

CITY OF MOAB ORDINANCE NO. 2023-03
AN ORDINANCE AMENDING THE MOAB MUNICIPAL CODE 3.50.140
CULINARY WATER IMPACT FEES

WHEREAS, the City of Moab desires to address culinary water impacts from new developments within the City; and

WHEREAS, the City completed a *Water Impact Fee Analysis* in August 2019; and

WHEREAS, the *Water Impact Fee Analysis* identified impacts to the water system from new development through 2030; and

WHEREAS, the City of Moab has the authority to adopt this ordinance pursuant to Utah Code Annotated 10-3-702, and hereby exercises its legislative powers in doing so; and

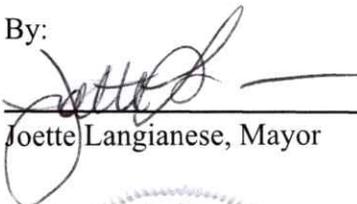
WHEREAS, the City Council of the City of Moab held a duly noticed public hearing regarding a Water Impact Fee increase on March 28, 2023; and

NOW THEREFORE, be it ordained by the City of Moab that the following ordinance be enacted.

The Water Impact Fees identified in Tables 5 & 6 of the *Water Impact Fee Analysis* dated August 2019 are hereby adopted as well as all other Impact Fee related conclusions within the document. Specifically, in Fiscal Year 2022/2023 the rate is increased to \$981.02 for one ERC.

PASSED AND APPROVED by a majority of the City Council this 28th day of March 2023. This ordinance shall be effective 90 days from the date of passage.

By:



Joette Langianese, Mayor

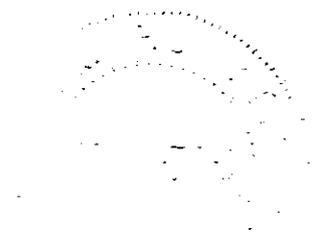
3/28/23
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Attest:

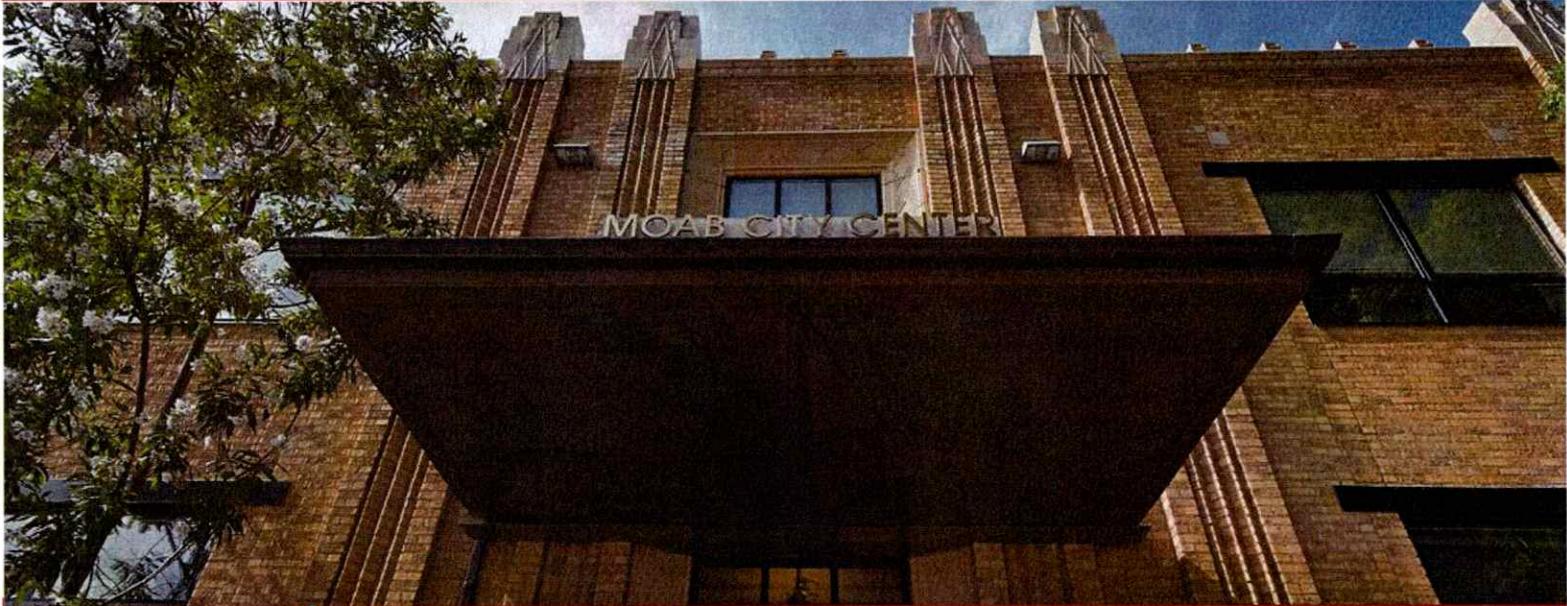


Sommar Johnson, Recorder

3.28.23
Date



City of Moab



Water Impact Fee Analysis

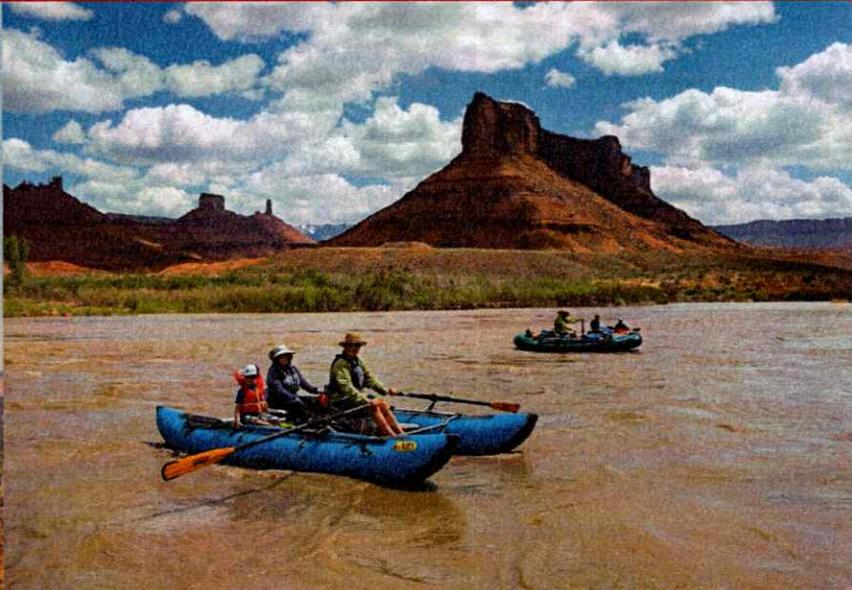
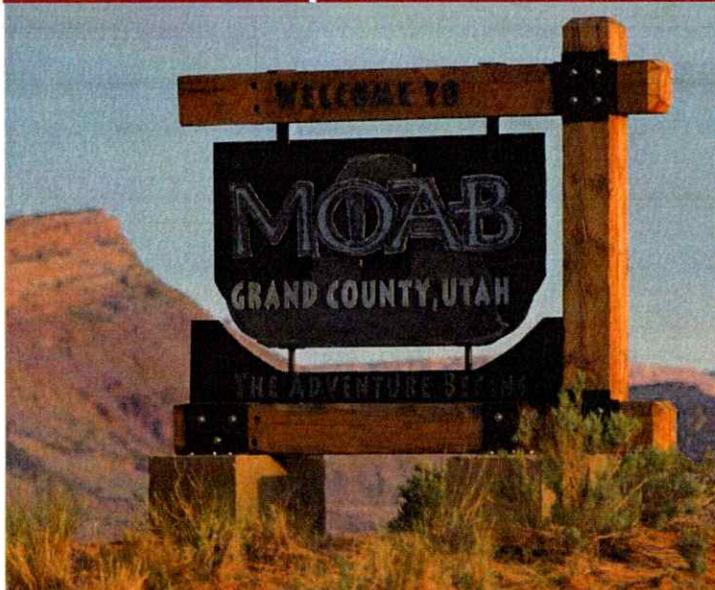




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EXECUTIVE SUMMARY

The City of Moab, Utah (the City) commissioned Zions Public Finance, Inc. (Zions) to calculate the City's culinary water impact fees in accordance with Utah State Law. An impact fee is a payment of money imposed upon new development activity to mitigate the impact of the new development on public infrastructure. In conjunction with this project, Hansen Allen & Luce, Inc. (HAL) prepared the Water System Impact Fee Facilities Plan (IFFP).

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

Water System Overview

Level of Service – Equivalent Residential Unit

Level of service (LOS) defines the culinary water demands that a typical residential user, expressed as an Equivalent Residential Connection (ERC), will require and should pay for through impact fees. Impact fee law prohibits the use of impact fees to increase the LOS above the current demands. At times, a water system may need to increase the LOS to cure an existing deficiency, but projects that fix deficiencies must be paid for through non-impact fee revenues and a credit must be provided to the impact fee payer. In this analysis, a credit has been calculated to offset the portion of the future capital projects which will benefit existing users.

LOS is calculated in terms of average annual demand and peak day demand. In Moab, the LOS per ERC is equated to a peak day demand of 1,340 gallons per day (gpd). Average annual demand is 0.67 acre-feet per ERC.¹

A residential unit is equated to one ERC and non-residential properties are converted to number of ERCs using meter multipliers, as discussed later in this analysis.

In 2020 the City serves 3,728 ERCs and is anticipated to grow to approximately 4,159 ERCs by 2030, for an increase of 431 ERCs over the 10-year period. The culinary water impact fees are calculated by dividing the cost of future projects described later by the ten-year demand increase of 431 ERCs. The City is expected to grow to 5,662 ERCs by 2060.

Water Service Area

The Service Area covers the entire City and includes the major water supply and conveyance infrastructure that provides water capacity to all areas of the City.

¹ City of Moab Water Impact Fee Facilities Plan, p. 2-1.

Water Capital Facilities

New capital facilities necessitated by new development are identified in the City's IFFP as follows:

TABLE 1: CAPITAL FACILITY NEEDS DUE TO NEW GROWTH

Project Identifier	Project Description	Estimated Project Cost	% to Future Development	Estimated Cost to New Development	Impact-Fee Eligible in Next 10 Years
Source (Redundancy)	New Well	\$2,365,000	37%	\$875,050	\$195,008.56
Storage	New 2.2 MG Water Storage Tank	\$3,438,000	71%	\$2,440,980	\$543,982.62
TOTAL		\$5,803,000		\$3,316,030	\$738,991

The City has already set aside some funds (\$597,262.29) to pay for the above costs (\$738,991), thereby reducing the amount needed from impact fees over the next 10 years to \$141,728.71.

In addition, there is excess capacity in 4 projects which can be used to serve the needs of new development. New development will be required to buy-in to the excess capacity at the actual cost incurred by the City at the time the projects were constructed.

TABLE 2: CAPITAL FACILITIES WITH EXCESS CAPACITY

Project Identifier	Project Description	Estimated Project Cost	% to Future Development	Estimated Cost to New Development	Impact-Fee Eligible in Next 10 Years
No. 2	Millcreek Drive	\$1,871,538	70%	\$1,310,077	\$291,956.06
No. 6	400 N 100 W	\$252,000	40%	\$100,800	\$22,463.70
No. 22	Millcreek Drive and Murphy Lane, Powerhouse Road to Powerhouse Tank Access Road	\$656,000	60%	\$393,600	\$87,715.41
Golf Course Water Line	Golf Course to Murphy Lane	\$114,120	70%	\$79,884	\$17,802.48
TOTAL		\$2,893,658		\$1,884,361	\$419,938

Culinary Water Impact Fee Calculation

The impact fee calculation is shown in the table below.

TABLE 3: PROPORTIONATE SHARE ANALYSIS – GROSS FEE

Gross Impact Fee Summary	Amount
Excess Capacity Buy-In	\$974.33

Gross Impact Fee Summary	Amount
New Improvements	\$1,714.60
Consultant Costs	\$40.02
Impact Fee Funds Available	(\$1,385.76)
TOTAL	\$1,343.19

Credits Against Impact Fees

Because some of the projects are needed to serve the needs of existing development, as well as future development, a portion of the costs cannot be included in impact fees. New development cannot be expected to pay the full impact fees and then also contribute to this existing deficiency in the system. Therefore, credits have been made for the \$2,486,970 of costs related to projects that will be used to serve existing development.

TABLE 4: CREDITS FOR PROJECTS BENEFITTING EXISTING DEVELOPMENT

Project Identifier	Project Description	Estimated Project Cost	% to Future Development	Estimated Cost to New Development	Impact-Fee Eligible in Next 10 Years	Amount to Existing Development
Source (Redundancy)	New Well	\$2,365,000	37%	\$875,050	\$195,008.56	\$1,489,950
Storage	New 2.2 MG Water Storage Tank	\$3,438,000	71%	\$2,440,980	\$543,982.62	\$997,020
TOTAL		\$5,803,000		\$3,316,030	\$738,991	\$2,486,970

The costs for the deficiencies are spread over 20 years in this analysis. The revenues to pay for existing development's share of the new facilities will come from rates, while the revenues to pay for new growth should come from the impact fees paid by new development. Therefore, only the cost attributable to the existing deficiencies (i.e., higher water rates) needs to be credited against the impact fees.

TABLE 5: MAXIMUM FEE AFTER IMPACT FEE CREDITS

Year	ERCs	Credit per ERC	NPV*	Maximum Impact Fee
2020	3,728	\$33.36	\$432.91	\$910.28
2021	3,769	\$32.99	\$409.55	\$933.65
2022	3,811	\$32.63	\$385.97	\$957.22
2023	3,853	\$32.27	\$362.17	\$981.02
2024	3,895	\$31.93	\$338.15	\$1,005.05
2025	3,938	\$31.58	\$313.88	\$1,029.31
2026	3,981	\$31.24	\$289.36	\$1,053.83
2027	4,025	\$30.89	\$264.58	\$1,078.62
2028	4,069	\$30.56	\$239.53	\$1,103.67
2029	4,114	\$30.23	\$214.19	\$1,129.00
2030	4,159	\$29.90	\$188.56	\$1,154.63

*NPV = net present value discounted at a rate of 2.5%.

Proposed Culinary Water Impact Fee Meter Multipliers

The table below shows the maximum legal impact fees that the City can assess to each meter size. Using meter multipliers is a very common and simple method of assessing impact fees. The size of meter chosen for a connection determines the maximum flow that can pass through the meter and therefore the potential impact that the connection can place on the system.

TABLE 6: MAXIMUM FEE AFTER IMPACT FEE CREDITS

Meter Size	Multipliers	2020	2021	2022	2023	2024	2025
5/8" x 3/4"	1	\$910.28	\$933.65	\$957.22	\$981.02	\$1,005.05	\$1,029.31
3/4"	1.4	\$1,274.39	\$1,307.10	\$1,340.11	\$1,373.43	\$1,407.06	\$1,441.04
1"	2.6	\$2,366.73	\$2,427.48	\$2,488.78	\$2,550.65	\$2,613.12	\$2,676.22
1.5"	5.8	\$5,279.62	\$5,415.14	\$5,551.90	\$5,689.91	\$5,829.26	\$5,970.03
2"	10.2	\$9,284.85	\$9,523.19	\$9,763.69	\$10,006.40	\$10,251.46	\$10,499.01
3"	23	\$20,936.42	\$21,473.85	\$22,016.16	\$22,563.45	\$23,116.04	\$23,674.24
4"	41	\$37,321.45	\$38,279.47	\$39,246.19	\$40,221.80	\$41,206.85	\$42,201.90
6"	92	\$83,745.70	\$85,895.40	\$88,064.63	\$90,253.80	\$92,464.15	\$94,696.95

Non-Standard Demand Adjustments

The City reserves the right under the Impact Fees Act (Utah Code Ann. § 11-36a-402(1)(c, d)) to assess an adjusted fee to respond to unusual circumstances and to ensure that the impact fees are assessed fairly. The impact fee ordinance should include a provision that permits adjustment of the fee for a development based upon studies and data submitted by the developer that indicate a more realistic and accurate impact upon the City's infrastructure.

CHAPTER 1: OVERVIEW OF THE WATER IMPACT FEES

Summary

An impact fee is intended to recover the City's costs of building excess culinary water capacity from new residential or non-residential development rather than passing these growth-related costs on to existing users through rates.

The Utah Impact Fees Act allows only certain costs to be included in an impact fee so that only the fair cost of expansionary projects or existing unused capacity paid by the City is assessed through an impact fee. Eligible costs include future projects, historic costs of existing assets that still have capacity available to serve growth, future or outstanding debt related to these eligible projects, and certain professional expenses related to planning for growth. Project improvements that only serve a specific development or subdivision cannot be included. System improvements that cure a deficiency or enhance the LOS cannot be included without an appropriate credit.

The impact fee analysis provides documentation of a fair comparison, or rational nexus, between the impact fee charged to new development and the demands that new growth will have on the system. Impact fees are charged according to meter size as an estimate of the impact on the culinary water system.

Costs to be Included in the Impact Fee

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

- New capital infrastructure for source, storage, and distribution that will serve new development; and
- Professional and planning expenses related to the construction of system improvements that will serve new development.

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

- Projects that cure system deficiencies for existing users;
- Projects that increase the LOS above that which is currently provided;
- Operations and maintenance costs;
- Costs of facilities funded by grants or other funds that the City does not have to repay;
- Interest costs related to outstanding or future bonds that have been issued to fund non-impact fee eligible projects such as repair and replacement and curing deficiency; and
- Costs of reconstruction of facilities that do not have capacity to serve new growth.

Assessment of an Impact Fee

The City will assess the impact fee as part of the building permit process. New connections will pay the impact fee before a final building permit is issued. The fee will be determined by meter size or according to a non-standard water impact fee calculation if certain water demand data is provided according to City policy. Remodels and expansions of existing facilities will also need to pay an impact fee if the culinary water meter size is increased but will only pay the difference in the fee for the new meter size minus the fee for the existing meter size.

Utah Code Legal Requirements

Utah law requires that communities prepare an Impact Fee Analysis (IFA) before enacting an impact fee. Utah law also requires that communities give notice of their intent to prepare and adopt an IFA. This IFA

follows all legal requirements as outlined below. The City has retained Zions Public Finance, Inc. (ZPFI) to prepare this Impact Fee Analysis in accordance with legal requirements.

Notice of Intent to Prepare Impact Fee Analysis

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

Preparation of Impact Fee Analysis

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

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

- (1) An impact fee analysis shall:
 - (a) identify the anticipated impact on or consumption of any existing capacity of a public facility by the anticipated development activity;
 - (b) identify the anticipated impact on system improvements required by the anticipated development activity to maintain the established level of service for each public facility;
 - (c) demonstrate how the anticipated impacts described in subsections (1)(a) and (b) are reasonably related to the anticipated development activity;
 - (d) estimate the proportionate share of:
 - (i) the costs for existing capacity that will be recouped; and
 - (ii) the costs of impacts on system improvements that are reasonably related to the new development activity; and
 - (e) identify how the impact fee was calculated.
- (2) In analyzing whether or not the proportionate share of the costs of public facilities are reasonably related to the new development activity, the local political subdivision or private entity, as the case may be, shall identify, if applicable:
 - (a) the cost of each existing public facility that has excess capacity to serve the anticipated development resulting from the new development activity;
 - (b) the cost of system improvements for each public facility;
 - (c) other than impact fees, the manner of financing for each public facility, such as user charges, special assessments, bonded indebtedness, general taxes, or federal grants;
 - (d) the relative extent to which development activity will contribute to financing the excess capacity of and system improvements for each existing public facility, by such means as user charges, special assessments, or payment from the proceeds of general taxes;

- (e) the relative extent to which development activity will contribute to the cost of existing public facilities and system improvements in the future;
- (f) the extent to which the development activity is entitled to a credit against impact fees because the development activity will dedicate system improvements or public facilities that will offset the demand for system improvements, inside or outside the proposed development;
- (g) extraordinary costs, if any, in servicing the newly-developed properties; and
- (h) the time-price differential inherent in fair comparisons of amounts paid at different times.

Certification of Impact Fee Analysis

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

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

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

Culinary Water Service Area

The service area includes all areas within the City boundaries and includes the major source, storage, and distribution facilities that produce and circulate water throughout the entire City.

Proposed Culinary Demands

The table below shows culinary water growth projections. The City's culinary water system currently serves 3,728 ERCs which will grow to an estimated 5,662 ERCs at buildout. Throughout this impact fee analysis, a 10-year growth window will be the basis for the impact fee calculation. The ten-year growth between 2020 and 2030 is expected to be 431 ERCs. There must be a balance between the costs of the facilities that will meet the ten-year demand and the number of ERCs that will be added within the ten years to correctly calculate an impact fee. The IFFP has identified the existing and future water projects and calculated the percentage of each project's capacity that will be used to meet the demands of new development.

TABLE 7: GROWTH IN WATER DEMAND

Year	ERCs	Peak Day Demand - GPM	Annual Acre Feet
2020	3,728	3,469	2,498
2021	3,769	3,507	2,525
2022	3,811	3,546	2,553
2023	3,853	3,585	2,582
2024	3,895	3,624	2,610
2025	3,938	3,664	2,638
2026	3,981	3,704	2,667
2027	4,025	3,745	2,697
2028	4,069	3,786	2,726
2029	4,114	3,828	2,756
2030	4,159	3,870	2,787
2031	4,205	3,913	2,817
2032	4,251	3,956	2,848
2033	4,298	3,999	2,880
2034	4,345	4,043	2,911
2035	4,393	4,088	2,943
2036	4,438	4,130	2,973
2060	5,662	5,270	3,794

Existing and Proposed LOS Analysis

Level of Service (LOS) defines how much of the culinary water system a typical residential user, defined as an Equivalent Residential Connection (ERC), will require and can fairly fund through impact fee revenue. LOS is based upon historic observed water demands per ERC. Impact fee law prohibits the use of impact fees to increase the LOS above the current demands. At times, a water system may need to increase a LOS to cure an existing deficiency, but projects that fix deficiencies must be paid for by non-impact fee revenues and a credit must be provided to the impact fee payer. In this analysis, a credit has been calculated to offset the portion of the future capital projects which will benefit existing users.

LOS is calculated in terms of average demand and peak day demand. In Moab, the LOS per ERC is equated to a peak day demand of 1,340 gallons per day (gpd). Average annual demand is 0.67 acre-feet per ERC.

A residential unit is equated to one ERC, but non-residential properties can be converted to the equivalent number of ERCs using meter multipliers shown later in this document.

The IFFP does not identify any excess capacity in the existing water system that could be used to serve the needs of new development.

Source Capacity LOS

Culinary water sources must be sufficient to meet demand and account for limitations in supply such as changes in seasonal supply or the effects of dry years. Source facilities are sized according to a peak day demand. The proposed LOS for source is based on a peak day demand of 1,340 gpd per ERC as stated in the IFFP prepared by Hansen Allen Luce dated September 2020.

Storage LOS

Storage is an equalizing component in the water system that allows sources and boosters to operate at a set peak day rate while absorbing fluctuations in demand within each pressure zone. In addition to providing operational equalization, storage must also provide fire flow storage, and emergency or standby storage.

The volume of required storage for indoor and outdoor use was addressed in the IFFP. In accordance with {R309-510-8(w) U.A.C} 739 gallons of storage is required for each ERC. Additionally, fire storage of 1 million gallons has been established.

TABLE 8: STORAGE LOS SUMMARY

Schedule	ERCs	Equalization (MG)	Fire (MG)	Total
2017	3,569	2.64	1.0	3.64
2060	5,662	4.18	1.0	5.18

Source: City of Moab Water System Impact Fee Facilities Plan, HAL, September 2020, Table 3-2

Distribution Capacity LOS

Distribution pipelines must be sized and designed to deliver a peak instantaneous quantity of culinary water as well as meet fire flow demands. The proposed LOS for distribution from a system design perspective is to maintain State standards psi during peak day conditions. Increases to these design criteria may constitute an increase in LOS.

CHAPTER 3: IMPACT ON CAPACITY FROM DEVELOPMENT ACTIVITY

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

Excess Capacity and Deficiency

The City has the right to increase the established LOS in the future by constructing facilities that will provide greater capacity per ERC, but such LOS increases cannot be funded through impact fees. If the proposed LOS is higher than the existing LOS, then a deficiency exists and will be cured through sources of funding other than impact fees. Each of the future projects identified in the IFFP will serve existing residents, as well as new development which means a credit has been included in the impact fee calculation to offset the cost of constructing infrastructure that cures deficiencies for existing users.

Table 9 shows the existing projects which have excess capacity to serve 10-year growth and Table 12 later in this document shows the future capital projects that will be constructed within the 10-year impact fee planning horizon.

TABLE 9: EXISTING PROJECTS WITH EXCESS CAPACITY

Project Identifier	Project Description	Estimated Project Cost	% to Future Development	Estimated Cost to New Development	Impact-Fee Eligible in Next 10 Years
No. 2	Millcreek Drive	\$1,871,538	70%	\$1,310,077	\$291,956.06
No. 6	400 N 100 W	\$252,000	40%	\$100,800	\$22,463.70
No. 22	Millcreek Drive and Murphy Lane, Powerhouse Road to Powerhouse Tank Access Road	\$656,000	60%	\$393,600	\$87,715.41
Golf Course Water Line	Golf Course to Murphy Lane	\$114,120	70%	\$79,884	\$17,802.48
TOTAL		\$2,893,658		\$1,884,361	\$419,938

With growth of 431 ERCs over the next ten years, the City will need additional facilities as shown by the following estimates of usage of capacity. The following numbers were taken directly from the IFFP (Table 3-1), which measured 2017 demand as the basis for future projections.

TABLE 10: SOURCE LOS SUMMARY

Schedule	ERCs	Demand (GPM)	Existing Source Capacity (GPM)	Excess Capacity (GPM)
Existing (2017)	3,569	3,321	3,340	19
2060	5,662	5,270	3,340	-1,930

As stated in the IFFP, “most of the capacity has been committed to existing uses. The small estimated amount of excess capacity is essentially negligible. New water source supply facilities are needed for future growth.”²

TABLE 11: STORAGE LOS SUMMARY

Schedule	ERCs	Equalization (MG)	Fire (MG)	Total (MG)	Existing Storage Capacity (GPM)	Excess Capacity (GPM)
Existing (2017)	3,569	2.64	1.0	3.64	3.0	-0.64
Future	5,662	4.18	1.0	5.18	3.0	-2.18

As the table shows, there is no excess water storage capacity.³

There is also no excess capacity in existing distribution projects. Current deficiencies are shown as part of the new projects identified as part of this analysis.

² City of Moab Impact Fee Facilities Plan, p.3-1.

³ City of Moab Impact Fee Facilities Plan, p.3-2.

CHAPTER 4: SYSTEM IMPROVEMENTS REQUIRED FROM DEVELOPMENT ACTIVITY

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

Future 10-Year Culinary Water Capital Projects

The City intends to build the following projects within the impact fee planning horizon. Some of the projects will cure existing deficiencies; therefore, only a portion of the cost of these projects that are attributed to new development will be included in the impact fee calculation. A credit will be included to offset the costs that will cure existing deficiencies.

TABLE 12: IMPACT-FEE ELIGIBLE CAPITAL PROJECTS – NEW CONSTRUCTION

Project Identifier	Project Description	Estimated Project Cost	% to Future Development	Estimated Cost to New Development	Impact-Fee Eligible in Next 10 Years	Amount to Existing Development
Source (Redundancy)	New Well	\$2,365,000	37%	\$875,050	\$195,008.56	\$1,489,950
Storage	New 2.2 MG Water Storage Tank	\$3,438,000	71%	\$2,440,980	\$543,982.62	\$997,020
TOTAL		\$5,803,000		\$3,316,030	\$738,991	\$2,486,970

CHAPTER 5: PROPORTIONATE SHARE ANALYSIS

The Impact Fees Act requires the Impact Fee Analysis to estimate the proportionate share of the future and historic cost of existing system improvements that benefit new growth and can be recouped through impact fees. The impact fee for existing assets must be based on the historic costs while the fees for construction of new facilities must be based on reasonable future costs of the system. This chapter will show that the proposed impact fee for system improvements is reasonably related to the impact on the culinary water system from future development activity.

Manner of Funding

The proportionate share analysis considers the manner of funding utilized for existing public facilities. Historically the City has funded existing infrastructure with revenue sources including the following:

- Water User Rates and Miscellaneous Fees
- Water Impact Fees

Grant funding is not secured at this time; however, if any grants are received, future impact fees will be discounted according to the size of grant and what impact fee qualifying projects are funded by such grants.

Developer and Reimbursement Credits

If a project included in the Impact Fee Facilities Plan (or a project that will offset the demand for a system improvement that is listed in the IFFP) is constructed by a developer, then that developer is entitled to a credit against impact fees owed. (Utah Code Ann. § 11-36a-304(2)(f)). Construction of such facilities must be agreed upon with the City before construction begins.

Maximum Legal Culinary Water Impact Fee per ERC

The maximum impact fee is based on the combination of individual costs for the components of source, storage, distribution, and allowable professional fees. Each fee for individual components is based upon the costs of qualifying improvements divided by the total and available capacities. The result is a very precise impact fee that complies with the Impact Fees Act.

The following tables show the maximum legal impact fees that the City can assess to each user category according to ERC or meter size. Residential units are assessed a culinary water impact fee equivalent to one ERC which assumes the typical peak day demand of 1,340 gpd. Non-residential connections and multi-family connections will be assessed a culinary impact fee based on meter size of their connections.

Multi-family complexes will be assessed according to the size of the master meter and not according to the number of doors. Many non-residential properties have fire flow for the building and if the sprinkler system feeds through an unmetered standpipe, then an impact fee is not assessed to the standpipe. However, if there are master meters that are sized much larger than what the actual water demands of the building require due to fire sprinkler capacity, then the impact fee should be based on the size of meter that would best serve the needs of the building net of fire flow.

Existing Projects with Excess Capacity

The capacity to be consumed over the next ten years is \$419,937.65. With projected growth of 431 ERCs over the next 10 years, the cost per ERC is \$974.33.

TABLE 13: PROPORTIONATE SHARE ANALYSIS-EXCESS CAPACITY BUY-IN

Description	Amount
Capacity Used in Next 10 Years	\$419,937.65
Growth in ERCs, 2020-2030	431
Cost per ERC	\$974.33

Future Capital Projects

Table 14 summarizes the cost of future system improvements to be constructed within the next six years and what portion of these costs are attributable to 10-year growth.

TABLE 14: PROPORTIONATE SHARE ANALYSIS – WATER SOURCE

Source	Amount
Growth in ERCs, 2020-2060	1,934
Cost of Future Facilities to Serve New Development	\$3,316,030
Growth in ERCs, 2020-2030	431
Cost Attributable to Next 10 Years	\$738,991
Cost per ERC	\$1,714.60

Consultant Fees

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

TABLE 15: PROPORTIONATE SHARE ANALYSIS – CONSULTANT FEES

Consultant Costs	Amount
ZPFI Costs for IFA	\$7,500
HAL Costs for IFFP	\$9,750
Total Consultant Costs	\$17,250
Growth in ERCs, 2020-2030	431
Cost per ERC	\$40.02

Impact Fee Fund Balance

A credit needs to be made for unspent funds in the impact fees account that can be used to offset the costs of the future capital improvements. These funds were collected to meet the needs of new growth and development.

TABLE 16: PROPORTIONATE SHARE ANALYSIS – IMPACT FEE FUND BALANCE

Impact Fee Fund Balance	Amount
Impact Fee Fund Balance	\$597,262.29
Growth in ERCs, 2020-2030	431
Credit per ERC	(\$1,385.76)

Summary of Gross Impact Fee

TABLE 17: PROPORTIONATE SHARE ANALYSIS – GROSS FEE

Gross Impact Fee Summary	
Buy-In to Existing Excess Capacity	\$974.33
Cost of New System Improvements	\$1,714.60
Consultant Costs	\$40.02
Impact Fee Funds Available	(\$1,385.76)
TOTAL	\$1,343.19

Credits Against Impact Fees

Because there are existing deficiencies based on the LOS, a portion of the cost of the new facilities is needed to make up for these existing deficiencies. New development cannot be expected to pay the full impact fees and then also contribute to this existing deficiency in the system through user rate revenues or other sources. Therefore, credits have been made for the portion of the projects that will be used to cure existing deficiencies. The table below shows these credits and the maximum fee that may be charged each year.

TABLE 18: CREDIT AMOUNT FOR NEW DEVELOPMENT

Project Identifier	Project Description	Estimated Project Cost	% to Future Development	Estimated Cost to New Development	Amount to Existing Development
Source (Redundancy)	New Well	\$2,365,000	37%	\$875,050	\$1,489,950
Storage	New 2.2 MG Water Storage Tank	\$3,438,000	71%	\$2,440,980	\$997,020
TOTAL		\$5,803,000		\$3,316,030	\$2,486,970

The costs for the deficiencies are spread over 20 years in this analysis. The revenues to pay for existing development's share of the new facilities will come from rates, while the revenues to pay for new growth should come from the impact fees paid by new development. Therefore, only the cost attributable to the existing deficiencies (i.e., higher water rates) needs to be credited against the impact fees.

TABLE 19: MAXIMUM FEE AFTER IMPACT FEE CREDITS

Year	ERCs	Credit per ERC	NPV*	Maximum Fee
2020	3,728	\$33.36	\$432.91	\$910.28
2021	3,769	\$32.99	\$409.55	\$933.65
2022	3,811	\$32.63	\$385.97	\$957.22
2023	3,853	\$32.27	\$362.17	\$981.02
2024	3,895	\$31.93	\$338.15	\$1,005.05
2025	3,938	\$31.58	\$313.88	\$1,029.31
2026	3,981	\$31.24	\$289.36	\$1,053.83
2027	4,025	\$30.89	\$264.58	\$1,078.62
2028	4,069	\$30.56	\$239.53	\$1,103.67
2029	4,114	\$30.23	\$214.19	\$1,129.00

Year	ERCs	Credit per ERC	NPV*	Maximum Fee
2030	4,159	\$29.90	\$188.56	\$1,154.63

*NPV = net present value discounted at a rate of 2.5%

Proposed Culinary Water Impact Fee Meter Multipliers

The table below shows the maximum legal impact fees that the City can assess to each meter size. Using meter multipliers is a very common and simple method of assessing impact fees. The size of meter chosen for a connection determines the maximum flow that can pass through the meter and therefore the potential impact that the connection can place on the system.

TABLE 20: MAXIMUM FEE AFTER IMPACT FEE CREDITS

Meter Size	Multipliers	2020	2021	2022	2023	2024	2025
5/8" x 3/4"	1	\$910.28	\$933.65	\$957.22	\$981.02	\$1,005.05	\$1,029.31
3/4"	1.4	\$1,274.39	\$1,307.10	\$1,340.11	\$1,373.43	\$1,407.06	\$1,441.04
1"	2.6	\$2,366.73	\$2,427.48	\$2,488.78	\$2,550.65	\$2,613.12	\$2,676.22
1.5"	5.8	\$5,279.62	\$5,415.14	\$5,551.90	\$5,689.91	\$5,829.26	\$5,970.03
2"	10.2	\$9,284.85	\$9,523.19	\$9,763.69	\$10,006.40	\$10,251.46	\$10,499.01
3"	23	\$20,936.42	\$21,473.85	\$22,016.16	\$22,563.45	\$23,116.04	\$23,674.24
4"	41	\$37,321.45	\$38,279.47	\$39,246.19	\$40,221.80	\$41,206.85	\$42,201.90
6"	92	\$83,745.70	\$85,895.40	\$88,064.63	\$90,253.80	\$92,464.15	\$94,696.95

Non-Standard Demand Adjustments

The City reserves the right under the Impact Fees Act (Utah Code Ann. § 11-36a-402(1)(c, d)) to assess an adjusted fee to respond to unusual circumstances and to ensure that the impact fees are assessed fairly. The impact fee ordinance should include a provision that permits adjustment of the fee for a development based upon studies and data submitted by the developer that indicate a more realistic and accurate impact upon the City's infrastructure.

CERTIFICATION

In accordance with Utah Code Annotated, 11-36a-306(2), Zions Public Finance, Inc., makes the following certification:

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

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

Zions Public Finance makes this certification with the following caveats:

1. All of the recommendations for implementations of the Impact Fee Facilities Plan (IFFP) made in the IFFP or in the impact fee analysis are followed in their entirety by City staff and Council in accordance to the specific policies established for the Service Area.
2. If all or a portion of the IFFP or impact fee analysis are modified or amended, this certification is no longer valid.
3. All information provided to Zions Public Finance, Inc., its contractors or suppliers is assumed to be correct, complete and accurate. This includes information provided by the City of Moab and outside sources.

ZIONS PUBLIC FINANCE, INC.