2025 IMPACT FEE
WRITTEN ANALYSIS (IFWA)

prepared for SNYDERVILLE BASIN WATER RECLAMATION DISTRICT

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INTRODUCTION

This report documents research and analysis to quantify the Snyderville Basin Water Reclamation District (SBWRD) wastewater impact fee.[1] SBWRD is a Summit County Utah wastewater service provider and assesses an impact fee for wastewater collection and treatment facilities. SBWRD has collected impact fees since 1995. This report is an update of the 2022 Impact Fee Facilities Plan.

The Utah Impact Fees Act specifies two reports that make up an impact fee analysis. An Impact Fee Facilities Plan ("IFFP") which quantifies the cost of capital facilities needed to meet demand from new development, and an Impact Fee Written Analysis ("IFWA") which quantifies the amount of the impact fee and explains fee calculation methodology. This is the IFWA. The IFFP is a separate report.

An impact fee represents the cost of system capital facilities needed to meet demand from one unit of new development. This report documents research and analysis used to quantify unit cost, in a way, such that cost is proportionate to capacity demand. Impact fees include only the cost of capacity needed to meet demand from new development. Impact fees do not include non-capital costs such as operations expense or personnel cost. They do not include costs attributable to existing development such as deficiency correction or service provision upgrade. Impact fees are not assessed for facilities dedicated to one specific development (*project improvements*, as defined by the Impact Fees Act). Impact fees are assessed only for facilities that are part of the wastewater system as a whole.

This report is guided by the requirements of the Utah Impact Fees Act.[2] It is organized in such a way as to make the reasoning and analytical conclusions as intuitive as possible. One of the goals of an impact fee analysis is transparency—meaning that all the information needed to understand a particular calculation or analytical conclusion is available in the report. The requirements of the Act are highlighted in two ways—endnotes that cite the relevant paragraph of the Act, and a section at the end of the report that addresses statutory requirements in outline form.

Demand from new development is referred to frequently in this report. This is a reference to capital facility capacity needed to meet demand from new development. In this analysis, demand from new development will be met by available capacity at existing facilities—capacity built in the past to meet demand from future new development—and by the expansion of the East Canyon Wastewater Reclamation Facility (ECWRF)—one of the district's two water reclamation facilities. Every capital facility has a design capacity—a specific number of units that can be served—and an impact fee represents a proportionate allocation of the cost of that capacity based on benefit received. Proportionate allocation means that the unit cost of capacity varies by property category and size according to relative system capacity demand. Proportionality is a key characteristic of an equitable impact fee.

Impact fees serve three purposes: 1) to fund capacity needed to meet demand from new development; 2) to maintain the level of service now provided (and paid for by) existing development; and 3) to enable growth to occur by making capacity available to new development, when and where it is needed. The 2025 SBWRD impact fee continues a cost-sharing system that has been in place since 1995—by means of impact fees each generation of new entrants pays for the capacity it requires. in the same way that existing development paid for its capacity.

IMPACT FEE SCHEDULE

Proposed Residential Impact Fees

Residential impact fees are assessed based on number of living sections, according to the following schedule.

Table 1—Proposed Residential Impact Fees - 2025 to 2027

PROPOSED RESIDENTIAL IMPACT FEES 2025 to 2027
2025 SBWRD Impact Fee Analysis

Number of Living Sections	Number of REs	Impact Fee Amount			
		2025 Q1 & Q2	2025 Q3 & Q4	2026	2027
1.0	1/3	$4,481	$4,591	$4,704	$4,819
2.0	2/3	$8,961	$9,181	$9,408	$9,639
3.0	**1**	**$13,442**	**$13,772**	**$14,112**	**$14,458**
4.0	1 1/3	$17,923	$18,362	$18,816	$19,278
5.0	1 2/3	$22,403	$22,953	$23,520	$24,097
6.0	2	$26,884	$27,544	$28,224	$28,917
7.0	2 1/3	$31,365	$32,134	$32,928	$33,736
8.0	2 2/3	$35,845	$36,725	$37,632	$38,556
9.0	3	$40,326	$41,316	$42,336	$43,375

Source—the impact fee for one RE is from Table 6. Number of REs per living sections is defined by the SBWRD Impact Fee Enactment.

The Impact fee is calculated in terms of residential equivalent (RE) capacity demand.[3] *One RE* means a residential unit with three living sections, or 320 gpd peak day system capacity demand. The impact fee for a residential unit with three living sections is the impact fee for one RE. For larger or smaller units, the impact fee is incremented or decremented, per living section, by 1/3 of the cost per RE.

Impact fees do not take effect unless approved by the SBWRD Board of Trustees. The 2025 impact fee may be adopted at a rate lower than the proposed amount shown in Table 1, but will not be adopted at a rate higher than that shown above.

Calculation of Non-residential Impact Fees

The impact fee for nonresidential property types is determined by means of a formula defined by the SBWRD Impact Fee Enactment as follows:

> The impact fee for Non-residential connections is based on estimated average daily water usage for the highest thirty-day use period between November and March. Estimates shall be calculated by the project engineer or architect and approved by the district. Actual water usage from similar facilities may be used as a basis for such calculations. Wastewater flow shall be calculated by dividing average daily water usage by 320 gallons per day in order to determine the number of residential equivalent demand units ("REs"). The impact fee shall be computed by multiplying the REs times the residential equivalent system impact fee of a home with three (3) living sections (bedrooms). In the event that a user is determined to have maximum water use impacting the district during months other than winter months, the district will have the option of using the Applicants highest water use month impacting the district system for the calculation of final adjusted impact fees.

Impact Fee Assessment Guidelines

- Residential and nonresidential impact fees are calculated and assessed by means of separate methodology as described on the previous page.

- Impact fees are paid by all development within the SBWRD service area. This includes new construction, remodel, change of use, expansion, demolition/rebuild, etc. The fee for new development is shown in Table 1. For other types of projects, the impact fee is calculated based on the net increase in system capacity demand, calculated in terms of number of REs, by means of the (below described) *Procedure for Case Specific Analysis.* The fee is calculated based on the, current, cost per RE.

- The impact fee service area is illustrated in Figure 1 on the next page.

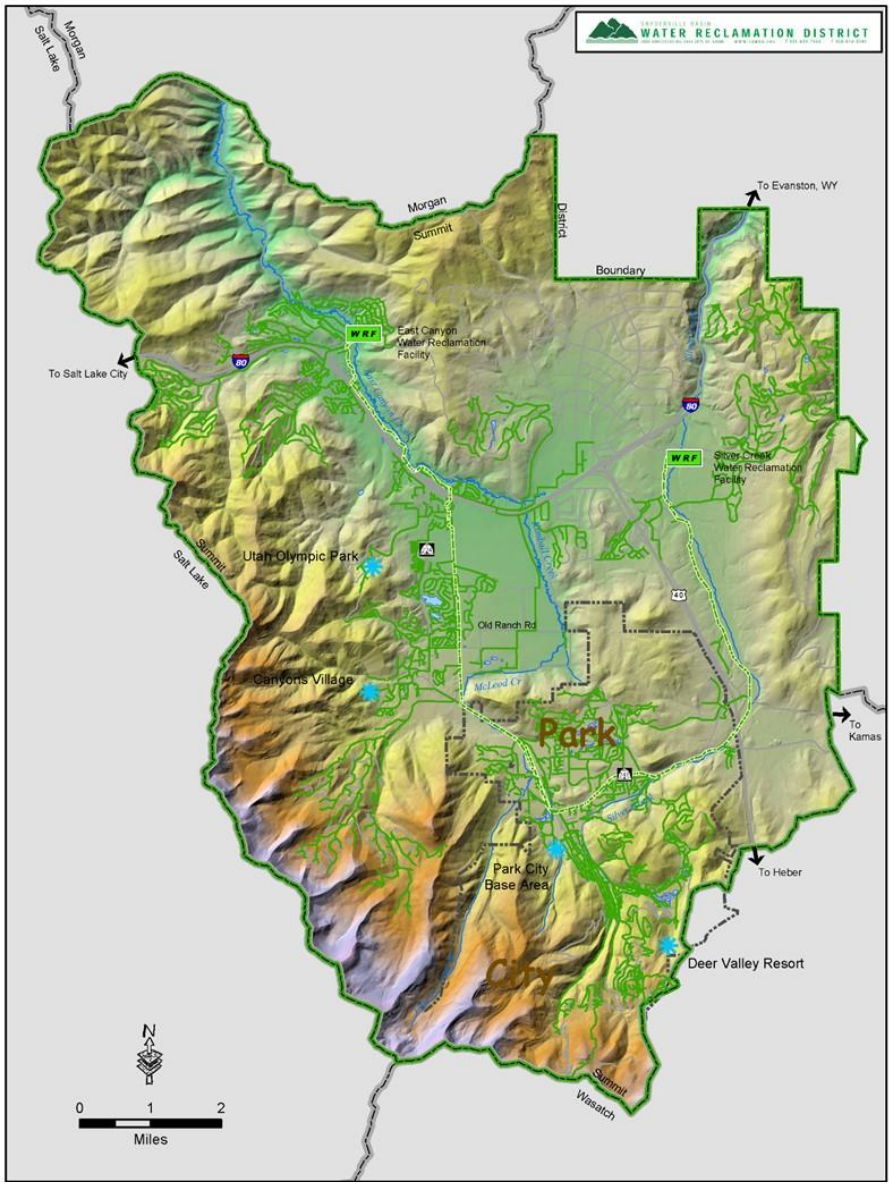
- Impact fees are assessed at the same cost per RE, everywhere within the district. For example, the 2025 impact fee (fees paid January 1 to June 30) is $13,442 per RE for development anywhere in the district. The fee is assessed at the same rate across the district, because all areas of the district are provided the same level of service (LOS).

- The SBWRD Impact Fee Enactment makes provision for the calculation of impact fees for atypical projects and contested impact fee assessments. The process and methodology are described on page 5, in the section *Procedure for Case Specific Analysis.*

Impact Fee Service Area

Following is a schematic of the impact fee service area. This is the area that will be served by the capital improvements that are the subject of this report, and is the area within which SBWRD Impact fees will be assessed.

Figure 1—Impact Fee Service Area



Source—SBWRD staff, November 2024. This illustration is a schematic. The specific boundaries of the service area can be obtained from the district.

The district has chosen to implement a single impact fee service area because the wastewater system functions as a single integrated unit to provide an adequate level of service and redundancy, districtwide. Also, because all areas of the district are provided the same LOS, a single service area means that cost per RE (and the amount of the impact fee per RE) is the same, districtwide.[4]

Procedure for Case Specific Analysis

Case specific analysis provides an alternative approach for calculation of an impact fee. It requires professional, case specific demand analysis and so is typically used for contested impact fees, atypical property types, or other projects that may not fit methodology used in this report. The analytical approach is similar to calculation of the scheduled impact fee—quantify capacity demand in terms of wastewater flow expressed as number of REs, and then calculate the impact fee based on the then-current cost per RE.

It is typical for an applicant to commission a professional capacity demand analysis. The procedure is to document the data sources and analytical methodology, and then submit a report to the district for review. The report will be evaluated by staff in context of district planning criteria, and if approved the impact fee would be calculated as follows:

[Impact Fee $ per RE $\times$ Capacity Demand (number of REs) $=$ Fee Assessment Amount].

Impact Fee per RE is the then-current impact fee.

CALCULATION OF THE IMPACT FEE

Cost of Capital Facilities for New Development

Demand from new development will be met in two ways – by means of available existing capacity (capacity built in the past to meet demand from future new development) and by a planned 2027 capacity expansion project at the East Canyon Water Reclamation Facility (ECWRF). The impact fee is the combined unit cost (cost per residential equivalent demand unit, or RE[3]) of that capacity.

The cost of capital facility capacity for new development is summarized below. The unit cost of capacity is calculated Table 5.

Table 2—Cost of Capital Facilities for New Devleopment

COST OF CAPITAL FACILITIES FOR NEW DEVELOPMENT 2025 SBWRD Impact Fee Analysis	
Cost of Capital Facilities for New Development	
Planned Capital Facilities (IFFP)	$147,645,806
Cost of Available Existing Capacity (remaining 2015 Bond Debt Service)	$15,050,925
Interest and Cost of Issuance for Planned Future Debt	$192,357,926
Less - Impact Fee Account Beginning Balance	($11,564,181)
Less - Impact Fee Account Earned Interest	($9,587,422)
Impact Fee Account Ending Balance	$839
Net Cost of Capacity	$333,903,894

Source— *Planned Capital Facilities* is from the SBWRD CIP. The *Cost of Available Existing Capacity* is remaining debt service for a 2015 bond used to fund the capacity expansion component of the 2015 SCWRF capital project. *Interest and Cost of Issuance*, *Impact Fee Account Beginning Balance* and *Impact Fee Account Earned Interest* are from Table 9.

Planned Capital Facilities is the cost of added system capacity needed to meet demand from new development – the cost of the upcoming 2027 expansion of the East Canyon Water Reclamation Facility. This includes plant capacity and other related system improvements. The expansion is sized to meet demand from new development through 2074.[5] The cost of projects and parts of projects needed for new development is detailed in the IFFP.

The *Cost of Available Existing Capacity* is the cost of remaining debt service on a 2015 Bond used to fund the capacity expansion component of the 2015 Silver Creek Water Reclamation Facility (SCWRF) capital project. The SCWRF expansion is sized to meet demand from new development through 2074. The bond was used to fund only the added capacity, new development component of the project.

The Impact Fees Act requires that an impact fee be calculated based on "…realistic estimates"[6] of the cost of planned improvements. Projects and cost for the SBWRD IFFP derive from a structured and ongoing process of demand and capacity planning—a process undertaken by SBWRD staff together with SBWRD engineering consultants.

The Impact Fees Act describes the type of facilities, and costs, that can be included in a wastewater impact fee.[7] Eligible facilities include system improvements[8] for treatment and collection, that have a lifespan greater than 10 years. Eligible costs include land, construction, planning and engineering fees, and debt service. The *Net Cost of Capacity* in Table 2 is limited to these costs and excludes all other spending not specifically attributable to capacity expansion for new development—costs such as capital facilities

maintenance and system renewal, deficiency correction and service provision upgrade for existing development are excluded.

2025 Capacity Expansion Plan

The capacity expansion plan, from the IFFP, is summarized below. Current capacity is 9.0 MGD. New capacity at ECWRF will add 2.5 MGD.

The district uses two measures for capacity planning-- *nominal* and *peak day* capacity. Peak day capacity is derived from nominal capacity and is calculated based on a peaking factor (1.25), and the district's level-of-service standard (320 gpd per RE). The calculation is described in the source notes to Table 3 of the IFFP. Each of the capacity measures fill a specific role in system design and management, but both yield the same relative per unit capacity demand, and so, the same unit cost of service and the same impact fee. This analysis is based on peak day capacity demand because wastewater systems are sized and designed to meet peak demand.

Table 3—System Capacity

SYSTEM CAPACITY

2025 SBWRD Impact Fee Analysis

	Existing Capacity		Planned New Capacity	Total	Peak Day MGD
	East Canyon WRF	Silver Creek WRF	ECWRF		
	(MGD, nominal)				
Existing Capacity (year-end 2024)	5.00	4.00		9.00	11.3
Planned New Capacity			2.50	2.50	3.1
Total				11.50	14.4
Planned On-line Year			Q4 2030		

Source—IFFP Table 2.

Table 4 on the next page shows the new development demand plan—the plan for utilization of available capacity at ECWRF and SCWRF, and the upcoming new capacity at ECWRF. The new ECWRF capacity is planned to be on-line in 2030.

Table 4—New Development Demand Plan

NEW DEVELOPMENT DEMAND PLAN

2025 SBWRD Impact Fee Analysis

	ECWRF		SCWRF	Annual New Demand	System Total Demand
	Existing Capacity	New Capacity	Existing Capacity		
	Capacity Utilization (RE, peak day)				
Planned New Capacity (MGD)		2.50			
Peaking Factor		1.25			
Peak Day Capacity (MGD)		3.125			
LOS (peak day demand per RE)		320			
Peak Day Capacity (RE)		9,766			
2024					28,756
2025	193	0	146	339	29,095
2026	192	0	147	339	29,433
2027	191	0	147	338	29,772
2028	190	0	147	338	30,109
2029	189	0	148	337	30,446
2030	86	103	148	337	30,783
2031		188	149	336	31,120
2032		187	149	336	31,456
2033		186	149	336	31,792
2034		185	150	335	32,127
2035		185	150	335	32,462
2036		184	151	334	32,796
2037		183	151	334	33,130
2038		182	152	334	33,464
2039		181	152	333	33,797
2040		180	152	333	34,130
2041		180	153	332	34,462
2042		179	153	332	34,794
2043		178	154	332	35,126
2044		177	154	331	35,457
2045		176	154	331	35,788
2046		176	155	330	36,119
2047		175	155	330	36,449
2048		174	156	330	36,778
2049 to 2074		6,406	1,737	8,144	44,922
Total	1,041	9,766	5,359	16,166	
Existing Capacity	1,041		5,359	6,400	
New Capacity		9,766		9,766	

Source—*System Total Demand* is from the district's growth projection (summarized in Table 17 of the IFFP). *Existing Capacity* is from Table 3 of the IFFP. ECWRF *Planned New Capacity (MGD)* is from Table 2 of the IFFP. Peak day new capacity is calculated as planned new capacity × Peaking Factor. The peaking Factor is discussed on page 20 of the IFFP. *Peak Day Capacity (RE)* is calculated as Peak Day Capacity (MGD) × 1,000,000 ÷ LOS. *LOS* is the per RE level of service provided to new and existing development. The LOS is 320 gpd per RE (from Table 4 of the IFFP).

Demand from new development is 16,166 REs. 6,400 REs will use existing capacity at ECWRF and SCWRF. 9,766 REs will use new capacity at ECWRF.

Impact Fee per RE

The unit cost of capital facility capacity for new development is calculated in Table 5 below. The unit cost of capacity is the impact fee.

Table 5 shows *average* cost per RE. The impact fee that is actually assessed is adjusted to account for the time value of money. The actual assessment is shown in Table 6. Table 6, and Table 9 later in this report, illustrate that the fee is charged at an increasing nominal rate. The purpose is to assess the fee at the same real rate over time, so that payors in the future are charged the same effective rate as payors today. A constant value fee that recognizes the time value of money is a requirement of the Impact Fees Act.[9] This approach – an increasing nominal rate – generates exactly the same total revenue as would an average cost assessment (notice in Table 9 that the fee starts out at an amount less than average cost).

Table 5—Impact Fee Calculation

IMPACT FEE CALCULATION
2025 SBWRD Impact Fee Analysis

	Cost of Capacity for New Development (IFFP cost)	New Development (RE)	Impact Fee per RE
Cost of Capital Facilities for New Development			
Planned Capital Facilities (IFFP)	$147,645,806		
Cost of Available Existing Capacity (remaining 2015 Bond Debt Service)	$15,050,925		
Interest and Cost of Issuance for Planned Future Debt	$192,357,926		
Total	$355,054,658		
Non-Impact Fee Revenue Available to Fund Capacity for New Development			
Impact Fee Account Beginning Balance	($11,564,181)		
Impact Fee Account Earned Interest	($9,587,422)		
Impact Fee Account Ending Balance	$839		
Total	($21,150,764)		
Net Cost of Capacity for New Development	$333,903,894	16,166	$20,655

Source—The *Cost of Capital Facilities for New Development* is from Table 2. *Non-Impact Fee Revenue* and *New Development (RE)* are from Table 9.

Table 6 shows the constant value impact fees. If the impact fees in Table 6 enacted by the Board of Trustees they will take effect July 1, 2025. The Impact Fees Act requires an enactment protocol that delays implementation of the 2025 impact fee. For the first half of 2025 the impact fee will be charged at the 2024 rate. Beginning 7/1/25 the fee will be charged at the rate shown for Q3 and Q4.

Table 6—Constant Value Impact Fee

PROPOSED CONSTANT VALUE IMPACT FEE
2025 SBWRD Impact Fee Analysis

	Annual Increase	Fee Amount
Impact fee per RE		
2025		
Q1 and Q2	0.0%	$13,442
Q3 and Q4	2.5%	$13,772
2026	2.5%	$14,112
2027	2.5%	$14,458

Source—Table 9. The 2025 impact fee shown in Table 9 is the average of Q1 and 2, and Q3 and 4.

Impact Fee Six Year Spend-or-Encumber Deadline

Table 7 shows an estimate of the number of years between impact fee collection and impact fee expenditure – the period of *Impact Fee Retention.* This is limited by the Impact Fees Act to six years or less (with exceptions).[10] Table 7 shows that SBWRD impact fees collected between 2025 and 2030 are planned to be spent within six years of receipt. The estimate is based on planning assumptions, like time to complete the ECWRF capacity expansion project, the rate of new development, new development capacity demand, and other. If these assumptions are not realized, annual IFFP spending and impact fee retention may not occur as planned. The Impact Fees Act has provision for a longer period of retention.[11]

Table 7—Impact Fee Retention Plan (six-year spend or encumber deadline)

PROJECTED IMPACT FEE RETENTION

Six-year Spend or Encumber Deadline

							Impact Fee Spending (IFFP capital facilities and debt service)								
							1	2	3	4	5	6			7
							2025	2026	2027	2028	2029	2030	2031	2032	2033
							$7,065,738	$2,498,384	$32,028,736	$37,540,195	$31,493,441	$26,857,325	$8,730,321	$8,338,087	$8,426,575
Year		Revenue				Impact Fee Retention (years)									
		Impact Fees and Beginning Balance	Investment Income	Bond Proceeds	Total										
1	2025	$16,175,630	$208,829	$0	16,384,459	3	$7,065,738	$2,498,384	$6,820,337						
2	2026	$4,776,950	$211,273	$0	4,988,223	2		$0	$4,988,223						
3	2027	$4,888,332	$1,065,421	$109,000,000	114,953,753	4			$20,220,176	$37,540,195	$31,493,441	$25,699,941			
4	2028	$5,002,303	$1,585,144	$0	6,587,447	4				$0	$0	$1,157,384	$5,430,063		
5	2029	$5,118,924	$1,022,092	$0	6,141,016	4					$0	$0	$3,300,258	$2,840,758	
6	2030	$5,238,257	$557,957	$0	5,796,214	4						$0	$0	$5,497,328	$298,885

Source—Revenue and expenses are from Table 9.

.Note that as calculated above, the spend or encumber deadline is met not only for collected impact fees (2025 to 2030), but also including bond proceeds, revenue from the impact fee account beginning balance, and interest earned on the impact fee account.

TECHNICAL REFERENCE

Revenue Analysis and IFFP Funding Plan

The Impact Fees Act requires preparation of a revenue analysis and funding plan to demonstrate that impact fees are necessary.[12] The analysis is shown below, in Table 8 and Table 9.

Table 8—Summary of New Development Capital Facilities Funding Plan

NEW DEVELOPMENT CAPITAL FACILITIES FUNDING PLAN 2025 SBWRD Impact Fee Analysis		
Cost of Capital Facilities for New Development		
Planned Capital Facilities (IFFP)	$147,645,806	
Cost of Available Existing Capacity (remaining 2015 Bond Debt Service)	$15,050,925	
Interest and Cost of Issuance for Planned Future Debt	$192,357,926	
Total Cost		$355,054,658
Revenue Available to Fund Capacity for New Development		
Impact Fee Account Beginning Balance	$11,564,181	
Impact Fee Account Earned Interest	$9,587,422	
Impact Fees	$333,903,894	
Impact Fee Account Ending Balance	($839)	
Total Revenue		$355,054,658
Net Revenue		$0

Source—Table 9.

Revenue and expenses in Table 8 are from the district's January 2025 financial plan. The plan projects annual financial results from operations and capital spending based on projected growth, all anticipated operations and capital project revenue and expenses, debt and debit service.[13] Because the plan is comprehensive Table 8 illustrates the need for impact fees if IFFP projects are to be funded.

No grants or other external funding for capacity expansion for new development are anticipated or budgeted. Small grants may be received, as has been the case in the past. These have been, and are expected to be, reimbursement for project-specific costs (not system improvements.) Sewer inspection and design fees are another small reimbursement source, and are also project-specific. The district's primary revenue source, user fees and interest earned on the user fee account, is dedicated to operations, maintenance, and system renewal. User fees are set at rates sufficient to support the cost of service, and do not generate excess revenue to fund capacity for new development.

The funding plan for IFFP cost is based on current estimating assumptions, and is detailed as follows:

Table 9—New Development Capital Facilities Funding Plan

NEW DEVELOPMENT CAPITAL FACILITIES FUNDING PLAN
2025 SBWRD Impact Fee Analysis

	Cost of Capital Facilities for New Development		Impact Fees								
	Planned Capital Facilities (IFFP)	Cost of Available Existing Capacity (remaing SCWRF 2015 bond debt service)	Impact Fee per RE	Impact Fee Annual Increase	New Development (RE)	Impact Fee Revenue	Planned Bond Proceeds	Planned Bond Debt Service	Earned Interest	Annual Net Revenue	Account Balance
2024											$11,564,181
2025	$5,562,588	$1,503,150	$13,607		339	$4,611,449			$208,829	($2,245,460)	$9,318,721
2026	$990,609	$1,507,775	$14,112	3.7%	339	$4,776,950			$211,273	$2,489,839	$11,808,560
2027	$30,522,536	$1,506,200	$14,458	2.5%	338	$4,888,332	$109,000,000		$1,065,421	$82,925,017	$94,733,577
2028	$36,037,195	$1,503,000	$14,813	2.5%	338	$5,002,303			$1,585,144	($30,952,748)	$63,780,829
2029	$29,990,241	$1,503,200	$15,177	2.5%	337	$5,118,924			$1,022,092	($25,352,425)	$38,428,404
2030	$25,350,725	$1,506,600	$15,549	2.5%	337	$5,238,257			$557,957	($21,061,111)	$17,367,293
2031	$1,152,321	$1,503,000	$15,931	2.5%	336	$5,360,363		$6,075,000	$316,814	($3,053,143)	$14,314,150
2032	$756,787	$1,506,300	$16,322	2.5%	336	$5,485,308		$6,075,000	$260,359	($2,592,420)	$11,721,730
2033	$844,675	$1,506,900	$16,722	2.5%	336	$5,613,158		$6,075,000	$208,384	($2,605,033)	$9,116,697
2034	$882,624	$1,504,800	$17,133	2.5%	335	$5,743,979		$6,075,000	$156,717	($2,561,728)	$6,554,968
2035	$3,747,396		$17,553	2.5%	335	$5,877,840		$6,075,000	$92,580	($3,851,977)	$2,702,992
2036	$906,749		$17,984	2.5%	334	$6,014,812		$6,075,000	$44,839	($922,098)	$1,780,893
2037	$83,807		$18,425	2.5%	334	$6,154,967		$6,075,000	$35,939	$32,099	$1,812,992
2038	$947,804		$18,877	2.5%	334	$6,298,379		$6,075,000	$29,309	($695,117)	$1,117,875
2039	$298,667		$19,341	2.5%	333	$6,445,122		$6,075,000	$23,305	$94,760	$1,212,635
2040	$730,995		$19,815	2.5%	333	$6,595,275		$6,075,000	$22,369	($188,351)	$1,024,284
2041	$65,734		$20,301	2.5%	332	$6,748,916		$6,075,000	$26,836	$635,018	$1,659,303
2042	$710,001		$20,800	2.5%	332	$6,906,126		$6,075,000	$34,745	$155,869	$1,815,172
2043	$87,304		$21,310	2.5%	332	$7,066,988		$6,075,000	$45,808	$950,492	$2,765,664
2044	$684,506		$21,833	2.5%	331	$7,231,586		$6,075,000	$60,640	$532,720	$3,298,384
2045	$134,416		$22,369	2.5%	331	$7,400,006		$6,075,000	$78,660	$1,269,250	$4,567,634
2046	$650,123		$22,918	2.5%	330	$7,572,337		$6,075,000	$100,833	$948,048	$5,515,681
2047	$102,133		$22,918	0.0%	330	$7,563,073		$7,291,355	$113,141	$282,726	$5,798,407
2048	$605,570		$22,918	0.0%	330	$7,553,808		$7,291,355	$113,674	($229,443)	$5,568,964
2049 to 2074	$5,800,299				8,144	$186,635,637		$189,575,217	$3,171,754	($5,568,125)	$839
Total	$147,645,806	$15,050,925			16,166	$333,903,894	$109,000,000	$301,357,926	$9,587,422		

Source—SBWRD financial plan January 2025. *Planned Facilities (IFFP)* is from the 2025 SBWRD IFFP. *Cost of Available Existing Capacity* is remaining debt service for a 2015 Bond used to fund the added capacity, new development component, of the 2015 SCWRF expansion. *Impact Fee per RE* is the per unit cost of capacity for new development. 2025 unit cost is the average of the Q 1 and 2 fee, and Q3 and 4 fee. *New Development (RE)* is from Table 4. *Planned Bond Proceeds* is debt required to fund the IFFP. *Planned Bond Debt Service* assumes a 4.25 percent interest rate, 0.75 percent cost of issuance with capitalized interest for the first four years. The bond is planned to be taken out in 2027. The bond structure has been drafted in consultation with the district's financial advisor. Annual *Earned Interest* is calculated based on a principal amount of 50 percent of the average of the current year and prior year impact fee account balance. The earned interest rate is the estimated future PTIF rate of 4 percent. (PTIF is the *Utah Public Treasurers Investment Fund*, which is the district's investment vehicle.) The *Impact Fee Annal Increase* rate is the rate at which the cost of new development capital facility capacity will cash flow. A constant value fee is a requirement of the Impact Fees Act (see the section *Impact Fee per RE* on page 9.)

The funding plan in Table 9 serves several purposes.

- It is a specific financial plan that integrates all aspects of operations, capital spending and debt and revenue, and so enables specific planning.
- It demonstrates that impact fees, at the projected rate, are necessary in order to maintain the new development capital improvement account balance above $0, and at the same time fund new development capital spending in a timely manner, at an optimized cost.
- It provides a way to structure a debt plan—to structure the amount and timing debt, and the amount and timing annual debt service.
- By calculating pro forma debt, it provides a way to calculate interest on the debt, which is an impact fee eligible expense.
- It provides a way to calculate impact fee earned interest, which is a credit that serves to reduce the net payable impact fee.
- It shows that the impact fee, as planned, is optimized to balance the goal of minimum cost to the impact fee payer, against the need to maintain the annual impact fee account balance at a level above $0, and yield no excess revenue ($0) at the end of the planning period.
- It shows that total impact fee revenue, as reduced by other revenue sources, is equal to, and does not exceed, the cost of capacity for new development. Total impact fees along with earned interest and the account beginning balance is $355.1 million. This compares to the cost of capacity, which is also $355.1 million, for capital facilities cost (IFFP cost) plus the cost of available capacity at SCWRF and bond interest expense.
- It illustrates the timing plan, and cost, for facilities for new development.

Impact Fee Revenue Credits

Impact fee revenue credits reduce the amount of an impact fee to account for payments by new development for which no benefit will be received, or which represent a double charge. This refers, for example, to payments by means of future user fees, for deficiency correction or service provision upgrade for the benefit of existing development, or user fee payments that fund part of a capacity expansion project included in the impact fee.

In both cases a revenue credit would be calculated in an amount sufficient to offset the subsidy. The SBWRD financial plan has no such subsidies—no differed maintenance,[14] and a policy and practice whereby capacity expansion is, and has been funded entirely by impact fees. In particular, there is no deficiency correction because the district follows a practice of maintaining its capital facilities at a constant and ongoing service life. There is no occasion for service provision upgrade for existing development because new and existing development are provided the same level of service (the same LOS).

The foregoing notwithstanding, any individual property owner who claims to have contributed to existing facilities in ways not acknowledged in this analysis may apply for impact fee reduction at the time of impact fee payment by means of the procedure for case-specific impact fee calculation (see page 5).

PROPORTIONATE SHARE ANALYSIS

An impact fee is required to be "…roughly proportionate and reasonably related to the service demands[15]…" presented by new development. In order to assess proportionality, the Act defines eight criteria[16] that are to be considered in calculating the impact fee. The criteria are addressed in the foregoing. They are restated here in context of the Act, for convenience (U.C.A §11-36a-304(2)(a) through (h)).

(a) The cost of existing treatment facility that has excess capacity—SCWRF and ECWRF have available capacity built to meet a portion of the demand from new development. The cost of that capacity is included in the impact fee and is charged as the per RE cost of remaining debt service payments on a 2015 bond used to fund capacity expansion of the SCWRF facility .

(b) The cost of system improvements for each public facility—the cost of planned system improvements that will be provided for new development is shown in the IFFP. Cost includes only the cost of capacity expansion projects, and parts of projects, needed for new development.

(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—the funding is detailed in Table 8 and Table 9. See the narrative following Table 8. Any individual property owner who claims to have contributed to existing facilities in ways not acknowledged in this analysis may apply for impact fee reduction at the time of impact fee payment, by means of the procedure for case-specific impact fee calculation.

(d) The relative extent to which development activity will contribute to financing the excess capacity of and system improvements for each existing public facility—the cost of capacity used thus far at existing facilities, was paid for with debt. Debt service for that was paid for with impact fees

attributable to direct beneficiaries (then, new development). There is no excess capacity. SCWRF and ECWRF have available capacity earmarked for new development this planning period. That capacity will be used by new development this planning period, and will be paid with impact fees attributable to new development this planning period.[17] In this way, new development will pay only for the cost of capacity it consumes. Any individual property owner who claims to have contributed to existing facilities in ways not acknowledged in this analysis may apply for impact fee reduction at the time of impact fee payment, by means of the procedure for case-specific impact fee calculation.

(e) The relative extent to which development activity will contribute to the cost of existing public facilities in the future—see the preceding item (d). Each unit of new development will pay only for the cost of capacity at existing facilities that it consumes.

(f) The extent to which development activity is entitled to a credit against impact fees because the development will build and donate capital facilities that provide added system capacity—there are no system improvements planned to be donated to the district by private parties. If such a donation is offered, the district will consider a request for impact fee credit if new development donates, and the district accepts, system improvements that are listed in the 2025 IFFP, and included as part of the impact fee.

(g) Extraordinary costs, if any, in servicing new development—no extraordinary costs have been identified.

(h) The time-price differential inherent in fair comparisons of amounts paid at different times—the impact fee is calculated in constant value or "real" terms based on an inflation adjustment rate. This is discussed in the narrative on page 9 and source notes to Table 9.

In addition to the foregoing, the Act specifies that an IFWA address the following analytical criteria (U.C.A §11-36a-304(1)(a) through (e)).

(a) Consumption of existing capacity by new development—as noted in the foregoing eight criteria, new development will use available existing capacity. The capacity plan is detailed in the IFFP, in Tables 3 and 4.

(b) Impact of new development on the established level of service—the purpose of the impact fee is to provide capacity for new development and thereby protect the level of service now provided to, and paid for by, existing development (i.e. protect the established level of service). The demand plan in the IFFP is structured to provide service to new development, at the same LOS as is now provided to existing development. In this way the established LOS is preserved.

(c) Demonstrate how the impacts in the foregoing subsections (a) and (b) are related to new development—capacity consumption and impact on the system LOS are the result of added capacity demand from new development. The wastewater system has a finite capacity, measured in terms of REs. Each unit of new development impacts available capacity, and through that, has the potential to degrade the system LOS. The impact of each unit of new development, and the plan by which that impact will be mitigated, is discussed and quantified in the IFFP.

(d) (i) Estimate the proportionate share of the cost of existing capacity that will be recouped—the per unit cost of remaining existing capacity at SCWRF is $2,808 per RE. (SCWRF *Cost of Available Existing Capacity* in Table 9 divided by remaining SCWRF REs from Table 4.) *Cost of Available Existing Capacity* is remaining debt service on a 2015 bond used to fund the capacity expansion component of the 2015 SCWRF capital project. SCWRF capacity used to date has been paid for at

cost, by existing development, by means of impact fees. New development will pay for the remainder of the capacity, also at cost, so that the recoupment will be the actual cost of the capacity.

(ii) Estimate the proportionate share of the cost of system improvements attributable to new development—new development is charged only for the capacity expansion share of the cost of system improvements, planned new and existing. Cost allocation is the subject of, and is detailed in the IFFP.

(e) Impact fee calculation methodology—impact fee calculation is illustrated, in Table 5 and Table 6.

LIST OF ABBREVIATIONS

IFFP—Impact Fee Facilities Plan

IFWA—Impact Fee Written Analysis

RE—Residential Equivalent unit of capacity demand

LOS—Level of Service standard

CIP—the district's Capital Improvement Plan

MGD—million gallons per day (system capacity).

gpd—gallons per day (demand per RE)

ENDNOTES

[1] This analysis is based on demand planning, financial analysis and estimating assumptions provided by SBWRD staff. This includes revenue, expenses, debt, capital spending, and the new development share of capital spending, by project.

[2] U.C.A §11-36a.

[3] System capacity, and the amount of the impact fee, are calculated in terms of residential equivalent (RE) demand units. The SBWRD *Impact Fee Enactment* defines an RE. One RE means a residential unit with three living sections, that has 320 gpd peak day system capacity demand. The impact fee for a residential unit with three living sections is the impact fee for one RE. 320 gpd per RE peak day capacity demand is the district's demand planning standard and is the LOS used to calculate impact fees. Capacity demand is based on average demand by property category, because impact fee calculation is held to a standard of average, rather than case specific impact.

[4] Delineation of an impact fee service area is governed by U.C.A. §11-36a-102(19) and 11-36a-402(1)(a).

[5] The impact fee planning period is 2025 to 2074, which is the period of time during which available existing capacity plus the capacity provided by the 2027 ECWRF, will be utilized.

[6] U.C.A §11-36a-305 (2).

[7] Allowable capital improvements are from U.C.A §11-36a-102(17)(b). Minimum lifespan of the facilities is from U.C.A §11-36a-102(17). Allowable costs are from U.C.A §11-36a-305.

[8] System improvements are defined by the Impact Fees Act—U.C.A §11-36a-102(22). System improvements are capital facilities that provide service to the impact fee service area. This is as distinct from project improvements, which provide service to a particular new development.

[9] U.C.A §11-36a-304(2)(h). In analyzing impact fee proportionality, the Act requires that the IFWA identify "…the time-price differential inherent in fair comparisons of amounts paid at different times". This is a reference to the time-value of money.

[10] Impact fees must be spent or encumbered within six years of receipt. U.C.A §11-36a-602(a)(ii).

[11] U.C.A §11-36a-602(2)(b). The spend-or-encumber deadline can be extended beyond six years given "… an extraordinary and compelling reason why the fees should be held longer than six years; and an absolute date by which the fees will be expended."

[12] U.C.A. §11-36a-302(2) and (3)—The local political subdivision "…shall generally consider all revenue sources including...grants, bonds, interfund loans, impact fees, and dedications…" and may only impose impact fees when the "…plan for financing system improvements establishes that impact fees are necessary to maintain a proposed level of service…". The SBWRD proposed level of service is the same as the existing level of service.

[13] SBWRD financial plan, January 2025.

[14] The district employs an asset management plan known as GASB 34, that funds a capital facility maintenance program. This maintains the capital facilities at a consistent performance standard, and mitigates any service provision deficiency.

[15] U.C.A §11-36a-102(16)

[16] U.C.A §11-36a-304(2)(a) through (h)

[17] The cost of existing capacity is included in the impact fee in the form of the per unit cost of remaining debt service on a 2015 bond used to fund the capacity expansion component of the 2015 SCWRF capital project.