED STORM DRAIN 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.

STORM DRAIN IMPACT FEE CALCULATION

The storm drain impact fees proposed in this analysis will be assessed within the storm drain service area. The table below illustrates the maximum allowable impact fee for storm drain improvements. A total of $5,024,767 is identified as the 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 IFA.

TABLE 6.1: CALCULATION OF PROPORTIONATE IMPACT FEE

	GROWTH RELATED COSTS	FUTURE IMP. SURFACE	COST PER SF
Buy-In Component	$1,048,886	31,162,824	$0.034
Future Storm Drain Projects	$4,521,738	31,162,824	$0.145
Professional Expenses	$6,722	31,162,824	$0.001
(Less Impact Fee Fund Balance)	($552,579)	31,162,824	($0.018)
Total	$5,024,767		$0.162

New development will be assessed a fee based on total impervious area multiplied by the impact fee per square foot.

NON-STANDARD IMPACT FEES

The City reserves the right under the Impact Fees Act[10] to assess an adjusted fee that more closely matches the true impact that the land use will have upon the storm drain 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.

OTHER CONSIDERATIONS

- 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 4 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.

[10] UC 11-36a-402(1)(c)