Syracuse City

Storm Water
DRAFT Impact Fee Analysis

ZIONS PUBLIC FINANCE, INC.

August 20, 2020

Table of Contents

Summary of Impact Fee Analysis

Background Information

Syracuse City (the "City") retained J-U-B Engineers, Inc. to prepare an Impact Fee Facilities Plan (IFFP) for storm water, and retained Zions Public Finance, Inc. to prepare this Impact Fee Analysis (IFA) for the calculation of appropriate storm water impact fees. This IFA relies on the information provided in the IFFP regarding current system capacity and future storm water capital facility needs, cost and timing.

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

Level of Service. The IFFP identifies the level of service as follows:[1]

> *Syracuse City has defined the level of service for the storm drain system as the ability to convey the 1 inch in 1-hour design storm within the storm drain piping, detention ponds and roadways.*

Growth Projections. Over the next 10 years (2020-2030), Syracuse is expected to experience development on 935 acres.

TABLE 1: GROWTH PROJECTIONS

Development	Acres
Developed Acres – 2020	3,481
Projected Developed Acres - 2030	4,416
Growth in Developed Acres, 2020-2030	**935**

Source: Davis County Assessor's Office; ZPFI

Impact on Consumption of Existing Capacity

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

The Master Plan and IFFP prepared by J-U-B Engineers, Inc., models existing, excess capacity in the system, but does not identify excess capacity that will be consumed by new development over the next 10 years. Therefore, no buy-in costs of excess capacity have been included in the calculation of impact fees. This results in a lower, more conservative impact fee.

Impact on System Improvements by Anticipated New Development

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

The City has determined that, to maintain its current level of storm water service, additional storm water improvements will be required at a total cost of $21,225,379. The new improvements necessitated by new development within the next 10 years that are eligible for impact fees are projected to cost $11,894,232. J-U-B has identified $6,372,957 of projects, over the next 10 years, that are necessary to

[1] J-U-B Engineers, Inc., July 2020, Storm Drain Master Plan and IFFP

serve existing development. A credit for these projects has been made against the total impact fees so that new development will only pay for its fair share of new improvements.

Proportionate Share Analysis and Impact Fee Calculation

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

The cost of new storm water facilities, along with allowable consultant costs, is summarized in the table below:

TABLE 2: PER ACRE IMPACT FEE CALCULATION

Summary	New Development Cost per Acre
New Construction	$12,721.10
Consultant Cost	$10.70
Impact Fee Fund Balance Credit	($2,389.50)
TOTAL GROSS FEE per Acre	**$10,342.30**

A credit is then made for the new capital projects that will benefit existing development. The total amount of these projects is $6,372,957, or an average of $579,360 per year for the next 11 years. The cost of these improvements is divided over the total acres in the City, with a credit per acre made against the gross impact fee of $10,342.30.

TABLE 3: PER ACRE IMPACT FEE CREDITS

Year	Developed Acres	Existing Development- Average Cost per Year	Existing Development - Cost per Acre	NPV* of Credits	Cost per Acre
2020	3,481	$579,360	$166.43	$1,374.93	$8,967.37
2021	3,575	$579,360	$162.08	$1,249.74	$9,092.56
2022	3,668	$579,360	$157.95	$1,125.15	$9,217.15
2023	3,762	$579,360	$154.02	$1,000.96	$9,341.34
2024	3,855	$579,360	$150.29	$876.96	$9,465.34
2025	3,949	$579,360	$146.73	$752.98	$9,589.32
2026	4,042	$579,360	$143.33	$628.84	$9,713.46
2027	4,136	$579,360	$140.09	$504.37	$9,837.93
2028	4,229	$579,360	$137.00	$379.41	$9,962.89
2029	4,323	$579,360	$134.03	$253.79	$10,088.50
2030	4,416	$579,360	$131.20	$127.37	$10,214.92

*NPV = net present value at a discount rate of 3 percent

Manner of Financing for Public Facilities

The City has no bonds outstanding for storm water facilities and therefore no credits are required for outstanding bonds. No bonds are anticipated in order to pay for storm water facilities within the next 10 years and, therefore, no credits are necessary at this time for future bonds.

Utah Code Legal Requirements

Utah law requires that communities prepare an Impact Fee Analysis (IFA) based on the information presented in the Impact Fee Facilities Plan (IFFP) 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 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 Analysis (Utah Code 11-36a-503(1)). This notice must be posted on the Utah Public Notice website. The City has complied with this noticing requirement for the IFA by posting notice.

Preparation of Impact Fee Analysis

Utah Code requires that "each local political subdivision… intending to impose an impact fee shall prepare a written analysis of each impact fee" (Utah Code 11-36a-303).

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

(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 anticipated impacts 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 improvement that are reasonably related to the new development activity; and
(e) based on the requirements of this chapter, identify how the impact fee was calculated.

Further, 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 means such as user charges, special assessments, or payment from the proceeds of general taxes;
(e) the relative extent to which development activity will contribute to the cost of existing public facilities and system improvements in the future;

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

Calculating Impact Fees

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

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

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

Certification of Impact Fee Analysis

Utah Code states that an impact fee analysis shall include a written certification from the person or entity that prepares the impact fee facilities plan. This certification is included as part of this Impact Fees Analysis.

Impact Fee Enactment

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

Consumption of Existing Capacity, Impact on System Improvements and How Impacts are Related to Anticipated Development Activity

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

Growth in Demand

Growth in developed acres will generate demand for storm water facilities. The following table shows the projected growth in the City.

TABLE 4: PROJECTED GROWTH

Year	Developed Acres	New Acres Developed per Year
2020	3,481	93.5
2021	3,575	93.5
2022	3,668	93.5
2023	3,762	93.5
2024	3,855	93.5
2025	3,949	93.5
2026	4,042	93.5
2027	4,136	93.5
2028	4,229	93.5
2029	4,323	93.5
2030	4,416	93.5
Growth in Acres	**935**	

Source: Davis County Assessor's Office; ZPFI

Consumption of Existing Capacity by Anticipated New Development

The City's Storm Water Master Plan and IFFP does not identify any existing, excess capacity in the storm water system.

Impact on System Improvements by Anticipated New Development

The City has determined to maintain its current level of storm water service. Therefore, additional storm water improvements will be required in order to maintain the established storm water level of service. The IFFP identifies the level of service as follows:[2]

> *Syracuse City has defined the level of service for the storm drain system as the ability to convey the 1 inch in 1-hour design storm within the storm drain piping, detention ponds and roadways.*

The following projects have been identified in the IFFP as necessary for existing and new development.

TABLE 5: NEW SYSTEM IMPROVEMENTS NECESSITATED BY EXISTING AND NEW DEVELOPMENT

Project Number	Project Location	New Development	Development Base Cost	Existing Contribution	10-Yr Growth Contribution	Growth Beyond 10 Year	IFFP Cost
SD-01	1700 S Bluff RD	$2,287,000	$0	0%	100%	0%	$2,287,000
SD-02	3000 W 1325 S	$125,000	$0	30%	70%	0%	$87,500
SD-03	650 S 3500 W	$0	$447,000	0%	100%	0%	$0
SD-04	600 S 3175 W	$0	$750,000	0%	100%	0%	$0
SD-05	435 S 3000 W	$32,620	$606,566	0%	100%	0%	$32,620
SD-06	3000 S 2400 W	$6,120,000	$0	30%	70%	0%	$4,284,000
SD-07	700 S 2750 W	$782,000	$0	10%	90%	0%	$703,800
SD-08	3000 W 3500 S	$1,548,000	$0	30%	70%	0%	$1,083,600

[2]J-U-B Engineers, Inc., July 2020, Storm Drain Master Plan and IFFP

Project Number	Project Location	New Development	Development Base Cost	Existing Contribution	10-Yr Growth Contribution	Growth Beyond 10 Year	IFFP Cost
SD-09	2500 S 2675 W	$162,808	$1,052,571	0%	0%	100%	$0
SD-10	2700 S 3000 W	$2,011,000	$0	30%	70%	0%	$1,407,700
SD-11	2500 W 435 S	$26,384	$874,169	0%	100%	0%	$26,384
SD-12	Bluff Rd 1550 W	$589,000	$0	50%	50%	0%	$294,500
SD-13	2000 W 3200 S	$673,000	$0	90%	10%	0%	$67,300
SD-14	1900 W 3300 S	$245,979	$784,968	0%	100%	0%	$245,979
SD-15	2700 S 3720 W	$1,012,000	$0	40%	25%	35%	$253,000
SD-16	2700 S 3230 W	$362,346	$1,462,895	0%	0%	100%	$0
SD-17	700 S 3600 W	-	-	-	-	-	-
SD-18A	1700 S 4000 W	$1,145,000	$0	70%	30%	0%	$343,500
SD-18B	1700 S 4300 W	$1,305,583	$0	70%	0%	30%	$0
SD-19	2200 S 3720 W	$1,110,498	$1,882,853	30%	70%	0%	$777,348
SD-20	3700 S 1425 W	$1,393,000	$0	0%	0%	100%	$0
SD-21	700 W Bluff Rd.	$219,785	$963,370	0%	0%	100%	$0
SD-22	3000 W 1000 S	$74,378	$856,329	0%	0%	100%	$0
	TOTAL	**$21,225,379**	**$9,680,721**				**$11,894,232**

Source: J-U-B Storm Water Master Plan and Impact Fee Facilities Plan, July 2020

Relation of Anticipated Development Activity to Impacts on Existing Capacity and System Improvements

The demand placed on existing storm water improvements by new development activity is attributed to the increased developed acres related to both residential and nonresidential growth.

Based on information provided in the IFFP, new development's share of the new improvements, over the next 10 years, is $11,894,232.

Proportionate Share Analysis

Utah Code 11-36a-304(1)(d)(i) and (ii)

Costs for Existing Capacity

The City has elected not to include any buy-in costs for existing, excess capacity. This serves to reduce the impact fee.

Costs of System Improvements Related to New Development Activity

The City intends to maintain its existing level of service for storm water services through adding the new improvements described in the Impact Fee Facilities Plan and previously in this Impact Fee Analysis. In addition, engineering and consultant fees are considered a legitimate cost in calculating impact fees. These costs are also summarized below.

Total impact-fee eligible costs for new construction, attributable to new development over the next 10 years, are $11,894,232. Consultant costs for the IFFP and IFA update are estimated at $10,000 in order to prepare the engineering plans, impact fee facility plans and impact fee analysis that were necessary in order to calculate defensible impact fees and meet the requirements of Utah Code 11-36a regarding impact fees.

TABLE 7: PER ACRE COST FOR NEW SYSTEM IMPROVEMENTS AND CONSULTANT COSTS

	Amount
New Construction Costs:	
Impact Fee Eligible System Improvements Due to Development for10 Years	$11,894,232
Acres Served by Construction of New System Improvements Over Next 10 Years	935
New Construction Cost per Acre	**$12,721.10**
Consultant Costs:	
Consultant Costs	$10,000
Acres Served by Consultant Costs	935
Consultant Costs per Acre	**$10.70**

Impact Fee Calculation

The maximum impact fee allowable under law includes new system improvement costs of $12,721.10 per acre, consultant costs of $10.70 per acre, and an impact fee fund balance credit of $2,389.50 per acre, resulting in a total maximum gross impact fee of $10,342.30 per acre.

TABLE 8: PROPORTIONATE SHARE IMPACT FEE CALCULATION

	Fee
New Construction	$12,721.10
Consultant Costs	$10.70
Impact Fee Fund Balance	($2,389.50)
TOTAL Cost per Acre	**$10,342.30**

A credit is then made for the new capital projects that will benefit existing development. The total amount of these projects is $6,372,957, as shown in the table below.

TABLE 9: COST ALLOCATION TO EXISTING DEVELOPMENT

Project Number	Project Location	New Projects	Existing Contribution	Cost to Existing Development
SD-01	1700 S Bluff RD	$2,287,000	0%	$0
SD-02	3000 W 1325 S	$125,000	30%	$37,500
SD-03	650 S 3500 W	$0	0%	$0
SD-04	600 S 3175 W	$0	0%	$0
SD-05	435 S 3000 W	$32,620	0%	$0
SD-06	3000 S 2400 W	$6,120,000	30%	$1,836,000
SD-07	700 S 2750 W	$782,000	10%	$78,200
SD-08	3000 W 3500 S	$1,548,000	30%	$464,400
SD-09	2500 S 2675 W	$162,808	0%	$0
SD-10	2700 S 3000 W	$2,011,000	30%	$603,300
SD-11	2500 W 435 S	$26,384	0%	$0
SD-12	Bluff Rd 1550 W	$589,000	50%	$294,500
SD-13	2000 W 3200 S	$673,000	90%	$605,700
SD-14	1900 W 3300 S	$245,979	0%	$0
SD-15	2700 S 3720 W	$1,012,000	40%	$404,800
SD-16	2700 S 3230 W	$362,346	0%	$0
SD-17	700 S 3600 W	-	-	

Project Number	Project Location	New Projects	Existing Contribution	Cost to Existing Development
SD-18A	1700 S 4000 W	$1,145,000	70%	$801,500
SD-18B	1700 S 4300 W	$1,305,583	70%	$913,908
SD-19	2200 S 3720 W	$1,110,498	30%	$333,149
SD-20	3700 S 1425 W	$1,393,000	0%	$0
SD-21	700 W Bluff Rd.	$219,785	0%	$0
SD-22	3000 W 1000 S	$74,378	0%	$0
	TOTAL	**$21,225,379**		**$6,372,957**

Assuming that the costs to existing development are paid for by 2030, the average payment per year is $579,360. The yearly payment is divided by the total acres in the City, with a credit per acre made against the gross impact fee of $10,342.30.

TABLE 10: PER ACRE IMPACT FEE CREDITS

Year	Developed Acres	Existing Development- Average Cost per Year	Existing Development - Cost per Acre	NPV* of Credits	Cost per Acre
2020	3,481	$579,360	$166.43	$1,374.93	$8,967.37
2021	3,575	$579,360	$162.08	$1,249.74	$9,092.56
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2030	4,416	$579,360	$131.20	$127.37	$10,214.92

*NPV = net present value at a discount rate of 3 percent

Manner of Financing, Credits, Etc.

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

The City has no bonds outstanding for storm drain facilities and therefore no credits are required for outstanding bonds. No bonds are anticipated in order to pay for storm drain facilities within the next 10 years and, therefore, no credits are necessary at this time for future bonds.

Certification

Zions Bank Public Finance certifies that the attached impact fee analysis:

1. Includes only the costs of public facilities that are:

a. allowed under the Impact Fees Act; and
b. actually incurred; or
c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid.

2. Does not include:
a. costs of operation and maintenance of public facilities;
b. costs for qualifying public facilities that will raise the level of service for the facilities, through impact fees, above the level of service that is supported by existing residents;
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.