

STORM DRAIN IMPACT FEE ANALYSIS (IFA)

CITY OF ST. GEORGE, UTAH



FINAL ADOPTED
JULY 10, 2014


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Certification for Impact Fee Analysis

IFA Certification

LYRB certifies that the attached impact fee analysis:

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

LYRB makes this certification with the following caveats:

1. All of the recommendations for implementations of the IFFP made in the IFFP documents or in the IFA documents are followed by City Staff and elected officials.
2. If all or a portion of the IFFP or IFA are modified or amended, this certification is no longer valid.
3. All information provided to LYRB is assumed to be correct, complete, and accurate. This includes information provided by the City as well as outside sources.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.



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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 the City of St. George (the “City”) plan necessary capital improvements for future growth. This document will determine the appropriate impact fees the City may charge to new growth to maintain the level of service (“LOS”), as defined in the City’s 2013 Storm Drain Impact Fee Facilities Plan (“IFFP”), prepared by Bowen Collins & Associates, Inc (“BC&A”).

- ☐ **Impact Fee Service Area:** The service area for storm drain impact fees includes all areas within the City.
- ☐ **Demand Analysis:** The demand units utilized in this analysis are based on undeveloped residential and commercial land and the new impervious surface (measured in square feet) generated from these land use types. As residential and commercial growth occurs within the City, additional impervious surface will generate additional run-off. The storm drain capital improvements identified in the IFFP are based on maintaining the current level of service.
- ☐ **Level of Service:** Impact fees cannot be used to finance an increase in the level of service to current or future users of capital improvements. The IFFP identifies the future storm drain system improvements that are needed to manage the runoff caused by 10-year and 100-year events. Therefore, the City’s storm drain infrastructure is sized to safely and adequately manage runoff from the storm intensities and durations indicated in the Impact Fee Facilities Plan.
- ☐ **Excess Capacity:** A buy-in component is not contemplated in this analysis.
- ☐ **Capital Facilities Analysis:** The total estimated construction year cost for capital projects needed in the next ten years equals \$16.3 million. Approximately \$7.8 million has been identified as growth related capital improvements that will be funded by the City.
- ☐ **Funding of Future Facilities:** This analysis assumes future growth related facilities will be funded on a pay-as-you-go basis.

PROPOSED STORM DRAIN IMPACT FEE

The IFFP must properly complete the legislative requirements found in the Impact Fee Act if it is to serve as a working document in the calculation of appropriate impact fees. The calculation of impact fees relies upon the information contained in this analysis. Impact fees are then calculated based on many variables centered on proportionality share and level of service. The following paragraph describes the methodology used for calculating impact fees in this analysis.

PLAN BASED (FEE BASED ON DEFINED CAPITAL IMPROVEMENT PLAN)

Impact fees can be calculated using a specific set of costs specified for future development. The improvements are identified in the IFFP, CFP (“Capital Facilities Plan”) or CIP (“Capital Improvement Plan”) as growth related projects. The total project costs are divided by the total demand units anticipated in the next 10 years. 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.

STORM DRAIN IMPACT FEE CALCULATION

The total cost identified as growth related and funded is then applied to the total future impervious square feet served over the IFFP horizon. This results in a cost per square foot (sf) of \$.101.



TABLE 1.1: ILLUSTRATION OF IMPACT FEE PER SF

STORM DRAIN PROPORTIONATE SHARE ANALYSIS	GROWTH RELATED COSTS	FUTURE IMP. SURFACE	COST PER SF
Future Storm Drain Projects	\$7,840,458	61,488,499	\$0.128
Professional Expense ¹	\$9,675	36,893,099	\$0.00026
Impact Fee Fund Balance ²	(\$1,659,259)	61,488,499	(\$0.027)
Total	\$6,190,874		\$0.101

The cost per sf is then applied to the land use data for each type of land use, as shown below.

TABLE 1.2: FEE BY LAND USE TYPE

	TOTAL IMP. SURFACE (SF)	COST PER IMP. SF	IMPACT FEE PER UNIT	2006 IMPACT FEE	% CHANGE
Residential (per Dwelling)					
Residential Single Family	5,082	\$0.101	\$512	\$444	15%
Residential Multi-Family & Mobile Homes	3,267	\$0.101	\$329	\$286	15%
Non-Residential (per 1,000 SF)					
Commercial/Office	950	\$0.101	\$96	\$83	15%
Industrial	900	\$0.101	\$91	\$79	15%

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.³ This adjustment could result in a higher or 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:

Total Impervious Surface * Cost per Impervious SF (\$0.101)
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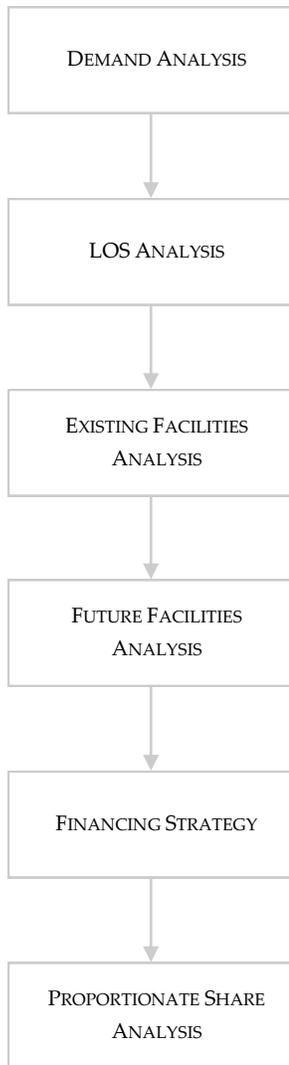
¹ This is the actual cost to update and IFA. The City can use this portion of the impact fee to reimburse itself for the expense of updating the IFA. The cost is divided over the total future impervious surface anticipated in the next six years.

² The FY 2013 Impact Fee Fund balance totaled \$1,659,259. The City anticipates that this amount will be spent on projects listed in the IFFP.

³ 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 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 improvements. 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,
- ☞ Remaining useful life of each existing 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 (donation) of system improvements, which may be used to finance system improvements.⁴ 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.⁵

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).

⁴ 11-36a-302(2)

⁵ 11-36a-302(3)

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

The 2013 IFFP identifies important components that are essential to complete a proportionate share analysis. The following summarizes the IFFP elements utilized in this analysis.

SERVICE AREA

Utah Code requires the impact fee enactment to establish one or more service areas within which impact fees will be imposed.⁶ The service area for storm drain 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.

It is anticipated that the growth projected over the next six to ten years will impact the City's existing services. Public facilities will need to be expanded in order to maintain the existing level of service. The IFFP, in conjunction with the impact fee analysis, are designed to accurately assess the true impact of a particular user upon the City's infrastructure.

DEMAND UNITS

The demand unit used in this analysis is impervious surface square footage. As residential and commercial growth occurs within the City, the impervious surface within the City will increase, resulting in additional run-off. The storm drain capital improvements identified in this study are based on maintaining the current level of service as defined in the IFFP. The proposed impact fees are based upon the projected growth in impervious surface which is used as a means to quantify the impact that future users will have upon the City's system. Table 3.1 illustrates the current impervious square footage in the City. By 2023, it is estimated that impervious square feet will grow by 61,488,499 square feet. This is approximately 30 percent growth over the next ten years.

TABLE 3.1: ILLUSTRATION OF DEMAND UNITS

LAND USE	DEVELOPED ACREAGE	AVG. UNITS PER ACRE	POST DEVELOPMENT % IMPERVIOUS	ESTIMATE OF IMPERVIOUS SF EXISTING
Residential Single Family	6,650	3	35%	101,392,540
Residential Multi-Family & Mobile Homes	875	8	60%	22,855,941
Commercial/Office	1,268	N/A	95%	52,475,849
Industrial	720	N/A	90%	28,237,334
	9,513			204,961,664

Source: LYRB, GIS data from City of St. George

*Agriculture and open space acres have been excluded as these are primarily pervious surface areas.

TABLE 3.2: ILLUSTRATION OF GROWTH IN DEMAND

	IMPERVIOUS SURFACE	NEW IMPERVIOUS SURFACE	CUMULATIVE NEW GROWTH
2013	204,961,664		
2014	211,110,514	6,148,850	
2015	217,259,363	6,148,850	12,297,700
2016	223,408,213	6,148,850	18,446,550
2017	229,557,063	6,148,850	24,595,400
2018	235,705,913	6,148,850	30,744,250
2019	241,854,763	6,148,850	36,893,099
2020	248,003,613	6,148,850	43,041,949
2021	254,152,463	6,148,850	49,190,799

⁶ 11-36a-402(a)



	IMPERVIOUS SURFACE	NEW IMPERVIOUS SURFACE	CUMULATIVE NEW GROWTH
2022	260,301,313	6,148,850	55,339,649
2023	266,450,163	6,148,850	61,488,499

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 storm water level of service to ensure that the capacities of projects financed through impact fees do not exceed the established standard. The storm water level of service, as defined within the IFFP on p.5, is identified below.

- ☐ Streets – Where storm drains are not adequate to convey the 100-year, 3-hour design storm, streets may be used to convey the additional runoff to adequate downstream conveyance facilities. The 100-year flood flows in streets should be contained within street right-of-way and adjacent drainage easements.
- ☐ Storm Drains - Conveyance capacity of storm drain pipes shall be sized for a minimum of the 10-year, 3-hour design flood.
- ☐ Culverts - All culvert crossings under a roadway shall be designed to convey the 100-year storm unless otherwise approved. The minimum culvert diameter shall be 24 inches.
- ☐ Bridges - Free-span bridges must pass the 100-year event with a minimum of 2.0 feet of freeboard. No significant increases are allowed in upstream water levels.
- ☐ Open Channels - All open channels must be designed as permanent in nature and have a minimum freeboard of 1 foot. They must be designed as generally low maintenance facilities and must have adequate maintenance access for the entire length.
- ☐ Storage Facilities - Detention facilities will generally be used to prevent local increases in the 10-year, 24-hour and the 100-year, 24-hour peak flows, or the 100-year 3-hour storm, whichever case requires the largest volume.
- ☐ Floodplains - Any alteration of the floodplain is not permitted unless the proposed use can be shown to have no significant negative influence on the flood conveyance, the floodplain, or the alteration itself. Hydrologic, hydraulic, erosion, and geomorphologic studies will be required of developments adjacent to floodplains.
- ☐ Erosion Control – All drainage that leaves a new development shall be adequately addressed to mitigate all erosion on adjacent properties.
- ☐ Irrigation Ditches – In general, irrigation ditches shall not be used as outfall points for drainage systems.



SECTION 4: EXISTING FACILITIES INVENTORY

EXCESS CAPACITY

No buy-in component is calculated in this analysis. Capital projects required to maintain existing service levels, as a result of new growth, are considered impact fee eligible projects.

VALUE OF EXISTING STORM DRAIN INFRASTRUCTURE

Since a buy-in component is not included in this analysis, the value of existing infrastructure has not been calculated.

MANNER OF FINANCING EXISTING PUBLIC FACILITIES

The City has funded existing facilities using several revenue sources including general fund revenues (property taxes, sales taxes, etc.), grants, donations, impact fee revenues and debt. The City anticipates these funding mechanisms will be available for the funding of future facilities. As shown in the next section, the City has determined the portion of future projects that will be funded by impact fees as growth-related, system improvements, as well as alternative funding mechanism related to future facilities.

SECTION 5: CAPITAL FACILITY ANALYSIS

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 maintain the levels of service within the City that have historically been maintained. The future capital projects have been designed to maintain the existing level of service for future development, and repair and replacement projects have been excluded from the calculation of impact fees.

The IFFP identifies a total of \$27.5 million in capital projects of which \$15.3 million is necessary within the next ten years. With the inclusion of an inflationary component of one percent for all projects completed after 2012 the total cost of capital projects necessary within ten years is approximately \$16.3 million. Tables 5.1 and 5.2 summarize the cost to growth for these projects based on the cost allocation in the IFFP. The construction year cost to growth of \$7.8 million is included in the calculation of the impact fee as growth related capital improvements funded by the City.

TABLE 5.1: SUMMARY OF STORM DRAIN CAPITAL IMPROVEMENT PLAN

PROJECT	ESTIMATED 2012 TOTAL COST	% OF PROJECTS COMPLETED 1-5 YEARS	% OF PROJECTS COMPLETED 6-10 YEARS	ESTIMATED COST WITHIN 10 YEARS	ESTIMATED CONSTRUCTION YEAR (1-5 YEARS)	ESTIMATED CONSTRUCTION YEAR (6-10 YEARS)	ESTIMATED CONSTRUCTION YEAR COST (WITHIN 10 YEARS)*
3000 E Sub-Main	\$3,140,000	38%	40%	\$2,449,200	2018	2020	\$2,626,674
Cottam Bench	\$220,000	90%	10%	\$220,000	2015	2019	\$227,587
Indian Hills Drive	\$3,745,000	30%	15%	\$1,685,250	2014	2019	\$1,748,354
Washington Fields Backbone	\$8,210,000	30%	15%	\$3,694,500	2017	2021	\$3,935,511
East City Proper	\$2,130,000	0%	20%	\$426,000		2023	\$475,275
Horseman Park	\$1,730,000	25%	65%	\$1,557,000	2018	2019	\$1,664,724
Rimrock Wash	\$4,014,900	30%	40%	\$2,810,430	2017	2020	\$3,004,935
West City Proper	\$2,370,000	0%	20%	\$474,000		2021	\$518,407
Developer Matching	\$1,000,000	50%	50%	\$1,000,000	2017	2022	\$1,077,816
River & Wash Upgrades	\$1,000,000	50%	50%	\$1,000,000	2016	2022	\$1,072,613
Total Capital Improvements	\$27,559,900			\$15,316,380			\$16,351,895

Source: 2013 Storm Drain IFFP page 7 and the City of St. George for Construction Year

*Includes inflationary component of one percent.

TABLE 5.2: SUMMARY OF PERCENT ASSOCIATED WITH NEW DEVELOPMENT

PROJECT	% CITY COST	% ASSOCIATED WITH PROJECT	% ASSOCIATED WITH NEW DEVELOPMENT (NEW GROWTH)	CONSTRUCTION YEAR COST TO GROWTH (WITHIN 10 YEARS)
3000 E Sub-Main	30%	50%	20%	\$525,335
Cottam Bench	25%	30%	45%	\$102,414
Indian Hills Drive	28%	11%	61%	\$1,066,496
Washington Fields Backbone	12%	8%	80%	\$3,148,409
East City Proper	92%	0%	8%	\$38,022
Horseman Park	25%	0%	75%	\$1,248,543
Rimrock Wash	10%	76%	14%	\$420,691
West City Proper	90%	0%	10%	\$51,841
Developer Matching	0%	0%	100%	\$1,077,816
River & Wash Upgrades	35%	50%	15%	\$160,892
Total				\$7,840,458



SYSTEM VS. PROJECT IMPROVEMENTS

System improvements are defined as existing public facilities designed to provide services to service areas within the community at large and future public facilities that are intended to provide services to service areas within the community at large.⁷ 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.⁸ The Impact Fee Analysis may only include the costs of impacts on 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 (donation) of system improvements, which may be used to finance system improvements.⁹ 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.¹⁰ 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 (see Tables 5.1, 5.2 and the IFFP).

The IFFP completed by BC&A provides all future capital project data including estimated project costs. The accuracy and correctness of this IFA is contingent upon the accuracy of the IFFP. Any deviations or changes in the assumptions due to changes in the economy or other relevant information included in the IFFP may cause this plan to be inaccurate and require modifications.

CONSIDERATION OF ALTERNATIVE FUNDING MECHANISMS

Property tax revenues are considered in this analysis as a funding source for capital projects. The City has identified the projects that will be paid through general fund revenues. Specific grants or donations have not been contemplated in this IFA. If additional grants become available, the impact analysis should be updated to reflect the grant monies received. A donor will be entitled to a reimbursement for the value of system improvements funded through impact fees if donations are made by new development. Section 6 further addresses proposed credits owed to development.

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 issuing debt.

We have assumed that construction of needed facilities in this plan will proceed on a pay-as-you-go basis. Therefore, the impact fees in this analysis do not include a debt component. Inter-fund loans can be made from the general fund which will be repaid once sufficient impact fee revenues have been collected.

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% 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 may be used to make up any annual deficits. Any borrowed funds are to be repaid in their entirety through impact fees.

⁷ 11-36a-102(20)

⁸ 11-36a102(13)

⁹ 11-36a-302(2)

¹⁰ 11-36a-302(3)



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: 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.

PROPOSED STORM DRAIN IMPACT FEE

PLAN BASED (FEE BASED ON DEFINED CIP)

Impact fees can be calculated using a specific set of costs specified for future development. The improvements are identified in the IFFP as growth related projects. The total project costs are divided by the total demand units anticipated in the next 10 years. 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.

STORM DRAIN IMPACT FEE CALCULATION

The total cost identified as growth related and funded is then applied to the total future impervious square feet served over the IFFP horizon. This results in a cost per square foot of \$.101.

TABLE 6.1: ILLUSTRATION OF IMPACT FEE PER SF

STORM DRAIN PROPORTIONATE SHARE ANALYSIS	GROWTH RELATED COSTS	FUTURE IMP. SURFACE	COST PER SF
Future Storm Drain Projects	\$7,840,458	61,488,499	\$0.128
Professional Expense ¹¹	\$9,675	36,893,099	\$0.00026
Impact Fee Fund Balance ¹²	(\$1,659,259)	61,488,499	(\$0.027)
Total	\$6,190,874		\$0.101

The cost per sf is then applied to the land use data for each type of land uses, as shown below.

TABLE 6.2: FEE BY LAND USE TYPE

	TOTAL IMP. SURFACE (SF)	COST PER IMP. SF	IMPACT FEE PER UNIT	2006 IMPACT FEE	% CHANGE
Residential (per Dwelling)					
Residential Single Family	5,082	\$0.101	\$512	\$444	15%
Residential Multi-Family & Mobile Homes	3,267	\$0.101	\$329	\$286	15%
Non-Residential (per 1,000 SF)					
Commercial/Office	950	\$0.101	\$96	\$83	15%
Industrial	900	\$0.101	\$91	\$79	15%

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.¹³ This adjustment could result in a higher or 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:

$$\text{Total Impervious Surface} * \text{Cost per Impervious SF } (\$.101)$$

¹¹ This is the actual cost to update and IFA. The City can use this portion of the impact fee to reimburse itself for the expense of updating the IFA. The cost is divided over the total future impervious surface anticipated in the next six years.

¹² The FY 2013 Impact Fee Fund balance totaled \$1,659,259. The City anticipates that this amount will be spent on projects listed in the IFFP.

¹³ 11-36a-402(1)(c)



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.

PROPOSED CREDITS OWED TO DEVELOPMENT

The Impact Fees Act requires that credits be paid back to development for future fees that will pay for growth-driven projects included in the Impact Fee Facilities Plan that would otherwise be paid for through user fees. Credits may also be paid to developers who have constructed and donated facilities to that City that are included in the IFFP in-lieu of impact fees. This situation does not apply to developer exactions or improvements required to offset density or as a condition of development. Any system project that a developer funds must be included in the IFFP if a credit is to be issued.

In the situation that a developer chooses to construct facilities found in the IFFP in-lieu of impact fees, the decision must be made through negotiation with the developer and the City on a case-by-case basis.

GROWTH-DRIVEN EXTRAORDINARY COSTS

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

SUMMARY OF TIME PRICE DIFFERENTIAL

The Impact Fees Act allows for the inclusion of a time price differential to ensure that the future value of costs incurred at a later date are accurately calculated to include the costs of construction inflation. A one percent annual construction inflation adjustment is applied to projects completed after 2012 (the base year cost estimate).